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AYE FINANCE LIMITED
CORPORATE IDENTITY NUMBER: U65921DL1993PLC283660

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	E-MAIL AND TELEPHONE	WEBSITE
M-5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi 110 015, Delhi, India	Unit No. 701-711, 7 th Floor, Unitech Commercial Tower-2, Sector-45, Arya Samaj Road, Gurgaon 122 003, Haryana, India	Vipul Sharma Company Secretary and Compliance Officer	secretarial@ayefin.com +91 124 484 4000	https://www.ayefin.com/

OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER

DETAILS OF THE OFFER

Type	Fresh Issue size ⁽⁴⁾	Offer for Sale size	Total Offer size ⁽⁴⁾	Eligibility and reservations amongst Qualified Institutional Buyers, Non-Institutional Investors and Retail Individual Investors
Fresh Issue and Offer for Sale	[●] Equity Shares of face value ₹2 each aggregating up to ₹8,850 million	Up to [●] Equity Shares of face value ₹2 each aggregating up to ₹5,650 million	[●] Equity Shares of face value ₹2 each aggregating up to ₹14,500 million	The Offer is being made pursuant to Regulation 6(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), as our Company did not fulfil requirements under Regulations 6(1)(a) and 6(1)(b) of the SEBI ICDR Regulations. For further details, see “Other Regulatory and Statutory Disclosures – Eligibility for the Offer” on page 464. For details in relation to share allocations and reservation among qualified institutional buyers (“QIBs”), non-institutional investors (“NIIs” or “Non-Institutional Investors”) and retail individual investors (“RIIs” or “Retail Individual Investors”), see “Offer Structure” on page 489.

OFFER FOR SALE

Name of the Selling Shareholder	Type	Number of Equity Shares of face value ₹2 each offered/Amount (₹ in million)	Weighted average cost of acquisition per Equity Share ^{(1)^#} (in ₹)	Name of the Selling Shareholders	Type	Number of Equity Shares of face value ₹2 each offered/Amount (₹ in million)	Weighted average cost of acquisition per Equity Share ^{(1)^#} (in ₹)
A91 Emerging Fund I LLP	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,000 million	115.66	LGT Capital Invest Mauritius PCC with Cell E/VP	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,500 million	52.17
Alpha Wave India I LP	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,000 million	89.62	MAJ Invest Financial Inclusion Fund II K/S	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹560.36 million	72.57
CapitalG International LLC	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹68 million	123.17	Harleen Kaur Jetley	Individual Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹145 million	4.37
CapitalG LP	Corporate Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,300 million	58.01	Vikram Jetley	Individual Selling Shareholder	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹76.64 million	2.00

[^] Calculated on a fully diluted basis.

⁽¹⁾ As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

[^] Adjusted for sub-division of face value of ₹10 per equity share to ₹ 2 per equity share pursuant to the resolution passed by the Board dated October 16, 2024 and resolution passed by the Shareholders dated October 17, 2024.

[#] Cash consideration for equity shares acquired pursuant to conversion of Preference Shares into Equity Shares has been paid at the time of issuance of relevant Preference Shares.

RISKS IN RELATION TO THE FIRST OFFER

The face value of the Equity Shares is ₹2 each. The Floor Price, Cap Price and Offer Price (as determined and justified by our Company in consultation with the Book Running Lead Managers (“BRLMs”), in accordance with SEBI ICDR Regulations, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated in “Basis for Offer Price” on page 113) 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 offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “Risk Factors” on page 30.





ISSUER’S AND SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements expressly made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information solely pertaining to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assumes no responsibility for any other statement, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or in relation to our Company or its business, or any other Selling Shareholder or any other person(s).

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” and together with BSE, the “Stock Exchanges”). For the purposes of the Offer, NSE is the Designated Stock Exchange.

DETAILS OF BOOK RUNNING LEAD MANAGERS

Name and logo of Book Running Lead Managers	Contact Person	E-mail and Telephone
 AXIS CAPITAL	Axis Capital Limited	E-mail: ayefinance.ipo@axiscap.in Tel: +91 22 4325 2183
 IIFL CAPITAL	IIFL Capital Services Limited (formerly known as IIFL Securities Limited)	E-mail: ayefinance.ipo@iiflcap.com Tel: + 91 22 4646 4728
 JM FINANCIAL	JM Financial Limited	E-mail: ayefinance.ipo@jmfl.com Tel: +91 22 6630 3030
 nuvama	Nuvama Wealth Management Limited	E-mail: ayefinance@nuvama.com Tel: + 91 22 4009 4400

REGISTRAR TO THE OFFER

Name of the Registrar	Contact person	E-mail and Telephone
KFin Technologies Limited	M. Murali Krishna	E-mail: ayefinance.ipo@kfintech.com Tel: +91 40 6716 2222

BID/OFFER PERIOD

Anchor Investor Bidding Date⁽¹⁾	[•]	Bid/Offer Opens on⁽¹⁾	[•]	Bid/Offer Closes on⁽²⁾⁽³⁾	[•]
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⁽¹⁾ Our Company 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 Selling Shareholders in consultation with the BRLMs, may decide to close 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 pm on the Bid/Offer Closing Date.

⁽⁴⁾ Our Company in consultation with the BRLMs, may consider a further issue of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC (“Pre-IPO Placement”). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”). The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.



AYE FINANCE LIMITED

Our Company was incorporated on August 12, 1993, as a private limited company under the Companies Act 1956, under the name "Doda Finance Private Limited", at Jalandhar, Punjab pursuant to a certificate of incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. The name of our Company was changed to "Aye Finance Private Limited" pursuant to resolutions dated February 17, 2014 and March 15, 2014, passed by our Board and our Shareholders respectively, and a fresh certificate of incorporation dated March 28, 2014, was issued to our Company by the Registrar of Companies, Punjab and Chandigarh consequent to the change of name. Subsequent to a change in our registered office from the state of Punjab to the National Capital Territory of Delhi pursuant to resolutions dated July 22, 2014 and August 18, 2014 passed by our Board and our Shareholders, respectively, and a fresh certificate of registration dated August 10, 2015, was issued by the Registrar of Companies, Delhi and Haryana at New Delhi ("RoC"). Upon the conversion of our Company to a public limited company, pursuant to resolutions dated October 16, 2024 and October 17, 2024 passed by our Board and our Shareholders respectively, the name of our Company was changed to "Aye Finance Limited". A fresh certificate of incorporation dated December 10, 2024 was issued by the RoC consequent to our Company's conversion into a public limited company. For details of changes in registered office of our Company, see "History and Certain Corporate Matters- Changes in our Registered Office" on page 253.

Prior to the change of the name of our Company from Doda Finance Private Limited to Aye Finance Private Limited, the Reserve Bank of India ("RBI") had granted a certificate of registration dated December 15, 2000 bearing no. B-06.00369 for registration as a non-banking financial company ("NBFC") under Section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act"). Subsequently, the RBI granted a certificate of registration dated November 27, 2015, bearing no. B-14.03323 to our Company, for registration as an NBFC under Section 45-IA of the RBI Act.

Corporate Identity Number: U65921DL1993PLC283660
Registered Office: M-5, Magnum House-1, Community Centre Karampura, West Delhi, New Delhi - 110 015, India; **Tel:** +91 124 484 4000
Corporate Office: Unit No. 701-711, 7th floor, Unitech Commercial Tower-2, Sector-45, Arya Samaj Road, Gurgaon 122 003, Haryana, India; **Tel:** +91 124 484 4000
Contact Person: Vipul Sharma, Company Secretary and Compliance Officer; **E-mail:** secretarial@ayefin.com
Website: <https://www.ayefin.com/>

OUR COMPANY DOES NOT HAVE AN IDENTIFIABLE PROMOTER

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹2 EACH (THE "EQUITY SHARES") OF AYE FINANCE LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING TO ₹14,500 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹8,850 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING TO ₹5,650 MILLION (THE "OFFER FOR SALE"), COMPRISING AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING TO ₹5,428.36 MILLION BY CORPORATE SELLING SHAREHOLDERS (AS DEFINED HEREINAFTER) AND UP TO [●] EQUITY SHARES AGGREGATING TO ₹221.64 MILLION BY INDIVIDUAL SELLING SHAREHOLDERS (AS DEFINED HEREINAFTER) (TOGETHER, THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES, THE "OFFERED SHARES").

OUR COMPANY IN CONSULTATION WITH THE BRLMS, MAY CONSIDER A FURTHER ISSUE OF SPECIFIED SECURITIES TO CERTAIN INVESTORS FOR AN AMOUNT AGGREGATING UP TO ₹1,770 MILLION, AS PERMITTED UNDER APPLICABLE LAWS ON OR PRIOR TO THE DATE OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SCRR. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, SHALL NOT EXCEED 20% OF THE SIZE OF THE FRESH ISSUE. PRIOR TO THE COMPLETION OF THE OFFER, OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE OFFER OR THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT SECTIONS OF THE RED HERRING PROSPECTUS AND PROSPECTUS.

THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER AND ALL EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER (HINDI ALSO BEING THE REGIONAL LANGUAGE OF NEW DELHI, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH A WIDE CIRCULATION AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS AND SHALL BE MADE AVAILABLE TO STOCK EXCHANGES FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SEBI ICDR REGULATIONS.

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

The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein at least 75% of the Offer shall be available for allocation on a proportionate basis to QIBs (the "QIB Category"), provided that our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors (as defined hereinafter), on a discretionary basis (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares are allocated to Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Category (excluding the Anchor Investor Portion) ("Net QIB Category"). Further, 5% of the QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Category 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. If at least 75% of the Offer cannot be Allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors (the "Non-Institutional Category") of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. The allocation to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category 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. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Investors (the "Retail Category") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Bidders (other than Anchor Investors) shall mandatorily participate in this Offer through the Application Supported by Blocked Amount ("ASBA") process and shall provide details of their respective bank account (including UPI ID for UPI Bidders (defined hereinafter) in which the Bid Amount will be blocked by the SCSBs or the Sponsor Bank(s), as the case may be. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, specific attention is invited to "Offer Procedure" on page 500.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹2 each. The Floor Price, Cap Price and Offer Price (as determined and justified by our Company in consultation with the Book Running Lead Managers, in accordance with SEBI ICDR Regulations, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated in "Basis for Offer Price" on page 113) 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 offered in the Offer have not been recommended or approved by 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 113.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms only the statements expressly made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information solely pertaining to itself and its portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, assumes no responsibility for any other statement disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or in relation to our Company or its business, or any other Selling Shareholder or any other person(s).

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 purpose of this Offer, NSE is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Section 26(4) and Section 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 560.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE OFFER

Axis Capital Limited 1 st Floor, Axis House, P.B. Marg, Worli, Mumbai 400 025, Maharashtra, India Tel: +91 22 4325 2183 E-mail: ayefinance.ipo@axiscap.in	IIFL Capital Services Limited (formerly known as IIFL Securities Limited) 24 th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013,	JM Financial Limited 7 th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025, Maharashtra, India Tel: +91 22 6630 3030	Nuvama Wealth Management Limited 801-804, Wing A, Building No 3 Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India Tel: + 91 22 4009 4400	KFin Technologies Limited Selenium, Tower-B, Plot No. 31 and 32, Financial District Nanakramguda, Serilingampally, Hyderabad 500 032, Telangana, India

Website: www.axiscapital.co.in Investor grievance e-mail: complaints@axiscap.in Contact person: Jigar Jain SEBI registration no.: INM000012029	Maharashtra, India Tel: +91 22 4646 4728 E-mail: ayefinance.ipo@iiflcap.com Website: www.iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Contact person: Dhruv Bhavsar/ Pawan Kumar Jain SEBI registration no.: INM000010940	E-mail: ayefinance.ipo@jmfl.com Website: www.jmfl.com Investor grievance e-mail: grievance.ibd@jmfl.com Contact person: Prachee Dhuri SEBI registration no.: INM000010361	E-mail: ayefinance@nuvama.com Website: www.nuvama.com Investor grievance e-mail: customerservice.mb@nuvama.com Contact person: Lokesh Shah SEBI registration no.: INM000013004	Tel: +91 40 6716 2222 E-mail: ayefinance.ipo@kfintech.com Investor grievance e-mail: einward.ris@kfintech.com Contact Person: M Murali Krishna SEBI registration no.: INR000000221
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BID/OFFER PERIOD

Anchor Investor Bidding Date⁽¹⁾	[•]	Bid/Offer Opens on⁽¹⁾	[•]	Bid/Offer Closes on⁽²⁾⁽³⁾	[•]
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- ⁽¹⁾ Our Company 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 Selling Shareholders in consultation with the BRLMs, may decide to close 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 pm on the Bid/Offer Closing Date.

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**SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS**

Unless the context otherwise indicates or implies or unless otherwise specified, the following terms and abbreviations have the following meanings in this Draft Red Herring Prospectus, and references to any statute or rules or guidelines or regulations or circulars or notifications or policies will include any amendments, clarifications, modifications, replacements or re-enactments notified thereto, from time to time.

Unless the context otherwise indicates, all references to “**the Company**”, and “**our Company**”, are references to Aye Finance Limited, a public limited company incorporated in India under the Companies Act 1956 with its Registered Office at M-5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi 110 015, Delhi, India. Furthermore, unless the context otherwise indicates, all references to the terms “**we**”, “**us**” and “**our**” are to our Company and our Subsidiary (as defined below).

The words and expressions used but not defined in this Draft Red Herring Prospectus will (to the extent applicable) have the same meaning as assigned to such terms under the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, (the “**SEBI Act**”), the SEBI ICDR Regulations, the Securities Contracts (Regulation) Act, 1956 (the “**SCRA**”), the Depositories Act, 1996 (the “**Depositories Act**”) and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms defined in “**Basis for Offer Price**”, “**Statement of Possible Special Tax Benefits**”, “**Industry Overview**”, “**Key Regulations and Policies in India**”, “**Financial Statements**”, “**Outstanding Litigation and Other Material Developments**”, “**Government and Other Approvals**” and “**Main Provisions of the Articles of Association**”, on pages 113, 135, 140, 237, 284, 457, 460 and 522, respectively, will have the meaning ascribed to such terms in the respective sections.

Company Related Terms

Term	Description
A91 and Waterfield Entities	Together, A91 Emerging Fund I LLP and Waterfield Alternative Investments Fund I
A91 Director	The director that may be nominated by A91 Emerging Fund I LLP on our Board
ABC Impact	IMP2 Assets Pte. Ltd.
ABC Impact Director	The director that may be nominated by ABC Impact on our Board
Alpha Wave	Alpha Wave India I LP
Alpha Wave Director	The director that may be nominated by Alpha Wave on our Board
Articles of Association/ Articles/AoA	The articles of association of our Company, as amended from time to time
Audit Committee	The audit committee of our Board, as described in “ Our Management – Board committees ” on page 269
Auditors/Statutory Auditors	The current statutory auditors of our Company, being S S Kothari Mehta & Co. LLP, Chartered Accountants
BII	British International Investment plc
BII Director	The director that may be nominated by BII on our Board
Board/Board of Directors	The board of directors of our Company, or a duly constituted committee thereof, as constituted from time to time
CapitalG Entities	Together, CapitalG LP and CapitalG International LLC
CapitalG Director	The director that may be nominated by CapitalG Entities on our Board
Chief Financial Officer	The chief financial officer of our Company, as described in “ Our Management ” on page 263
Committee(s)	Duly constituted committee(s) of our Board
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, as described in “ Our Management ” on page 263
Corporate Office	Unit No. 701-711, 7 th Floor, Unitech Commercial Tower-2, Sector-45, Arya Samaj Road, Gurgaon 122 003, Haryana, India
Corporate Selling Shareholder(s)	Collectively, A91 Emerging Fund I LLP, Alpha Wave India I LP, CapitalG LP, CapitalG International LLC, MAJ Invest Financial Inclusion Fund II K/S, and LGT Capital Invest Mauritius PCC with Cell E/VP
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in “ Our Management – Board committees – Corporate Social Responsibility Committee ” on page 276
Director(s)	The director(s) on our Board of Directors, as described in “ Our Management ” on page 269
Elevation Capital	Elevation Capital V Limited
Elevation Capital Director	The director that may be nominated by Elevation Capital on our Board

Term	Description
Employee Stock Option Plans	Collectively, the ESOP 2016, ESOP 2020 and ESOP 2024
Equity Shares	The equity shares of our Company of face value of ₹2 each
ESOP 2016	Aye Finance Employee Stock Option Plan 2016 as described in “ <i>Capital Structure – Employee Stock Option Schemes</i> ” on page 95
ESOP 2020	Aye Finance Employee Stock Option Plan 2020 as described in “ <i>Capital Structure – Employee Stock Option Schemes</i> ” on page 95
ESOP 2024	Aye Finance Employee Stock Option Plan 2024 as described in “ <i>Capital Structure – Employee Stock Option Schemes</i> ” on page 95
Executive Director(s)	Executive director(s) on our Board, as described in “ <i>Our Management</i> ” on page 263
FAME	Foundation for Advancement of Micro Enterprises. For details, see “ <i>History and Certain Corporate Matters – Our Subsidiary, associates and Joint Ventures</i> ” on page 261
Group Company	Companies (other than our Subsidiary) with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and any other companies as considered material by our Board, in accordance with the Materiality Policy, as described in “ <i>Our Group Companies</i> ” on page 462
Independent Director(s)	Independent director(s) on our Board, as described in “ <i>Our Management</i> ” on page 263
Individual Selling Shareholder(s)	Together, Harleen Kaur Jetley and Vikram Jetley
Investor Director	Collectively, A91 Director, Alpha Wave Director, ABC Impact Director, BII Director, CapitalG Director, Elevation Capital Director and LGT Capital Director as described under “ <i>History and Certain Corporate Matters- Summary of key agreements and shareholders’ agreements</i> ” on page 260.
IPO Committee	The IPO committee of our Board, constituted by our Board pursuant to its resolution dated December 11, 2024
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <i>Our Management – Key Managerial Personnel and Senior Management – Key Managerial Personnel</i> ” on page 278
LGT Capital	LGT Capital Invest Mauritius PCC with Cell E/VP
LGT Capital Director	The director that may be nominated by LGT Capital on our Board
Managing Director or MD	Managing Director on our Board, as described in “ <i>Our Management</i> ” on page 263
Materiality Policy	The policy adopted by our Board pursuant to its resolution dated December 11, 2024 for identification of material companies to be disclosed as group companies, material outstanding litigation, material creditors and outstanding dues to such creditors, in accordance with the requirements under the SEBI ICDR Regulations
Memorandum of Association	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in “ <i>Our Management – Board committees</i> ” on page 269
Non-Executive Director	Non-executive director on our Board, as described in “ <i>Our Management</i> ” on page 263
Preference Shares	Collectively, Series A CCPS, Series A1 CCPS, Series B CCPS, Series C CCPS, Series D CCPS, Series E CCPS and Series F CCPS
Previous Statutory Auditors	The previous statutory auditors of our Company, being S. R. Batliboi & Associates LLP, Chartered Accountants
Registered Office	The registered office of our Company, situated at M-5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi 110 015, Delhi, India
Restated Financial Statements	Our restated financial statements which comprises the restated statement of assets and liabilities, 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 as at and for the six months ended September 30, 2024 and September 30, 2023 and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 together with the annexures and the notes thereto, which are derived from the special purpose interim financial statements as at and for the period ended September 30, 2024 and September 30, 2023 and the audited financial statement as at for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and as per Ind AS Rules notified under Section 133 of the Companies Act 2013, and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time, and included in “ <i>Financial Statements</i> ” on page 284
Risk Management Committee	The risk management committee of our Board, as described in “ <i>Our Management – Board committees</i> ” on page 269
RoC/Registrar of Companies	Registrar of Companies, Delhi and Haryana at New Delhi
Selling Shareholders	Together, Corporate Selling Shareholders and Individual Selling Shareholders

Term	Description
Senior Management	Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in <i>“Our Management – Key Managerial Personnel and Senior Management – Senior Management”</i> on page 278
Series A CCPS	Series A compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series A1 CCPS	Series A1 compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series B CCPS	Series B compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series C CCPS	Series C compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series D CCPS	Series D compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series E CCPS	Series E compulsory convertible preference shares of our Company of face value of ₹10, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
Series F CCPS	Series F compulsory convertible preference shares of our Company of face value of ₹20, as described in <i>“Capital Structure – Share capital history of our Company”</i> on page 82
SHA	Amended and restated shareholders’ agreement dated September 18, 2024 entered into by and among (i) our Company, (ii) IMP2 Assets Pte. Ltd., British International Investment plc, Waterfield Alternative Investments Fund I, Elevation Capital V Limited, A91 Emerging Fund I LLP, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP and MAJ Invest Financial Inclusion Fund II K/S, (iii) Umesh Kumar Gupta and Gitika Gupta (jointly), Ashok Prabhakar Nadkarni, Deepa Pandit and Sumant Misra, (iv) Sanjay Sharma, Shvet Corporation LLP, Shankh Corporation LLP and (v) Namrata Sharma. For further details, see <i>“History and Certain Corporate Matters – Summary of key agreements and shareholders’ agreements”</i> on page 260
SHA Amendment Agreement	The amendment and waiver agreement to the SHA dated December 12, 2024. For further details, see <i>“History and Certain Corporate Matters – Summary of key agreements and shareholders’ agreements”</i> on page 260
Shareholders	The holders of the Equity Shares from time to time
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board, as described in <i>“Our Management – Board committees”</i> on page 269
Subsidiary	The subsidiary of our Company as on the date of this Draft Red Herring Prospectus is FAME. For further details, see <i>“History and Certain Corporate Matters – Our Subsidiary, Associates and Joint Ventures”</i> on page 261

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
Acknowledgment 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
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allotted/Allotment/Allot	Unless the context otherwise requires, allotment of Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A QIB, who applies 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
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus. The Anchor Investor Allocation Price shall be determined by our Company in consultation with the BRLMs on the Anchor Investor Bidding Date
Anchor Investor Application Form	The 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 the Prospectus
Anchor Investor Bidding Date	The day, being one Working Day prior to the Bid/Offer Opening Date on which Bids by Anchor Investors shall be submitted, prior to and after which BRLMs will not accept any Bids from Anchor Investors, and allocation to the Anchor Investors shall be completed
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the

Term	Description
	Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Category, which may be allocated by our Company in consultation with the BRLMs, to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, 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/ASBA	An application (whether physical or electronic) by an ASBA Bidder to make a Bid authorizing the relevant SCSB to block the Bid Amount in the relevant ASBA Account and will include application made by UPI Bidders, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form which may be blocked by such SCSB or the account maintained by a UPI Bidder linked to a UPI ID, which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders, to the extent of the Bid Amount of the ASBA Bidders
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An 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
Axis Banker(s) to the Offer	Axis Capital Limited Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank(s), as the case may be
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in “ <i>Offer Procedure</i> ” on page 500
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to the submission of an ASBA form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible 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 or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid in the Offer, as applicable In the case of Retail Individual Investors Bidding at the Cut-off Price, the Bid Amount is the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Investor and mentioned in the Bid cum Application Form
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form and a Anchor Investor Application Form, and which shall be considered as the application for the Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus
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 shall not accept any Bid, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper), Hindi being the regional language of New Delhi, India, where our Registered Office is located) and in case of any revision, the extended Bid/Offer Closing Date shall be notified on the website and terminals of the Members of the Syndicate and communicated to the designated intermediaries and the Sponsor Bank(s), which shall also be notified in an advertisement in the same newspapers in which the Bid/ Offer Opening Date was published, 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
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, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper), Hindi being the regional language of New Delhi, India, where our Registered Office is located). In case of any revisions, the extended Bid/ Offer Opening Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other

Term	Description
	members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Banks, which shall also be notified in an advertisement in the same newspapers in which the Bid/ Offer Opening Date was published, as required under the SEBI ICDR Regulations
Bid/Offer Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Our Company and Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bidder/ Applicant	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, and includes an Anchor Investor
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, being the Designated SCSB Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being Axis, IIFL, JM Financial and Nuvama
Broker Centres	Broker centres of the Registered Brokers where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders only ASBA Forms under UPI) 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 at www.bseindia.com and www.nseindia.com , and updated from time to time
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof. The Cap Price will be (i) less than or equal to 120% of the Floor Price, and (ii) at least 105% of the Floor Price
Cash Escrow and Sponsor Bank Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the Members of Syndicate, the Registrar to the Offer, the BRLMs and the Banker(s) to the Offer for, among other things, appointment of the Escrow and Sponsor Bank(s), collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account, and where applicable, remitting refunds, if any, to such Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collecting Depository Participants/CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered under SEBI Act and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the UPI Circulars, issued by SEBI and the Stock Exchanges, as per the list available on the websites of the Stock Exchanges, www.bseindia.com and www.nseindia.com , as updated from time to time.
Collecting Registrar and Share Transfer Agents/RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by SEBI as per the list available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time, as updated from time to time and the UPI Circulars.
Confirmation of Allocation Note/CAN	Notice or intimation of allocation of the Equity Shares to be sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date.
Cut-off Price	The Offer Price, finalised by our Company in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Investors Bidding under the Retail Category are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, as applicable
Designated CDP Locations	Such centres of the Collecting Depository Participants where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders only ASBA Forms under UPI). The details of such Designated CDP Locations, along with the names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time
Designated Date	The date on which the funds from the Escrow Account are transferred to the Public Offer Account or the Refund Account, as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account(s) and/or are unblocked, as applicable, in terms of the Red Herring Prospectus and the Prospectus, after finalization of the

Term	Description
	Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediaries	SCSBs, Syndicate, sub-Syndicate, Registered Brokers, CDPs and RTAs who are authorised to collect ASBA Forms from the ASBA Bidders, in relation to the Offer.
Designated RTA Locations	Such centres of the RTAs where ASBA Bidders can submit the ASBA Forms (in case of UPI Bidders, only ASBA Forms under UPI). The details of such Designated RTA Locations, along with the 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 used by the Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	NSE
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated December 16, 2024 filed with SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
Eligible FPI(s)	FPIs that are eligible to participate in this Offer in terms of applicable laws, other than individuals, corporate bodies and family offices, and from such jurisdictions outside India where it is not unlawful to make an offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby
Eligible NRI(s)	A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constitutes an invitation to subscribe or purchase for the Equity Shares
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank for the Offer and in whose favour the Anchor Investors will transfer money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	A bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being [●]
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revisions thereof, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	Fresh issue of [●] Equity Shares aggregating up to ₹8,850 million by our Company Our Company in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.
General Information Document/GID	The general information document for investing in public issues, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 notified by SEBI and the UPI Circulars and any subsequent circulars or notifications issued by SEBI, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
IIFL	IIFL Capital Services Limited (<i>formerly known as IIFL Securities Limited</i>)
JM Financial	JM Financial Limited
Monitoring Agency	[●], a credit rating agency registered with SEBI

Term	Description
Monitoring Agency Agreement	The agreement to be entered into between our Company and the Monitoring Agency
Mutual Fund Portion	5% of the Net QIB Category or [●] Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
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 " <i>Objects of the Offer</i> " on page 107
Net QIB Category	The QIB Category less the number of Equity Shares Allotted to Anchor Investors
Non-Institutional Category	The portion of the Offer being not more than 15% of the Offer, or [●] Equity Shares, available for allocation to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price, of which one-third shall be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds shall be available for allocation to Bidders with an application size of more than ₹1,000,000 in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Non-Institutional Investors/NII	Bidders that are not QIBs or RIIs and who have Bid for Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Nuvama	Nuvama Wealth Management Limited
Offer	<p>The initial public offer of [●] Equity Shares of face value of ₹2 each for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating up to ₹14,500 million comprising a Fresh Issue of [●] Equity Shares aggregating up to ₹8,850 million and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹5,650 million by the Selling Shareholders.</p> <p>Our Company in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges.</p> <p>Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.</p>
Offer Agreement	The agreement dated December 16, 2024, entered into among our Company, the Selling Shareholders and the BRLMs, based on which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating to ₹5,650 million by the Selling Shareholders in the Offer. For further information, see " <i>The Offer</i> " on page 66
Offer Price	The final price at which Equity Shares will be Allotted to the successful Bidders (except Anchor Investors), as determined in accordance with the Book Building Process and determined by our Company in consultation with the BRLMs, on the Pricing Day, in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus
Offered Shares	The Equity Shares offered by the Selling Shareholders in the Offer by way of Offer for Sale
Pre-IPO Placement	<p>Our Company in consultation with the BRLMs, may consider a further issue of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("<i>SCRR</i>"). The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.</p>

Term	Description
Price Band	Price band ranging from a Floor Price of ₹[●] per Equity Share to a Cap Price of ₹[●] per Equity Share, including revisions thereof, if any. The Price Band will be decided by our Company in consultation with the BRLMs, and the minimum Bid Lot size will be decided by our Company in consultation with the BRLMs, and advertised in [●] editions of [●] (a widely circulated English national daily newspaper) and [●] editions of [●] (a widely circulated Hindi national daily newspaper), Hindi being the regional language of New Delhi, India, where our Registered Office is situated), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company and Selling Shareholders in consultation with the BRLMs, shall finalize the Offer Price
Prospectus	The prospectus to be filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Sections 26 and 32 of the Companies Act 2013 and the SEBI ICDR Regulations, containing the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The bank 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(s) and the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations, with whom the Public Offer Account will be opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●]
QIB Category	The portion of the Offer, being not less than 75% of the Offer, or [●] Equity Shares, which shall be available for allocation to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price (for Anchor Investors)
Qualified Institutional Buyers or QIBs	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act 2013 and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares shall be Allotted and which shall be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date, including any addenda or corrigenda thereto
Refund Account	The account opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank	The bank which is a clearing member registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of circular (CIR/CFD/14/2012) dated October 4, 2012 and the UPI Circulars, issued by SEBI
Registrar Agreement	The agreement dated December 16, 2024, entered into among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar to the Offer	Kfin Technologies Limited
Retail Category	The portion of the Offer, being not more than 10% of the Offer, or [●] Equity Shares, available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Retail Individual Investors/RIIs	Individual investors, whose Bid Amount for Equity Shares in the Offer is not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIBs Bidding in the QIB category and Non-Institutional Investors Bidding in the Non-Institutional category 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 Investors can revise their Bids during Bid/Offer period and withdraw their Bids until Bid/Offer Closing Date
SCORES	SEBI complaints redress system, a centralized web-based complaints redressal system launched by SEBI
Self-Certified Syndicate Banks/SCSBs	The banks registered with SEBI, which offer the facility of ASBA services: (i) in relation to ASBA (other than through UPI Mechanism), 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 or www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as

Term	Description
	<p>applicable and updated from time to time and at such other websites as may be prescribed by SEBI from time to time; and</p> <p>(ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time.</p> <p>Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI Mechanism as provided as 'Annexure A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time</p>
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being [●]
Share Escrow Agreement	Agreement to be entered into among the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of the respective portion of Equity Shares being offered by each of the Selling Shareholders in the Offer for Sale portion of the Offer and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Members of the Syndicate shall accept Bid cum Application Forms, a list of which will be included in the Bid cum Application Form
Sponsor Bank(s)	The Banker(s) to the Offer registered with SEBI, which have been appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the UPI Mandate Request by a UPI Bidder in accordance with the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●]
Stock Exchanges	Together, BSE and NSE
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Members of the Syndicate, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement to be entered into among the Members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being [●]
Syndicate or Members of the Syndicate	Together, the BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into among our Company, the Selling Shareholders, the Registrar to the Offer and the Underwriters, on or after the Pricing Date but before filing of the Prospectus
UPI	Unified Payments Interface, which is an instant payment mechanism, developed by NPCI
UPI Bidders	<p>Collectively, individual investors applying as Retail Individual Investors in the Retail Category, and individuals applying as Non-Institutional Investors with a Bid Amount of up to ₹500,000 in the Non-Institutional Category.</p> <p>Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).</p>
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI RTA Master Circular (to the extent it pertains to UPI), SEBI Master Circular, and any subsequent circulars or notifications issued by SEBI in this regard, along with the circulars issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022

Term	Description
	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 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 directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Bank(s) to authorize blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI linked mobile application, and the subsequent debit of funds in case of Allotment
UPI Mechanism	The Bidding mechanism that may be used by UPI Bidders to make Bids in the Offer in accordance with the UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Working Day(s)	All days on which commercial banks in Mumbai, Maharashtra, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, Maharashtra, India are open for business and the time period between the Bid/Offer Closing Date and 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 the circulars issued by SEBI from time to time

Conventional and General Terms and Abbreviations

Term	Description
AGM	Annual general meeting of shareholders under the Companies Act 2013
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under the SEBI AIF Regulations
ASM	Additional surveillance measures
Banking Regulation Act	The Banking Regulation Act, 1949
BIS	Bureau of Indian Standards
Bn/bn	Billion
BSE	The BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIC	Core Investment Company
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidder's beneficiary account
Companies Act 1956	The erstwhile Companies Act, 1956 read with the rules, regulations, clarifications and modifications thereunder
Companies Act 2013	The Companies Act, 2013 read with rules, regulations, clarifications and modifications thereunder
Competition Act	The Competition Act, 2002
Consolidated FDI Policy	The Consolidated Foreign Direct Investment Policy, effective from October 15, 2020, issued by the DPIIT, and any modifications thereto or substitutions thereof, issued from time to time
COVID – 2019/COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CPC	The Code of Civil Procedure, 1908
CSR	Corporate social responsibility
DPDP Act	The Digital Personal Data Protection Act, 2023
Depositories Act	The Depositories Act, 1996, read with the rules, regulations, clarifications and modifications thereunder
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DoIT	Department of Information Technology
DP ID	Depository Participant's identity number
DP/Depository Participant	A depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly <i>Department of Industrial Policy and Promotion</i>), GoI
DTD	Debenture Trust Deed
EBITDA	Profit for the year/ period as per the Restated Financial Statement of profit & loss + income tax expense+ depreciation+ finance cost
EGM	Extra-ordinary general meeting
EPS	Earnings per share
ESIC	Employees' State Insurance Corporation

Term	Description
ESG	Environmental, Social and Governance
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/Fiscal/Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	Foreign portfolio investor registered with SEBI pursuant to the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign venture capital investors registered with SEBI pursuant to the SEBI FVCI Regulations
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
GDP	Gross Domestic Product
GoI/Central Government/Indian Government	The Government of India
Gross Margin	Revenue from operations less Materials Cost
Gross Margin %	Gross Margin as a percentage of revenue from operations
GSM	Graded surveillance measures
HFC	Housing Finance Company
HUF(s)	Hindu undivided family(ies)
ICAI	Institute of Chartered Accountants of India
ICAI Guidance Note on Company Prospectus	Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India
IDF-NBFC	Infrastructure Debt Fund-Non-Banking Financial Company
IFRS	The International Financial Reporting Standards issued by the International Accounting Standard Board
Income Tax Act	The Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act 2013
Ind AS 24	The Indian Accounting Standard 24, "Related Party Disclosures", notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS 37	The Indian Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets", notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015.
Ind AS 115	The Indian Accounting Standard 115, "Revenue from Contracts with Customers", notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015.
Ind AS 116	The Indian Accounting Standard 116, "Leases", notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015.
Ind AS Rules	The Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR/Indian Rupees/Rupee/₹/Rs.	Indian Rupee, the official currency of the Republic of India
IPO	Initial public offering
IRDAI	The Insurance Regulatory and Development Authority of India
IRDA Investment Regulations	The Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016
IST	Indian Standard Time
IT Act	The Information Technology Act, 2000
IT Intermediary Rules	The Information Technology (Intermediaries Guidelines and Digital Media Ethics Code) Rules, 2021
IT Security Rules	The Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011
KPI	Key performance indicators
MCA	The Ministry of Corporate Affairs, Government of India
MSME	Micro, small or a medium enterprise
MSME Act	Micro, Small and Medium Enterprises Development Act, 2006
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996

Term	Description
NACH	National Automated Clearing House
NAV	Net asset value, being the total equity attributable to equity holders of the parent divided by weighted average numbers of equity shares outstanding during the year for basic EPS
NBFC	Non-banking financial company
NBFC-BL	The base layer of non-banking financial companies
NBFC-IFC	Infrastructure finance company
NBFC-ML	The middle layer of non-banking financial companies
NBFC-TL	The top layer of non-banking financial companies
NBFC-UL	The upper layer of non-banking financial companies
NBFC-P2P	Non-banking financial company -Peer to peer lending platform
NBFC-SI	Systemically important non-banking financial company
NOFHC	Non-Operative Financial Holding Company
Non-GAAP	Non-generally accepted accounting principle
NR/Non-Resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRE	Non-Resident External
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
OCI	Other comprehensive income
Occupational Conditions Code	The Occupational Safety, Health and Working Conditions Code, 2020
PAN	Permanent account number
PAT	Profit after tax
PCB	Pollution Control Board
P/E Ratio	Price/Earnings Ratio
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth, being restated profit/(loss) attributable to equity holders of the parent divided by total equity attributable to equity holders of the parent
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
Scale Based Regulations	The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under section 3 of the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	The Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Master Circular	SEBI master circular no. SEBI/HO/CFD/PoD-1/P/CIR/2024/0154 dated November 11, 2024
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations	The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEBSE Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SFIO	Serious Fraud Investigation Office
SPD	Standalone Primary Dealer
STT	Securities Transaction Tax

Term	Description
Trademark Act	The Trade Marks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
US\$/USD/US Dollar	United States Dollar, the official currency of the United States of America
USA/U.S./US	The United States of America
VCF	Venture capital funds as defined in and registered with the SEBI under the <i>erstwhile</i> Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
Wilful Defaulter	Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations

Key Financial and Operating Metrics used in this Draft Red Herring Prospectus

Term	Description
Assets Under Management (AUM)	AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period
AUM Growth YoY	AUM Growth represents percentage growth in AUM for the relevant period/year over AUM of the previous period/year end
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)	AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period
AUM per Branch	AUM per branch is AUM as at the last day of the relevant fiscal year / period divided by the aggregate number of our branches as at the last day of relevant fiscal year / period
Average cost of borrowing / funds (on Total Assets)	Average cost of borrowing / funds (on Total Assets) represents Finance Cost for the relevant period/year as a percentage of average total assets in such period/year
Average disbursement per Branch	Average disbursement per Branch represents total disbursements of the relevant fiscal year / period divided by the aggregate number of our branches of relevant fiscal year / year
Average ticket size on Disbursement (Overall)	Average ticket size (ATS) on Disbursement (Overall) is computed by dividing the amount disbursed (both to new and existing customers) by the number of loans disbursed for the relevant period/year
Average ticket size on Disbursement (Repeat loans)	Average ticket size (ATS) on Disbursement (Repeat loans) is computed by dividing the amount disbursed to repeated customers (both to new and existing customers) by the number of repeat loans disbursed for the relevant period/year
Borrowings/Total Debt	Borrowings (total debt) represents the aggregate of debt securities and borrowings other than debt securities as of the last day of the relevant period/year.
Capital to risk weighted assets ratio (CRAR)	Capital to risk weighted assets ratio (CRAR) is computed by dividing our tier I and tier II capital by risk weighted assets (computed in accordance with the relevant RBI guidelines)
Cost of Borrowings / Average cost of borrowing / funds	Cost of Borrowings (Average cost of borrowing) represents finance cost for the relevant period/year as a percentage of Average Total Borrowings in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.
Cost to Income Ratio	Cost to Income Ratio represents Operating Expenses upon total income less Finance Costs for the relevant period/year
Collection efficiency (%)	Collection Efficiency represents amount of EMI received, restricted to max of 1 EMI per loan divided by EMI demand/due for the relevant fiscal year /period
Credit cost to Average Total Assets	Credit cost to Average Total Asset represents our credit cost for a period / year to the average total assets for the period / year
Credit Rating	Credit Rating represents the credit rating issued by a/multiple registered rating agency/ies with the SEBI for long term and short term borrowing facilities of our Company as at the last day of relevant fiscal year / period
Debt to Equity (D/E) ratio (Leverage)	Debt to Equity (D/E) ratio (Leverage) represents debt securities, borrowings other than debt securities / Net-Worth. As of the last day of the relevant period/year.
Disbursements Total	Disbursements represent the aggregate of all loan amounts extended to our customers in the relevant period/year
Disbursements in Repeat loans	Repeat loans represent the subsequent loan taken by a borrower after taking the first loan with us
Disbursement Growth YoY	Disbursement growth represents percentage growth in disbursements for the relevant period/year over disbursements of the previous period/year end

Term	Description
Disbursement Mix (hypotheation loan-secured, hypotheation loan-unsecured, 'Saral' Property Loans, mortgage loan)	Disbursement mix is the composition of Total Disbursements in hypotheation secured loans, hypotheation unsecured loans, 'Saral' Property Loans and mortgage loans
Disbursement per LA	Disbursement per Loan Advisor(LA) is the total disbursements for hypotheation loan (HL) and 'Saral' Property Loans (SPL) for the relevant fiscal year / period divided by the average loan advisors for hypotheation loan (HL) and 'Saral' Property Loans (SPL) for the relevant fiscal year / period
Finance Cost	Finance Cost represents the sum of total cost of borrowings for the relevant fiscal year / period
Gross NPA	Gross NPA represents gross loan book pertaining to loans which are required to be classified as NPA as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time. Gross NPA ratio (%) represents the Gross NPA to the gross loan book as of the last day of the relevant period, as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time
Net Interest Income (NII)	Net Interest Income (NII) represents Interest income less Finance Costs, for the relevant period/year
Net Interest Margin (NIM)	Net Interest Margin (NIM) represents our Net Interest Income for the period/year to the average total assets for the period/year, represented as a percentage and Net Interest Income represents Interest Income less Finance Cost of the relevant period / year
Net NPA	Net NPA represents the ratio of our Net NPA to net loan portfolio as of last day of the relevant period/year. Net loan portfolio represents total loan portfolio reduced by impairment allowance, as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time
Net Worth	Net Worth means total equity as of the last day of the relevant year / period.
Number of Branches	Number of branches represents the aggregate number of branches of our Company as of the last day of relevant period/year
Number of States/Uts	Number of states and union territories represents the total number of states and union territories where Company has presence as at the last day of the relevant fiscal year /period
Number of Active customers	Loans Outstanding (no of active customers) represents the total number of customers active as at the last day of relevant fiscal year / period
Operating Expense	Operating Expense represents employee benefits expense, depreciation and amortization expense, and other expenses for the relevant period/year
Operating Expense to Average Total Assets	Operating Expense to Average total assets represents the Operating Expenses for the relevant period / year upon average of total assets for the relevant period / year
PCR (Provision Coverage Ratio)	PCR (Provision Coverage Ratio) represents total provisions held on Gross NPA as of the last day of the year, as a percentage of total Gross NPAs as of the last day of the period/year
Profit After Tax	Profit After Tax refers to the profits after deducting the tax expenses for the relevant fiscal year / period
Return On Equity (RoE)	Return On Equity (RoE) is calculated as the profit after tax for the relevant year as a percentage of average Net Worth in such year/period
Retention Rate	Retention rate is number of customers who took repeat loans during their lifetime plus number of attrited customers who took repeat loan in the relevant fiscal year / period divided by number of customers with EMI end date in relevant fiscal year / period
Return on average Total Assets (RoTA)	Return on average Total Assets (RoTA) is calculated as the Profit After Tax for the relevant period / year as a percentage of average Total Assets in such period / year
Yield on Net Advances	Yield on average Net Advances represents the ratio of interest income for the period/year to the average net advance for the period/year
Yield on Gross Advances	Yield on average Gross Advances represents the ratio of interest income for the period/year to the average gross advance for the period/year
Total Income	Total Income represents the sum of total revenue from operations and other income for the relevant fiscal year / period
Total Interest Income	Total Interest Income represents the interest income earned for the relevant fiscal year / period from loans and advances, deposits with banks and investments

Industry Related Terms

Term	Description
ACH	Automated clearing house
AI	Artificial intelligence
ALM	Asset liability management
ATS	Average ticket size
AUM	Assets under management
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises

Term	Description
CRAR	Capital-to-risk weighted assets ratio
DPD	Days past due
ECL	Expected credit loss
ECLGS	Emergency Credit Line Guarantee Scheme
EMI	Equated monthly instalment
GNPA(s)	Gross non-performing asset(s)
LAP	Loans against Property
ML	Machine learning
NCGTC	National Credit Guarantee Trustee Company Limited
NIM	Net interest margin
NNPA	Net non-performing asset
NPA(s)	Non-performing asset(s)
NTC	New to credit
PAR	Portfolio at risk
PPOP	Pre-provision operating profit
ROA	Return on assets
ROE	Return on equity
ROTA	Return on average total assets
'Saral' Property Loans	Loans which are fully secured against property collateral (all kinds of properties) and a contract of hypothecation of working assets, finished goods and machinery, where the title of the relevant properties may not be clear, or where the property title may be established, but it may not be possible to create a charge over the property
TAM	Total addressable market

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

Certain Conventions

All references in this Draft Red Herring Prospectus to “India” 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 herein to (i) “US”, the “U.S.” or the “United States” are to the United States of America and its territories and possessions.

Unless indicated otherwise, all references to time in this Draft Red Herring Prospectus are to Indian Standard Time (“IST”).

Financial Data

Unless indicated otherwise, the financial statements in this Draft Red Herring Prospectus is derived from our Restated Financial Statements. The Restated Financial Statements included in this Draft Red Herring Prospectus comprises the restated statement of assets and liabilities, 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 as at and for the six months ended September 30, 2024 and September 30, 2023 and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 together with the annexures and the notes thereto, which are derived from the special purpose interim financial statements as at and for the period ended September 30, 2024 and September 30, 2023 and the audited financial statement as at for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS and as per Ind AS Rules notified under Section 133 of the Companies Act 2013, and restated in accordance with the SEBI ICDR Regulations and the ICAI Guidance Note on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time, and included in “*Financial Statements*” on page 284. The financial statements as at the six months ended September 30, 2024 and September 30, 2023, and for the Financial Year ended March 31, 2024 have been audited by our Statutory Auditors, i.e., S.S. Kothari Mehta & Co. LLP, Chartered Accountants, whereas, the financial statements for the Financial Years ended March 31, 2023 and March 31, 2022 have been audited by our Previous Statutory Auditors i.e., S. R. Batliboi & Associates LLP, Chartered Accountants.

Unless the context otherwise requires, any percentage, amounts, as set forth in “*Risk Factors*”, “*Summary of this Draft Red Herring Prospectus*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*” on pages 30, 22, 201 and 391, respectively and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements unless otherwise stated.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular fiscal 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. Certain ratios for the six months ended September 30, 2024 and September 30, 2023 have been presented on an annualized basis, as indicated in this Draft Red Herring Prospectus.

There are significant differences between the Ind AS, the International Financial Reporting Standards issued by the International Accounting Standard Board (the “**IFRS**”) and the Generally Accepted Accounting Principles in the United States of America (the “**U.S. GAAP**”). Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to quantify or identify the impact of the differences between the financial data (prepared under Ind AS and IFRS/U.S. GAAP), nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data included in this Draft Red Herring Prospectus. For details see, “*Risk Factors – External Risk Factors – 61. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value derived from our Equity Shares, independent of our operating results.*” On page 61.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. 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. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Non-Generally Accepted Accounting Principles Financial Measures

Certain non-generally accepted accounting principle (“**Non-GAAP**”) measures, such as EBITDA (excluding other income), EBITDA Margin (excluding other income), RoNW, Total Borrowings, Net Worth and NAV per Equity Share (“**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. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/(loss) for the year/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. In addition, the Non-GAAP Measures as used by the Company and their definition as set out herein, 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 usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us because they are widely used measures to evaluate a company’s operating performance. For details see, “*Risk Factors – External Risk Factors – 50. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.*” On page 55.

Industry and Market Data

For the purpose of confirming our understanding of the industry in connection with the Offer, we have commissioned and paid for a report dated December 2024 titled “*Report on Loans and Financial Services Industry in India*”, prepared by CRISIL Market Intelligence and Analytics (“**CRISIL Report**”). CRISIL Market Intelligence & Analytics, is a division of CRISIL Limited, that has been appointed by our Company pursuant to an engagement letter dated October 23, 2024. CRISIL has required us to include the following disclaimer in connection with the CRISIL Report:

“CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited, provides independent research, consulting, risk solutions, and data & analytics to its clients. CRISIL MI&A operates independently of CRISIL’s other divisions and subsidiaries, including, CRISIL Ratings Limited. CRISIL MI&A’s informed insights and opinions on the economy, industry, capital markets and companies drive impactful decisions for clients across diverse sectors and geographies.

For the preparation of this report, CRISIL MI&A has relied on third party data and information obtained from sources which in its opinion are considered reliable. Any forward-looking statements contained in this report are based on certain assumptions, which in its opinion are true as on the date of this report and could fluctuate due to changes in factors underlying such assumptions or events that cannot be reasonably foreseen. This report does not consist of any investment advice and nothing contained in this report should be construed as a recommendation to invest/disinvest in any entity. This industry report is intended for use only within India.”

CRISIL is an independent agency and is not a related party of our Company, its Subsidiary, Directors, Key Managerial Personnel, Senior Management or the Book Running Lead Managers.

Aside from the above, unless otherwise stated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from publicly available sources of industry data. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy or completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market 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 we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

In accordance with the SEBI ICDR Regulations, the section “*Basis for Offer Price*” on page 113 includes information relating to our peer group companies, which has been derived from publicly available sources.

For details, see “*Risk Factors – Internal Risk Factors – 42. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL exclusively commissioned and paid for by us for such purpose.*” on page 52.

Currency and Units of Presentation

All references to “**Rupees**” or “**₹**” or “**Rs.**” or “**INR**” are to Indian Rupees, the official currency of the Republic of India. All references to “**US\$**”, “**U.S. Dollar**”, “**USD**” or “**U.S. Dollars**” are to United States Dollar, the official currency of the United States of America.

In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions or in whole numbers where the numbers have been too small to represent in millions, except where specifically indicated. One million represents 10 lakhs or 1,000,000 and 10 million represents one crore or 10,000,000. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

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

The following table sets forth as of the dates indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

Currency	Exchange rate as on				
	September 30, 2024	September 30, 2023**	March 31, 2024*	March 31, 2023	March 31, 2022
1 US\$	83.78	83.05	83.37	82.22	75.81

(Amount in ₹)

(Source: www.fbi.org.in)

*Since March 31, 2024, was a Sunday, the exchange rate was considered as on March 29, 2024.

** Since September 30, 2023, was a Saturday, the exchange rate was considered as on September 29, 2023.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares offered in the Offer have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and (a) only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “**U.S. QIBs**”) in transactions exempt from the registration requirements of the U.S. Securities Act, (b) QPs, as defined in Section 2(a)(51) of the U.S. Investment Company Act (persons who are both a U.S. QIB and a QP are referred to as “**Entitled QPs**”), and (c) outside the United States in “offshore transactions” as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

Each purchaser is hereby notified that sellers of Equity Shares maybe relying on an exemption from the provisions of Section 5 of the U.S. Securities Act.

Until the expiry of 40 days after the date of commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the U.S. Securities Act.

Our Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. Our Company is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act, and as a result the Equity Shares are being offered and sold in the United States and to U.S. Persons only to persons who are Entitled QPs.

Our Company may be a “covered fund” for purposes of the “Volcker Rule” contained in the Dodd-Frank Act (Section 619: Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds). Accordingly, entities that may be “covered banking entities” for the purposes of the Volcker Rule may be restricted from holding the Company’s securities and should take specific advice before making an investment in our Company.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements can generally be identified by words or phrases such as “*aim*”, “*anticipate*”, “*believe*”, “*continue*”, “*expect*”, “*estimate*”, “*intend*”, “*likely to*”, “*objective*”, “*plan*”, “*propose*”, “*project*”, “*seek to*”, “*will achieve*”, “*will continue*”, “*will likely*”, “*will pursue*” or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This could be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes in the industry we operate in 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 that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence.

Significant factors that could cause our actual results to differ materially include but are not limited to our ability to:

- (1) Non-payment or default by our borrowers.
- (2) Dependency on the accuracy and completeness of information provided by our customers and certain third party service providers.
- (3) Higher levels of non-performing assets (“*NPA*s”) on the quality of our portfolio.
- (4) Inability to recover receivables such as unsecured loans.
- (5) Volatile interest rate risk.
- (6) Requirement of substantial capital for our business and any disruption in our sources of capital.
- (7) Failure to increase operational efficiency.
- (8) Inability to meet various covenants and obligations under our financing arrangements.
- (9) Inability to expand our business in our target segment or the sub-optimal performance of any of our new branches.
- (10) Exposure to penalties and restrictions, due to any non-compliance with observations made by the RBI during the periodic inspections as a NBFC-ND-SI.

For a further discussion of factors that could cause our actual results to differ, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 30, 201 and 391, 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 results and gains or losses could be materially different from those that have been estimated.

Forward-looking statements reflect our current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate. There can be no assurance to Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders 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.

Neither our Company, nor our Directors nor any of the Selling Shareholders, or the Syndicate, 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.

Further, each of the Selling Shareholders, severally and not jointly to the extent of statements specifically made or confirmed by such Selling Shareholder solely in relation to its respective portion of the Offered Shares in this Draft Red Herring Prospectus, will ensure that the Company and the BRLMs are informed of material developments, in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in relation to itself and its portion of the Offered Shares in this Draft Red Herring Prospectus, until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer. Only statements and undertakings which are confirmed or undertaken by each of the Selling Shareholders, as the case may be, in this Draft Red Herring Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholder as of the date of this Draft Red Herring Prospectus. In accordance with the SEBI ICDR Regulations, our Company and the BRLMs will ensure that bidders in India are informed of material developments in relation to statements and undertakings specifically confirmed and undertaken by our Company and each of the Selling Shareholders, severally and not jointly, solely, in relation to itself as a Selling Shareholder and its respective portion of the Offered Shares, in the Red Herring Prospectus, from the date of the Red Herring Prospectus until the receipt of final listing and trading approvals for the Equity Shares pursuant to the Offer.

SUMMARY OF THIS DRAFT RED HERRING PROSPECTUS

The following is a general summary of the terms of the Offer and certain disclosures included in this Draft Red Herring Prospectus 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 elsewhere in this Draft Red Herring Prospectus, including the sections titled “*Risk Factors*”, “*The Offer*”, “*Capital Structure*”, “*Objects of the Offer*”, “*Industry Overview*”, “*Our Business*”, “*Our Principal Shareholders*”, “*Financial Statements*”, “*Outstanding Litigation and Other Material Developments*”, “*Offer Procedure*” and “*Main Provisions of the Articles of Association*” on pages 30, 66, 81, 107, 140, 201, 282, 284, 457, 500 and 522, respectively.

Primary business of our Company

We are a non-banking financial company focused on providing loans to micro scale MSMEs across India for their working capital and business expansion needs. We offer small-ticket business loans with an average ticket size on disbursement of ₹ 0.15 million to customers across manufacturing, trading, service and allied agriculture sectors. Our product offerings comprise mortgage loans, ‘Saraal’ Property Loans, secured hypothecation loans and unsecured hypothecation loans. For more information, see “*Our Business*” beginning on page 201.

Summary of the industry in which our Company operates

MSMEs in India face a substantial unmet credit estimated at ₹ 103.00 trillion. Over 97.13% of these MSMEs are micro enterprises, which have limited access to formal credit and typically need small business loans with a ticket size of less than ₹ 0.50 million. The credit demand of these micro businesses is estimated to have increased to ₹ 53.00 trillion to ₹ 55.00 trillion as of Fiscal 2024, and the share of NBFCs as a source of finance for these MSMEs has increased over the last five years and is expected to increase further. (Source: CRISIL Report) For more information, see “*Industry Overview*” beginning on page 140.

Promoters

Our Company does not have an identifiable promoter in terms of SEBI ICDR Regulations and the Companies Act 2013.

Offer size

The following table summarizes the details of the Offer:

Offer	[●] Equity Shares of face value of ₹2 each for cash at a price of ₹[●] per Equity Share aggregating to ₹14,500 million
<i>Of which:</i>	
Fresh Issue ⁽¹⁾⁽²⁾	[●] Equity Shares of face value of ₹2 each aggregating up to ₹8,850 million
Offer for Sale ⁽³⁾	Up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹5,650 million by the Selling Shareholders

⁽¹⁾ Our Board has authorized the Offer, pursuant to its resolution dated December 11, 2024 and our Shareholders have authorized the Fresh Issue pursuant to their resolution dated December 11, 2024. Further, our Board has taken on record the consents for the Offer for Sale of the Selling Shareholders pursuant to its resolution dated December 12, 2024.

⁽²⁾ Our Company in consultation with the BRLMs, may consider a further issue of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC (“*Pre-IPO Placement*”). The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“*SCRR*”). The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

⁽³⁾ The Equity Shares being offered by each of the Selling Shareholders, severally and jointly, are eligible for being offered for sale pursuant to the Offer in terms of the Regulation 8 of SEBI ICDR Regulations. For details of authorisations received from the Selling Shareholders for the Offer for Sale, see “*Other Regulatory and Statutory Disclosures – Authority for the Offer – Approvals from the Selling Shareholders*” on page 463.

For further details, see “*The Offer*” on page 66.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the object set forth below:

Particulars	Total estimated amount/expenditure [^]
Augmenting our capital base to meet our Company's future capital requirements arising out of growth of our business and assets	Up to ₹[●] million

[^] Includes the proceeds, if any, received pursuant to the Pre-IPO Placement, which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

For further details, see “*Objects of the Offer*” on page 107.

Pre-Offer shareholding of the Selling Shareholders

The aggregate shareholding of the Selling Shareholders as on the date of this Draft Red Herring Prospectus and the percentage of pre-Offer equity share capital on a fully diluted basis is set forth below:

S. No.	Name of the Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of equity share capital on a fully diluted basis (%) ⁽¹⁾
Corporate Selling Shareholders			
1.	A91 Emerging Fund I LLP	17,715,595	9.23
2.	Alpha Wave India I LP	21,514,185	11.21
3.	CapitalG LP	19,686,685	10.26
4.	CapitalG International LLC	5,784,485	3.01
5.	LGT Capital Invest Mauritius PCC with Cell E/VP	27,120,090	14.13
6.	MAJ Invest Financial Inclusion Fund II K/S	11,456,000	5.97
Individual Selling Shareholders			
7.	Harleen Kaur Jetley	592,455	0.31
8.	Vikram Jetley	2,890,000	1.51

⁽¹⁾ Includes Equity Shares to be allotted pursuant to exercise of all outstanding options vested under the Employee Stock Option Plans.

For further details, see “*Capital Structure*” on page 81.

Summary of selected financial information

The following is a summary financial information derived from the Restated Financial Statements. For further details, please see “*Financial Statements*” on page 284.

(₹ in million, unless otherwise specified)

Particulars	As of / For the six months ended September 30,		As of / For the year ended March 31,		
	2024	2023	2024	2023	2022
Equity share capital	377.88	304.53	399.31	304.53	304.53
Total income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Profit/(Loss) for the period or year	1,078.00	787.89	1,716.79	438.53	(513.50)
Basic earnings per share (in ₹)	6.09	5.08	10.62	2.83	(3.31)
Diluted earnings per share (in ₹)	5.97	5.02	10.50	2.79	(3.31)
NAV per Equity Share (in ₹) ⁽¹⁾	90.24	54.11	76.47	48.88	45.49
NAV per Diluted Share (in ₹) ⁽²⁾	88.42	53.48	75.63	48.27	44.84
Net Worth ⁽³⁾	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Total Borrowings ⁽⁴⁾ (as per balance sheet)	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40

⁽¹⁾ Basic Net Asset Value per Equity Share = Net worth as per the Restated Financial Statement / Weighted Average number of Equity Shares as at the end of year/period.

⁽²⁾ Diluted Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements / weighted average number of equity shares outstanding during the year/period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

⁽³⁾ Net Worth means Total equity as of the last day of the relevant year / period.

⁽⁴⁾ Total Borrowings represents the aggregate of debt securities and borrowings other than debt securities as of the last day of the relevant period/year.

(5) Pursuant to a resolution passed by our Board on October 16, 2024, and a resolution passed by our Shareholders on October 17, 2024, the face value of equity shares of our Company was sub-divided from face value of ₹10 each to face value of ₹ 2 each. Sub-division of equity shares is retrospectively considered for the computation of basic EPS, diluted EPS and NAV for all the Financial Years/ periods presented.

For the definitions and reconciliation of Non-GAAP measures, please see “*Definitions and Abbreviations*” and “*Other Financial Information*” on pages 1 and 381, respectively.

Summary of the Selected Statistical Information of our Company

The table below sets forth a summary of the selected statistical information of our Company:

(₹ in million, unless otherwise specified)

Particulars	As of / For the six months ended September 30		As of / For the year ended March 31		
	2024	2023	2024	2023	2022
AUM ⁽¹⁾	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
Total Revenue from Operations	6,922.40	4,720.11	10,402.18	6,234.25	4,319.20
Net Profit for the year / period	1,078.00	787.89	1,716.79	438.53	(513.50)
Total Borrowings ⁽²⁾	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40
Revenue from Operations to Average AUM ⁽³⁾ (%)	29.32*	31.00*	28.96	28.02	26.18
Cost to income ratio ⁽⁴⁾ (%)	48.39	52.85	50.96	66.03	80.42

*Annualized

(1) AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.

(2) Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year.

(3) Revenue from Operations to Average AUM represents our total revenue from operations for the period/year to the Average AUM for the period/year. 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) Cost to Income Ratio represents Operating Expenses upon total income less finance costs for the relevant period/year.

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

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

Summary of outstanding litigation

A summary of outstanding litigation proceedings involving our Company, our Directors and our Subsidiary as on the date of this Draft Red Herring Prospectus is provided below:

(In ₹ million)

Name of Entity	Criminal proceedings	Tax proceedings	Actions by statutory or regulatory authorities	Material civil litigation*	Aggregate amount involved ⁽¹⁾
Company					
By the Company	3,845	NA	NA	Nil	382.70
Against the Company	Nil	1	Nil	Nil	24.40
Directors					
By the Directors	Nil	NA	NA	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil
Subsidiary					
By the Subsidiary	Nil	NA	NA	Nil	Nil
Against the Subsidiary	Nil	Nil	Nil	Nil	Nil

(1) To the extent quantifiable.

* Determined in accordance with the Materiality Policy.

As on the date of this Draft Red Herring Prospectus, our Company has no Group Company.

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Other Material Developments*” on page 457.

Risk factors

Specific attention of Investors is invited to the section “**Risk Factors**” on page 30. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Summary of contingent liabilities

The following is a summary table of our contingent liabilities as at September 30, 2024 as per Ind AS 37 as derived from the Restated Financial Statements:

<i>(In ₹ million)</i>	
Particulars	As at September 30, 2024
(a) Contingent liability	24.40
Income Tax laws	
Total	24.40

For further details of the contingent liabilities, see “**Financial Statements – Restated Financial Statements – Note 33 – Contingent liabilities and commitments**” on page 327.

Summary of Related Party Transactions

The following is the summary of transactions with related parties for the six months ended September 30, 2024 and September 30, 2023 and Fiscals 2024, 2023 and, 2022, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 read with the SEBI ICDR Regulations and as derived from the Restated Financial Statements:

<i>in ₹ million)</i>					
Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
(a) Managerial remuneration*					
Short term employee benefits (Director)					
Mr. Sanjay Sharma	24.37	21.22	36.86	29.92	27.02
Mr. Vikram Jetley (up to January 01, 2022)	-	-	-	-	10.22
Short term employee benefits (Relative of Director)					
Mr. Shashwat Sharma	0.83	0.65	1.22	0.53	-
Short term employee benefits (KMP other than directors)					
Mr. Ashish Sharma (up to April 16, 2021)	-	-	-	-	0.37
Mr. Mayank Shyam Thatte (up to May 24, 2023)	-	1.35	1.35	9.94	9.08
Mr. Krishan Gopal (w.e.f. July 07, 2023)	8.97	5.42	10.83	-	-
Ms. Tripti Pandey (up to May 24, 2024)	0.27	2.15	3.06	1.54	1.48
Mr. Vipul Sharma (w.e.f. May 25, 2024)	1.13	-	-	-	-
Post employment benefits	-	-	-	-	-
Other long-term benefits	-	-	-	-	-
Termination benefits	-	-	-	-	-
Share based payments					
Mr. Mayank Shyam Thatte (up to May 24, 2023)	-	-	-	1.75	0.25
Mr. Krishan Gopal (w.e.f. July 07, 2023)	5.12	0.61	3.31	-	-
Ms. Tripti Pandey (up to May 24, 2024)	0.03	0.11	0.18	0.25	0.14
Mr. Vipul Sharma (w.e.f. May 25, 2024)	0.08	-	-	-	-
*Excluding provision for gratuity and compensated absences as the same are actuarially determined for the Company as a whole and thus not separately ascertainable for the Director					
(b) Director’s sitting fee	1.66	1.87	3.50	2.50	2.20
(c) Grant of ESOPs (KMP)	1.32	0.64	3.40	0.10	0.10
(d) Corporate social responsibility					
Foundation for Advancement of Micro Enterprises (FAME)	8.40	5.00	9.36	5.00	10.00
(e) Advances Given during the year					
Advance for CSR to FAME	20.00	10.00	10.00	-	-
Foundation for Advancement of Micro Enterprises (FAME)	-	-	0.19	0.11	0.37

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
(f) Reimbursement received					
Balance against advance received back	-	-	0.64	-	-
Foundation for Advancement of Micro Enterprises (FAME)	-	-	0.19	0.11	0.39
Balance outstanding at the end of the year					
(g) (i) Long term loans and advances					
Aye Finance Employees Welfare Trust	1.25	1.25	1.25	1.25	1.25
Foundation for Advancement of Micro Enterprises (FAME)	11.60	5.00	-	-	-
	12.85	6.25	1.25	1.25	1.25
(g) (ii) Investment in subsidiary company					
Foundation for Advancement of Micro Enterprises (FAME)	-	2.50	-	2.50	2.50
	-	2.50	-	2.50	2.50
(g) (iii) Dues to Directors					
Mr. Navin Kumar Maini (up to September 02, 2023)	-	-	-	-	0.22
Mr. Vinay Bajjal (up to September 02, 2023)	-	-	-	-	0.19
Mr. Govinda Rajulu Chintala (w.e.f. September 01, 2023) (Appointed as Chairperson of Board w.e.f. January 5, 2024)	-	0.03	0.12	-	-
Mr. Sanjaya Gupta (w.e.f. September 01, 2023)	-	0.09	0.09	-	-
Ms. Kanika Tandon Bhal (resigned w.e.f. September 01, 2022) (rejoined w.e.f. September 01, 2023)	-	0.06	0.06	-	0.16
	-	0.19	0.28	-	0.57

For further details of the related party transactions, see “*Financial Statements – Restated Financial Statements – Note 36 – Related Party Disclosures*” on page 330 and “*Risk Factors – 22. We may enter into related party transactions in the ordinary course of our business and may continue to do so in future. There may be conflicts of interest associated with such transactions and there can be no assurance that such transactions will not have an adverse effect on our results of operation and financial condition.*” on page 42.

Financing arrangements

There have been no financing arrangements whereby our Directors or their relatives have financed the purchase by any other person of securities of our Company during six months immediately preceding the date of this Draft Red Herring Prospectus.

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

The details of the price at which the specified securities have been acquired in the last three years preceding the date of this Draft Red Herring Prospectus by the Selling Shareholders and other shareholders with the right to nominate directors or other rights are as follows:

Name of the acquirer/ shareholder	Nature of transaction	Date of acquisition	No. of Equity Shares acquired [^]	Cost per Equity Share (including securities premium) (₹) [^] ^{##}
Equity Shares				
Shareholder with a right to nominate a director				
British International Investment plc	Allotment of equity shares	January 5, 2024	50	130.82
British International Investment plc	Conversion of Series F CCPS into equity shares	September 23, 2024	17,124,410	145.99

Name of the acquirer/ shareholder	Nature of transaction	Date of acquisition	No. of Equity Shares acquired [^]	Cost per Equity Share (including securities premium) (₹) [^] ^{##}
British International Investment plc	Allotment of equity shares	September 26, 2024	1,138,135	175.73
Elevation Capital V Limited	Conversion of Series A CCPS into equity shares	September 23, 2024	5,171,910	5.80
Elevation Capital V Limited	Conversion of Series A1 CCPS into equity shares	September 23, 2024	7,339,315	13.63
Elevation Capital V Limited	Conversion of Series B CCPS into equity shares	September 23, 2024	10,303,010	21.35
Elevation Capital V Limited	Conversion of Series C CCPS into equity shares	September 23, 2024	7,985,025	51.25
IMP2 Assets Pte. Ltd	Allotment of equity shares	September 26, 2024	9,557,490	175.73
IMP2 Assets Pte. Ltd	Transfer of equity shares	October 14, 2024	4,100,000	175.73
Selling Shareholders				
A91 Emerging Fund I LLP*	Conversion of Series A1 CCPS into equity shares	September 23, 2024	5,137,520	110.48
A91 Emerging Fund I LLP*	Conversion of Series B CCPS into equity shares	September 23, 2024	8,429,735	110.48
A91 Emerging Fund I LLP*	Conversion of Series E CCPS into equity shares	September 23, 2024	2,435,570	123.17
A91 Emerging Fund I LLP*	Conversion of Series F CCPS into equity shares	September 23, 2024	1,712,445	145.99
Alpha Wave India I LP*	Conversion of Series D CCPS into equity shares	September 23, 2024	18,224,365	85.34
Alpha Wave India I LP*	Conversion of Series E CCPS into equity shares	September 23, 2024	2,435,570	123.17
CapitalG LP ^{^^}	Conversion of Series C CCPS into equity shares	September 23, 2024	15,781,255	51.25
CapitalG LP ^{^^}	Conversion of Series D CCPS into equity shares	September 23, 2024	3,904,930	85.34
CapitalG International LLC ^{^^}	Conversion of Series E CCPS into equity shares	September 23, 2024	5,784,485	123.17
Harleen Kaur Jetley	Transfer of equity shares	January 31, 2024	265,000	-
LGT Capital Invest Mauritius PCC with Cell E/VP*	Conversion of Series B CCPS into equity shares	September 23, 2024	14,049,055	21.35
LGT Capital Invest Mauritius PCC with Cell E/VP*	Conversion of Series C CCPS into equity shares	September 23, 2024	4,917,265	51.25
LGT Capital Invest Mauritius PCC with Cell E/VP*	Conversion of Series D CCPS into equity shares	September 23, 2024	3,421,610	85.34
LGT Capital Invest Mauritius PCC with Cell E/VP*	Conversion of Series E CCPS into equity shares	September 23, 2024	4,566,695	123.17
MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A CCPS into equity shares	September 23, 2024	5,171,910	56.13
MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A1 CCPS into equity shares	September 23, 2024	2,201,795	56.13
MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series D CCPS into equity shares	September 23, 2024	1,824,540	85.34
MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series E CCPS into equity shares	September 23, 2024	1,826,680	123.17

⁵ As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

* Selling Shareholders with a right to nominate directors.

^{^^} CapitalG LP and CapitalG International LLC have a joint right to nominate a director.

[^] Adjusted for sub-division of face value of ₹10 per equity share to ₹ 2 per equity share pursuant to the resolution passed by the Board dated October 16, 2024 and resolution passed by the Shareholders dated October 17, 2024.

[#] Cash consideration for equity shares acquired pursuant to conversion of Preference Shares into Equity Shares has been paid at the time of issuance of relevant Preference Shares.

Name of the acquirer/ shareholder	Nature of transaction	Date of acquisition	No. of Preference Shares acquired [^]	Cost per Preference Share (including securities premium) (₹) [§]
Preference Shares				
Shareholder with a right to nominate a director				
British International Investment plc	Allotment of Series F CCPS	January 5, 2024	3,821,977	654.11
Selling Shareholders				
A91 Emerging Fund I LLP*	Allotment of Series F CCPS	January 5, 2024	382,199	654.11

[§] As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

* Selling Shareholders with a right to nominate directors.

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

Except as disclosed below, our Selling Shareholders have not acquired any specified securities in the one year immediately preceding the date of this Draft Red Herring Prospectus:

Name of the Selling Shareholder	Number of Equity Shares held as of date of this Draft Red Herring Prospectus [^]	Number of Equity Shares acquired in the last one year [^]	Weighted average price of Equity Shares acquired in the last one year ^{^#§}
Corporate Selling Shareholders			
A91 Emerging Fund I LLP	17,715,595	17,715,270	115.66
Alpha Wave India I LP	21,514,185	20,659,935	89.80
CapitalG International LLC	5,784,485	5,784,485	123.17
CapitalG LP	19,686,685	19,686,185	58.01
LGT Capital Invest Mauritius PCC with Cell E/VP	27,120,090	26,954,625	52.18
Maj Invest Financial Inclusion Fund II K/S	11,456,000	11,024,925	72.07
Individual Selling Shareholders			
Vikram Jetley	2,890,000	-	NA
Harleen Kaur Jetley	592,455	265,000	Nil*

* Acquisition price of Equity Shares acquired pursuant to gifts is Nil

[^] Adjusted for sub-division of face value of ₹10/- per equity share to ₹2/- per equity share pursuant to the board resolution dated October 16, 2024 and shareholders resolution dated October 17, 2024.

[#] Cash consideration for equity shares acquired pursuant to conversion of Preference Shares into equity shares has been paid at the time of issuance of relevant Preference Shares.

[§] As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

Average cost of acquisition of equity shares by the Selling Shareholders

The average cost of acquisition per equity share by the Selling Shareholders as on the date of this Draft Red Herring Prospectus is:

S. No.	Name of the Selling Shareholder	Number of Equity Shares held as of date of this Draft Red Herring Prospectus [^]	Average cost of acquisition per Equity Share (in ₹) [§]
Corporate Selling Shareholders			
1.	A91 Emerging Fund I LLP	17,715,595	115.66
2.	Alpha Wave India I LP	21,514,185	89.62
3.	CapitalG LP	19,686,685	58.01
4.	CapitalG International LLC	5,784,485	123.17
5.	LGT Capital Invest Mauritius PCC with Cell E/VP	27,120,090	52.17
6.	Maj Invest Financial Inclusion Fund II K/S	11,456,000	72.57
Individual Selling Shareholders			
7.	Harleen Kaur Jetley	592,455	4.37
8.	Vikram Jetley	2,890,000	2.00

[^]Adjusted for sub-division of face value of ₹ 10/- per equity share to ₹ 2/- per equity share pursuant to the Board resolution dated October 16, 2024 and Shareholders resolution dated October 17, 2024.

[#] Cash consideration for equity shares acquired pursuant to conversion of Preference Shares into equity shares has been paid at the time of issuance of relevant Preference Shares.

⁵ As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

Weighted average cost of acquisition of all shares transacted in the three years, 18 months and one year preceding the date of this Draft Red Herring Prospectus

The weighted average price for all shares acquired in one year, 18 months and three years preceding the date of this Draft Red Herring Prospectus is mentioned below:

Period	Weighted Average Cost of Acquisition (in ₹)[^]	Cap Price is 'X' times the Weighted Average Cost of Acquisition[*]	Range of acquisition price: Lowest Price – Highest Price (in ₹)^{^5}
Last one year	86.01	NA	Nil** - INR 175.73
Last eighteen months	86.01	NA	Nil** - INR 175.73
Last three years	86.01	NA	Nil** - INR 175.73

^{*}To be updated upon finalisation of Price Band.

^{**}Acquisition price of Equity Shares acquired pursuant to gifts is Nil.

[^]Adjusted for sub-division of face value of ₹10/- per equity share to ₹2/- per equity share pursuant to the Board resolution dated October 16, 2024 and Shareholders resolution dated October 17, 2024. The Board has approved the sub-division of equity shares from face value of ₹10 per share to ₹2 per share.

⁵ As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by way of their certificate dated December 16, 2024.

Details of Pre-IPO Placement

Our Company in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

Issue of equity shares for consideration other than cash in the last one year

Our Company has not issued any equity shares or preference shares for consideration other than cash during a period of one year preceding the date of this Draft Red Herring Prospectus.

Split/Consolidation of Equity Shares in the last one year

Pursuant to resolutions passed by our Board and our Shareholders in their meetings held on October 16, 2024 and October 17, 2024, respectively, the face value of the equity shares of our Company was sub-divided from ₹10 each to ₹2 each. Accordingly, the authorized equity share capital of our Company comprising 82,000,000 equity shares of ₹10 each were sub-divided into 410,000,000 Equity Shares of face value of ₹2 each and the aggregate issued, subscribed and paid-up equity share capital of our Company comprising 38,348,314 equity shares of ₹10 each was sub-divided into 191,741,570 Equity Shares of face value of ₹2 each. See “*Capital Structure – Notes to Capital Structure – Equity share capital history of our Company*” on page 82.

Except for as mentioned above, our Company has not undertaken a split or consolidation of the Equity Shares in the 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 sought any exemption from complying with any provisions of securities laws from SEBI.

SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any or a combination of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a more detailed understanding of our Company and our business, prospective investors should read this section in conjunction with “**Our Business**”, “**Industry Overview**”, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**”, “**Financial Statements**” and “**Selected Statistical Information**” on pages 201, 140, 391, 284 and 430, respectively, as well as the other financial information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved. Further, certain ratios for the six months ended September 30, 2024 and September 30, 2023 have been presented on an annualized basis, as indicated in this Draft Red Herring Prospectus.*

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors in our Equity Shares 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 in India, which may differ in certain respects from that of other countries.

*This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see “**Forward-Looking Statements**” on page 20. Unless otherwise indicated, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “**Financial Statements**” on page 284.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Report on Loans and Financial Services Industry in India” dated December 2024 (the “**CRISIL Report**”) prepared and issued by CRISIL MI&A, pursuant to an engagement letter dated October 23, 2024. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. The CRISIL Report is available on the website of our Company at <https://www.ayefin.com/wp-content/uploads/2024/12/industry-report.pdf>. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further details, see “ – 42. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL exclusively commissioned and paid for by us for such purpose.” and “**Industry Overview**” on pages 52 and 140, respectively.*

Internal Risk Factors

I. We are subject to the risk of non-payment or default by our borrowers which may adversely affect our business, results of operations and financial condition.

We typically serve micro scale businesses that are predominantly located in semi-urban areas including in tier II, tier III and tier IV cities and towns, with annual turnovers ranging from ₹ 2.00 million to ₹ 10.00 million. Lending to MSMEs may often be perceived as involving challenges such as *inter alia* limited financial records and reluctance to provide property as collateral for smaller loans. (Source: CRISIL Report) Our customers generally have limited sources of income and credit histories, and may not have tax returns, bank or credit card statements, statements of previous loan exposures, or other documents through which we can accurately assess their credit worthiness. As a result, they may pose a higher risk of default than borrowers with greater financial resources and more established credit histories. Our customers may delay and/or default on their repayment obligations due to

various reasons including business failure, insolvency or lack of liquidity. Further, our borrowers may take on additional borrowing obligations, which may also be from the informal moneylending ecosystem, which may put pressure on their ability to repay loans availed from us.

In addition, as our loan portfolio matures, we cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs. The current level of our provisions may not adequately cover any such increases. For details of the risks associated with higher levels of NPAs, see “- 3. *If we are unable to control the level of Gross Non-Performing Assets / Stage 3 Assets / Net NPAs in our portfolio effectively, or if we are unable to maintain adequate provisioning coverage, or if there is any change in regulatorily mandated provisioning requirements, our financial condition and results of operations may be adversely affected*” on page 32. Further, we have certain customers who are first-time borrowers from the formal lending ecosystem. As of September 30, 2024, we had 350,066 fresh customers, comprising 38.46% of our total advances, who were new to the formal lending ecosystem.

Set forth below are details of outstanding amounts that are 90 days past due (which are in turn identified as NPAs or Stage 3 assets) for each of our primary loan offerings in the corresponding periods, namely hypothecation loans and mortgage loans. The figures below are the product-wise Gross NPAs (“GNPAs”):

Product-wise Gross NPAs

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
<i>Hypothecation Loans</i>					
Outstanding amount that are Stage 3 assets (₹ million)	1,421.43	768.32	1,228.70	557.20	435.40
Percentage of total outstanding amount (%)	3.49%	2.62%	3.34%	2.28%	2.75%
<i>Loans against Property (Mortgage Loans and ‘Saraal’ Property Loans)</i>					
Outstanding amount that are Stage 3 assets (₹ million)	126.01	87.77	87.70	95.24	112.40
Percentage of total outstanding amount (%)	2.14%	3.41%	1.93%	5.70%	7.81%

In Fiscal 2022, the impairment on financial instruments was ₹ 1,211.00 million due to an increase in write-offs and customer defaults, which resulted in a loss for the year of ₹ 513.50 million. While there have been no instances in the six months ended September 30, 2024 and the last two Fiscals where we have incurred losses due to customer defaults, we cannot assure you that our monitoring and risk management controls will be sufficient to prevent such losses in the future, thereby increasing our Gross NPAs and adversely affecting our business, results of operations and financial condition. Also see, “*Risk Factor– 26. We may not be able to identify, monitor and manage risks or effectively implement our risk management policies, which could adversely affect our business, financial condition and results of operations.*” on page 45.

2. *Our operations 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. We follow Know Your Customer (“KYC”) guidelines prescribed by RBI for potential customers to obtain information such as their income, assets, financial transactions and credit history and verify their place of employment and residence, as applicable, through telephonic conversations and physical visits. We also rely on third party service providers such as external legal and technical valuers for collateral valuation and credit bureaus for records of prospective customers. We also employ our proprietary underwriting methodology, which is a business cluster-based credit assessment model, and our data science models to evaluate the customers’ financial health and repayment capacity. However, the provision and collection of erroneous or misleading information may affect our judgement of credit worthiness of potential customers, and the value of and title to collateral.

Further, we may have customers who are unable to document their entire income comprehensively. Most small businesses in India do not maintain documents such as income proof, business registration, GST registration, income tax filings and bank statements (*Source: CRISIL Report*), making credit assessment challenging. In addition, as of September 30, 2024, 38.46% of our fresh customers do not have any credit history in the formal

lending ecosystem. While we employ our cluster-based underwriting methodology to limit such risks, we cannot predict that we will be able to consistently assess their turnover or ability to repay our loans accurately.

While there have been no instances of such misleading information being provided to us in the six months ended September 30, 2024 and the last three Fiscals, to an extent our NPAs may be deemed to have resulted from our erroneous judgment of customers' ability or willingness to repay their debt, including owing to circumstances that arise after loans have been sanctioned. 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 fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited as compared to information typically available 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, site-visits and personal discussions, we cannot assure you that such credit information will be available, accurate or comprehensive. If we are unable to properly assess the creditworthiness of our borrowers, including a failure to predict a borrower'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 which may adversely affect our business, financial condition, results of operations and cash flows.

3. *If we are unable to control the level of Gross Non-Performing Assets / Stage 3 Assets / Net NPAs in our portfolio effectively, or if we are unable to maintain adequate provisioning coverage, or if there is any change in regulatorily mandated provisioning requirements, our financial condition and results of operations may be adversely affected.*

Our ability to manage the credit quality of our loans, which we measure through assets that are more than 90 days past due ("DPD", and such assets, NPAs), is a key driver of our results of operations. As of September 30, 2024, our Stage 3 assets and NPAs also include linked loans (where one customer has more than one loan with our Company, if one loan becomes NPA, all other linked loans also become NPA), and loans that have been 90 DPD and have rolled back but not become current. Set forth below are details of our asset quality ratios, as well as provision coverage ratio, as of each of the corresponding periods:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Gross NPA ⁽¹⁾ (₹ million)	1,547.44	856.09	1,316.30	653.90	572.80
Gross NPA ratio ⁽²⁾ (%)	3.32%	2.69%	3.19%	2.49%	3.29%
Net NPA ⁽³⁾ (₹ million)	525.47	395.18	366.70	328.10	234.20
Net NPA ratio ⁽⁴⁾ (%)	1.15%	1.26%	0.91%	1.28%	1.37%
Provision Coverage Ratio ⁽⁵⁾ (%)	66.07%	53.83%	72.14%	49.82%	59.12%
Bad Debts Write-Offs ⁽⁶⁾	773.68	234.89	546.01	525.00	1,148.80

⁽¹⁾ Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

⁽²⁾ Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

⁽³⁾ Net NPA represents Gross NPA reduced by NPA provisions as of the last day of the relevant period.

⁽⁴⁾ Net NPA ratio represents the ratio of our Net NPA to Net Loan portfolio as of last day of the relevant period/year. Net Loan portfolio represents total loan portfolio reduced by impairment allowance, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

⁽⁵⁾ Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the year / period.

⁽⁶⁾ Bad Debts Write-offs (net of recovery) includes loss on settlement.

There can be no assurance that we will be able to maintain our NPA ratios at levels with the credit performance of our customers, or at which our credit and our underwriting analysis, servicing and collection systems and controls will be adequate. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs. We may also be required to write-off NPAs when we have no reasonable expectations of recovering the underlying amounts, and such derecognitions can affect our balance sheet.

Further, our peers may have better asset quality, with lower GNPA and NNPA ratios than us, which may in turn lead to high profitability and low provisioning requirements. We may experience greater defaults in principal and/or interest repayments in future. Factors outside our control may also lead to increased NPAs, such as developments in the Indian and global economy, political factors, changes in borrower behaviour and demographic patterns, natural calamities, diseases and changes in regulations, including requirements on us to

lend to stipulated sectors. In the event of any further increases in NPAs in our portfolio, or if our provisioning coverage is insufficient to cover our existing or future levels of NPAs, or if there is any change in regulatory provisioning requirements, our ability to raise additional capital and debt funds as well as our business prospects, financial condition and results of operations could be adversely affected.

4. *In the six months ended September 30, 2024 and September 30, 2023 and Fiscals 2024, 2023 and 2022, unsecured loans comprised 41.47%, 33.89%, 37.91%, 30.26% and 36.61% of our total assets under management, respectively. If we are unable to recover such receivables in a timely manner or at all, our business, results of operations, cash flows and financial condition may be adversely affected.*

We offer unsecured loans to our micro-enterprise customers. The table below provides an overview of unsecured business as at September 30, 2024 and September 30, 2023 and as of March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
	(₹ million)				
AUM of Unsecured Loans (₹ million)	20,651.66	11,416.81	16,921.44	8,236.06	6,327.96
AUM (₹ million)	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
AUM of Unsecured Loans as a percentage of AUM (%)	41.47%	33.89%	37.91%	30.26%	36.61%

For further information, see “*Our Business – Our Product Offerings*” on page 205. Such unsecured loans pose a higher credit risk as compared to our secured loan portfolio because they are not supported by realisable collateral that could help ensure an adequate source of repayment for the loan and, in some cases, may be recalled at any time. We may be unable to collect our outstanding advances in part or at all in the event of non-payment by a borrower. Since these loans are unsecured, in the event of defaults by such customers, our ability to realise the amounts due to us would be restricted to initiating legal proceedings for recovery. There can be no guarantee as to the amount of our resources that would be utilised and the length of time it could take to conclude such legal proceedings or for the legal proceedings to result in a favourable decision to us. Based on our accounting policies, we have, in the past had to record accounting write-offs in respect of such non-performing loans, although we have, in respect of such loans continued to make recovery efforts even after such accounting write-offs. Any failure to recover the full amount of principal and interest on unsecured loans given to our customers could adversely affect our business, results of operations, cash flows and financial condition.

5. *Our business is vulnerable to interest rate risk. Volatility in interest rates could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows.*

Our results of operations depend, to a large extent, on the amount of our net interest income, as our primary revenue source is interest income. Any increase in the rate of interest at which we borrow from our lenders, without a corresponding increase in the interest rates we are able to charge our borrowers, could expose us to interest rate risk. In a declining interest rate environment, if our cost of funds do not decline simultaneously or to the same extent as the yield on our loans, it could lead to a reduction in our net interest income and net interest margin, affecting our results of operations, financial condition and cash flows. Changes in interest rates could also affect our treasury income. Set forth below are details of our interest income, average cost of borrowings and net interest margin, for each of the corresponding periods:

Particulars	Six Months ended September 30,		Fiscal		
	2024	2023	2024	2023	2022
Interest income (₹ million)	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Interest income, as a percentage of total income (%)	89.29%	88.47%	88.52%	88.05%	92.42%
Net Interest Margin (%) ⁽¹⁾	15.37%*	15.42%*	15.55%	13.54%	11.31%

Particulars	Six Months ended September 30,		Fiscal		
	2024	2023	2024	2023	2022
Average Cost of Borrowings (%) ⁽²⁾	11.64%*	11.26%*	11.40%	11.80%	12.99%

*Annualized

Note:

⁽¹⁾ Net Interest Margin represents our Net Interest Income for the period/year to the Average Total Assets for the period/year, represented as a percentage. Net Interest Income represents Interest Income less Finance Cost of the relevant period / year.

⁽²⁾ Average Cost of Borrowings represents Finance Cost for the relevant period/year as a percentage of Average Total Assets in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

An increase in interest rate by our Company may add to the financial stress of our borrowers, leading to potentially higher delinquencies and may reduce the demand for our loans. Further, an increase in interest costs on our Company could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans, or if the volume of our interest-bearing liabilities is larger than the volume of our interest-earning assets. As of September 30, 2024, the effective interest rate of our loans was 28.45% per annum. Interest rates are highly sensitive and are dependent upon factors which are beyond our control, including monetary policies of the RBI, rate hikes by the U.S. Federal Reserve, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation, changes in the sovereign credit rating of India and other factors. We may not be able to reprice our existing loans comprehensively, or retain borrowers if interest rates are increased substantially, which could have an adverse effect on our net interest income and net interest margin, thereby affecting our business, financial condition and results of operations.

6. We require substantial capital for our business and any disruption in our sources of capital could have an adverse effect on our business, results of operations, cash flows and financial condition.

Our ability to raise debt funding and equity capital on acceptable terms and in a timely manner depends on various factors, including our current and future results of operations, risk management policies, credit ratings and brand equity, developments in the domestic markets and international markets affecting the Indian economy as well as regulatory environment and policy initiatives in India. For further information on our lenders and restrictive covenants under our financing agreements, see “ – 8. We are subject to various covenants and obligations under our financing arrangements. Inability to meet our obligations could adversely affect our business, results of operations, cash flows and financial condition” on page 36. Further, the liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds. For further information on our indebtedness, see “**Financial Indebtedness**” on page 388. Set forth below are details of our debt funding, including the average cost thereof:

Particulars	As of/ For the Six Months Ended September 30,		As of/ For the Year Ended March 31,		
	2024	2023	2024	2023	2022
Total Borrowings (₹ million) ⁽¹⁾	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40
Average Cost of Borrowings (%) ⁽²⁾	11.64%*	11.26%*	11.40%	11.80%	12.99%

*Annualized

Notes:

⁽¹⁾ Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year.

⁽²⁾ Average Cost of Borrowings represents Finance Cost for the relevant period/year as a percentage of Average Total Assets in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

Our ability to raise foreign funds through debt is governed by RBI regulations and is subject to restrictions, including raising loans only from recognized lenders and with minimum average maturity period of not less than three years, except in specified cases. In addition, any changes to the regulations on priority sector lending may also disrupt our sources of funding. As of the date of this Draft Red Herring Prospectus, the RBI mandates domestic commercial banks (excluding regional rural banks and SFBs) and foreign banks with at least 20 branches, to maintain an aggregate 40.00% of adjusted net bank credit or credit equivalent of off-balance sheet exposure, whichever is higher, as ‘priority sector lending’. In the event that the laws relating to priority sector lending to banks undergo a change, or if any part of our loan portfolio is no longer classified as priority sector

lending by the RBI, or if we are no longer able to satisfy the prescribed conditions to be eligible for such classification, our ability to raise resources based on priority sector advances would be hindered. For further information on these regulations, see “**Key Regulations and Policies in India**” on page 237. We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing and future debt or to fund our other liquidity needs.

Set forth below are details of our net worth and equity capital raised in the corresponding periods:

Particulars	As of/ For the Six Months Ended September 30,		As of/ For the Year Ended March 31,		
	2024	2023	2024	2023	2022
Net worth (₹ million) ⁽¹⁾	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Equity capital raised (₹ million) ⁽²⁾⁽³⁾	21.39	-	94.78	-	-

Note:

⁽¹⁾ Net worth represents total equity as of the last day of the relevant period/year.

⁽²⁾ Equity capital raised during the financial year ended March 31, 2024 does not include the amount received for the issuance of share warrants amounting to ₹ 0.95 million.

⁽³⁾ Equity capital raised during the six months ended September 30, 2024 does not include the conversion of CCPS and warrants amounting to ₹ 313.78 million. Further, the equity capital raised during the period / year does not include securities premium.

Our margins are affected by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our borrowers. If we are unable to obtain adequate financing in a timely manner or on acceptable terms, our business, results of operations, cash flows and financial condition may be adversely affected.

7. We may not be able to sustain or manage our growth or execute our growth strategy. If we fail to increase our operational efficiency, we may have higher operating costs and lower profitability and cash flows or operate our business effectively.

We expect to grow our business through a combination of branch expansion, new borrower acquisition and increase in productivity. Set forth below are details of our branches, borrowers, total income and AUM, reflecting our recent growth:

Particulars	As of/ For the Six Months Ended September 30,		As of/ For the Year Ended March 31,		
	2024	2023	2024	2023	2022
Number of branches	499	398	478	398	311
Number of new branches	21	0	83	86	100
Number of active borrowers	508,224	367,766	454,586	305,524	191,338
Total income (₹ million)	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
AUM (₹ million)	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
Cost to Income Ratio (%) ⁽¹⁾	48.39%	52.85%	50.96%	66.03%	80.42%
Operating Expenditure Ratio (Operating Expenditure / Total Assets) (%) ⁽²⁾	8.83%*	9.77%*	9.49%	10.80%	10.32%

*Annualized

Notes:

⁽¹⁾ Cost to Income Ratio represents Operating Expenses upon total income less finance costs for the relevant period/year.

⁽²⁾ Operating Expenditure Ratio represents the Operating Expenses for the relevant period/year upon Average of Total Assets, represented as a percentage.

For further information, see “**Our Business – Strategies**” on page 218. 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. We may need to change the composition of our AUM, which may impact our profitability, our asset-liability maturity profile and NPA levels. Further, we may introduce products that may have lower Net Interest Margins or profitability. As we grow our business in newer geographies, including rural and more remote areas, we may face difficulties such as lack of infrastructure in terms of connectivity, increased competition, different culture,

regulatory and taxation regimes, business practices, customs, behaviour and preferences, and our current experience may not be applicable to new markets. In addition, we will need to enhance and upgrade our financial, accounting, information technology, administrative, supervisory mechanisms, risk management and operational infrastructure and internal capabilities to manage such growth of our business, which involves significant capital investment. We may also face heightened security risks, and face instances of fraud and theft of collateral. We may not be able to maintain our historical growth rates, the level of our NPAs or the quality of our portfolio. Further, external factors beyond our control could also affect our ability to grow our business and loan portfolio, such as demand for our loans, domestic economic growth, the RBI's monetary and regulatory policies, inflation, competition and availability of cost-effective debt capital. Our inability to expand our current operations or the sub-optimal performance of our existing/ new branches may adversely affect our business, financial condition, results of operations and cash flows.

8. *We are subject to various covenants and obligations under our financing arrangements. Inability to meet our obligations could adversely affect our business, results of operations, cash flows and financial condition.*

As of October 31, 2024, our total outstanding borrowings (excluding liabilities in respect of securitised transactions) were ₹ 31,465.50 million, comprising secured borrowings of ₹ 28,490.07 million and unsecured borrowings of ₹ 2,975.43 million. For further information, see “*Financial Indebtedness*” on page 387. 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 borrowers. Our financing agreements contain restrictive covenants that limit our ability to undertake certain types of transactions, as set forth below, any of which could adversely affect our business and financial condition.

Under these agreements there are certain financial covenants, these covenants also require us to maintain certain financial ratios such as NPA ratios, asset coverage ratio and security cover ratio. Some of our financing agreements also contain cross-default and cross-acceleration clauses, which are triggered in the event of default by our Company under the respective financing agreements. Our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition.

We are required to obtain prior approval from some of our lenders and / or debenture trustees, as well as send prior intimation to other lenders for *inter alia*:

- making any amendments to documents such as the memorandum of association and articles of association of our Company;
- effecting any adverse changes to or effecting a major change in our capital structure, including by way of fresh issuance of equity shares by our Company and sub-division of the equity shares;
- issuing any debentures, raising loans, issuing equity or preferential share capital;
- effecting any change in the constitution of our Company, including its shareholding pattern, ownership, controlling interest and control, which may include reduction/dilution in the shareholding of existing shareholders; and
- effecting any changes in the management of our Company, including changes in the composition of the Board of Directors and key managerial personnel and change in the practice with regard to remuneration of directors.

For further information, see “*Financial Indebtedness*” on page 388.

We have received consents from the relevant lenders, including debenture trustees, to the extent required, in relation to the Offer. Failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations, cash flows and financial condition. 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. Our future borrowings may also contain similar restrictive provisions.

9. *Our inability to expand our business in our target segment or the sub-optimal performance of any of our new branches could adversely affect our business, results of operations, financial condition and cash flows.*

We plan to increase penetration in the Indian market by opening new branches and attracting and retaining customers in our target footprint. As we undertake this growth strategy, we may be exposed to additional challenges, including identifying areas for new branches, collaborating with local partners in new regions 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 from a sector or business cluster 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.

10. As a NBFC-ML, we are subject to periodic inspections by the Reserve Bank of India. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

We are subject to periodic inspections by the RBI as an NBFC-ML, of our balance sheet, financials and other records, including details of disbursements, non-performing assets, grievance redressal mechanism, and branches, among others, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the authorities. During the course of the inspections, the RBI inspects our books of accounts and other records to verify the correctness or completeness of any statement, information or particulars furnished to the RBI, or for the purpose of obtaining any statements, information or particulars which our Company has failed to furnish on being called upon to do so. The RBI issues observations, directions and monitorable action plans on issues related to, *inter alia*, our operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties against us and our management, as well as expose us to heightened risks.

In furtherance to the same, the RBI conducted an inspection in Fiscal 2023 and subsequently sought some clarifications pursuant to its letter dated March 31, 2023, including the following (i) low coverage of internal audit and lack of review of entire portfolio for deficiencies; (ii) deficiencies in security perfection, inaccurate credit information reporting, the maker/ checker mechanism not being in order, internal deduplication and bureau checks not being conducted on vendor empanelment and restructuring without confirmation or communication to the customer; (iii) no interest rate calculations or a scientific policy/ model to determine the rates for products based on customers' credit scores; (iv) deficiency in registration of the title deed at the sub-registrar's office for mortgage loans and (v) details of KYC process for MSMEs. Further, our Company received certain queries pursuant to the letter dated July 18, 2023, on our repeat loan underwriting process, and status of complaints received from individuals that despite availing no loans, their names were appearing in credit bureau records. Our Company furnished our replies dated May 17, 2023 and August 1, 2023, laying out *inter alia* specifics of our internal audit coverage, demonstration of our underwriting model, and steps taken towards resolution of customer complaints that emanated from non-Aadhaar based KYC checks by credit bureaus. In Fiscal 2024, the RBI inquired about post-disbursement checks by our Company on our customers and status of pending customer complaints, and we furnished the relevant details and documentation. As on the date of this Draft Red Herring Prospectus, there has not been any further correspondence received from the RBI on the same. We have also been requested to furnish certain documentation to RBI in order for it to commence its physical inspection at our premises.

There can be no assurance that the RBI will not make other observations in the future. While we attempt to comply with all regulatory provisions, directions or observations applicable to us, including in connection with RBI's inspection reports described above, we could be subject to penalties and restrictions which may be imposed by the RBI. If we are unable to resolve such deficiencies to RBI's satisfaction, our ability to conduct our business may be adversely affected. However, imposition of any penalty or adverse findings by the RBI during any future

inspections may have an adverse impact on our reputation, business prospects, financial condition, cash flows and results of operations.

11. Our inability to assess and recover the 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 product offerings comprise mortgage loans, ‘Sarat’ Property Loans, secured hypothecation loans and unsecured hypothecation loans. Our secured hypothecation loans are secured against working assets, finished goods, inventory and machinery, while our mortgage loans are secured against residential or commercial properties as collateral. As of September 30, 2024, 58.53% of our AUM was secured. We may face difficulty in recovering the amount against such property collateral. In cases where immovable property is provided as security for a borrowing, (i) its value may decline, (ii) its ownership documents may not be duly registered or adequately stamped, which renders such documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties, or (iii) there may be challenges in title verification. Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such collateral. There may also be failure by our employees to properly appraise the value of the collateral, which provides us with no recourse against the borrower and the loan sanctioned may eventually result in bad debt in our books of accounts.

Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process, leading to depreciation of the secured asset. Thus, while we have not repossessed or sold any property in the last three Fiscals and the six months ended September 30, 2024, we may be unable to fully recover the outstanding balance, even where we are able to successfully repossess and liquidate the collateral.

12. Our Company and Directors are or may be involved in certain legal and regulatory proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.

There are outstanding legal and regulatory proceedings involving our Company and Directors which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management’s time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial condition and results of operations. The summary of such outstanding legal and regulatory proceedings as on the date of this Draft Red Herring Prospectus is set out below:

(In ₹ million)

Name of Entity	Criminal proceedings	Tax proceedings	Actions by statutory or regulatory authorities	Material civil litigation*	Aggregate amount involved ⁽¹⁾
Company					
By the Company	3,845	NA	NA	Nil	382.70
Against the Company	Nil	1	Nil	Nil	24.40
Directors					
By the Directors	Nil	NA	NA	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil
Subsidiary					
By the Subsidiary	Nil	NA	NA	Nil	Nil
Against the Subsidiary	Nil	Nil	Nil	Nil	Nil

⁽¹⁾ To the extent quantifiable.

* Determined in accordance with the Materiality Policy.

We cannot assure you that any of these on-going matters will be settled in favour of our Company, or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company or our Directors in the future. An adverse outcome in any such proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation. For further information, see “**Outstanding Litigation and Material Developments**” on page 457.

13. Our inability to continuously evolve our technology driven offerings could impact our ability to compete with existing players and new entrants which could adversely impact our business, results of operations, cash flows and financial condition.

We follow a 'phygital' business model that combines the strengths of physical and digital channels to optimize operations. It is a combination of the 'high touch' approach (namely, contact by branch teams) and our high-tech digital capabilities. Our continued success depends, in part, on our ability to respond to technological advances, changing customer needs and emerging industry standards and practices on a cost-effective and timely basis. If we fail to adapt to technological advances quickly and effectively it could affect the performance and features of our product offerings 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. 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.

14. Our erstwhile auditors have included an emphasis of matter in their audit report for Fiscal 2022. Further, our Statutory Auditors have included a remark under the section 'Other Legal and Regulatory Requirements' in their audit report for Fiscal 2024.

Our erstwhile auditors, S.R. Batliboi & Associates LLP, Chartered Accountants, included the following emphasis of matter in their audit report for Fiscal 2022:

"We draw attention to Note 54 to the financial statements, which describes the uncertainty continuing to be caused by COVID 19 pandemic and related events impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. Our opinion is not modified in respect of this matter."

Further, our Statutory Auditors have included the following remark under the section 'Other Legal and Regulatory Requirements' in their audit report for Fiscal 2024:

"Based on our examination which included test checks, the Company has used accounting software and loan management software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit logs at database level for the accounting software were not enabled and certain parameters of audit trail were not captured for loan management software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, wherein the audit trail functionality was enabled. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, thus reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024."

The opinion of our Statutory Auditors is not modified in respect of these matters. However, there can be no assurance that any similar emphasis of matters or observations will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

15. Changes in regulations governing the financial services industry could adversely affect our business, results of operations and prospects.

As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI and comply with other regulatory requirements. For instance, we are required to maintain a capital adequacy ratio which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items and our Tier I capital, at any point in time, shall not be less than 10% and Tier II capital should not exceed Tier I capital. For further information, see "**Key Regulations and Policies in India**" on page 237. As of September 30, 2024, our capital adequacy ratio was 37.61%, with Tier I capital comprising 37.61% and Tier II capital comprising Nil. 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 minimum CRAR threshold, which may require us to raise additional capital. In addition,

adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning may have an adverse effect on our financial performance. Our repayment schedules may not be adequate to cater to any losses arising out of unanticipated adverse regulatory developments. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting. In addition, any change in RBI or other government regulations in relation to securitizations by NBFCs could have an adverse impact on our securitization plans in the future. In addition, we are also subject to the corporate laws, taxation laws and other laws in effect in India which require continued monitoring and compliance on our part. If we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

16. We have experienced negative cash flows from operating activities in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.

The following table sets forth certain information relating to our cash flows for the periods indicated:

Particulars	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)				
Net cash flows from/ (used in) operating activities	(4,188.45)	(5,133.00)	(13,228.26)	(7,203.90)	(2,718.74)

We experienced negative cash flows as a result on increase in the volume of disbursements in line with business requirements. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. We may face a shortfall of capital in future as a result of negative cash flows and there can be no assurance that we will be able to raise adequate capital in future. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*” on page 423.

17. Our Company does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act, 2013.

Our Company does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act 2013. Accordingly, in terms of Regulation 14(1) of the SEBI ICDR Regulations, there is no requirement of minimum promoter’s contribution in this Offer and accordingly, none of the Equity Shares will be locked in for a period of eighteen months pursuant to the Offer. In terms of Regulations 17 of the SEBI ICDR Regulations, the entire pre-Offer equity share capital will be locked-in for a period of six months from the date of Allotment, other than (a) Equity Shares which are successfully transferred as part of the Offer for Sale; and (b) any Equity Shares allotted to employees, whether currently an employee or not, pursuant to the Employee Stock Option Plans, prior to the Offer.

Following the lock-in period of six months, the pre-Offer shareholders, may sell their shareholding in our Company, depending on market conditions and their investment horizon. Further, any perception by investors that such sales might occur could additionally affect the trading price of the Equity Shares.

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

As of September 30, 2024, loans with a tenure of 12 months or less, 12 months to 36 months and over 36 months constitute 49.53%, 43.78% and 6.69%, respectively of our net term loans. Set forth below is a break-down of our assets and liabilities based on tenure, indicating our asset-liability gap as of September 30, 2024:

Particulars	1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
	(₹ million)								
Liabilities									
Borrowings from Banks and NBFCs ⁽¹⁾⁽⁴⁾	1,706.83	931.34	989.01	2,430.23	4,305.65	6,887.38	1,183.52	0.00	18,433.96
Market Borrowings ⁽¹⁾⁽⁴⁾	392.72	192.54	300.34	2,054.09	2,076.94	6,449.83	2,406.66	0.00	13,873.12
Securitization	646.43	576.04	572.33	1,542.98	2,274.89	2,911.26	0.00	0.00	8,523.93
Total	2,745.98	1,699.92	1,861.68	6,027.30	8,657.48	16,248.47	3,590.18	0.00	40,831.01
Assets									
Advances ⁽²⁾⁽⁴⁾	2,664.81	1,782.20	1,800.08	5,475.65	10,625.26	19,754.99	2,397.31	623.37	45,123.67
Investments ⁽³⁾	6,086.72	978.64	510.59	67.71	742.97	574.88	0.00	0.00	8,961.51
Total⁽⁵⁾	8,751.53	2,760.84	2,310.67	5,543.36	11,368.23	20,329.87	2,397.31	623.37	54,085.18
Gap	6,005.55	1,060.92	448.99	(483.94)	2,710.75	4,081.40	(1,192.87)	623.37	13,254.17

Notes:

⁽¹⁾ EIR on borrowings has been considered in the last bucket of the respective borrowing.

⁽²⁾ EIR on advances has been considered as per the repayment schedule. Advances is net of provision for standard and non-performing assets and does not include staff loans. The advances are gross of impairment loss allowance.

⁽³⁾ Investments include the amount of deposits with banks and mutual funds.

⁽⁴⁾ Advances and borrowings are inclusive of securitisation transactions that have not been de-recognised in the books of accounts in accordance with Ind AS 109.

⁽⁵⁾ The above table on asset liability management does not consider cash balances existing as on the date of the balance sheet.

As of September 30, 2024, ₹ 45,162.27 million, or 77.57% of our overall assets is derived from our lending business. These assets have an average maturity period of 25.17 months, compared to our borrowings tenor of 24.17 months. 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, cash flows and results of operations. For further information, see “ – 8. **We are subject to various covenants and obligations under our financing arrangements. Inability to meet our obligations could adversely affect our business, results of operations, cash flows and financial condition.**” On page 36.

19. Our inability to manage our employee related expenses could adversely impact our results of operations, financial condition and cash flows.

A significant reduction in our business could impact our ability to adjust our employee numbers commensurately and reduce our employee benefit expenses in a relatively shorter period. The table below sets forth details of our employee benefit expenses for the periods indicated:

Particulars	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)				
Total Employees	8,388	5,684	6,825	5,724	4,837
Employee Benefit Expenses	1,739.09	1,312.10	2,752.11	2,122.00	1,757.60
Total Income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Employee Benefit Expenses as a Percentage of Total Income (%)	24.25%	27.16%	25.68%	32.98%	39.63%

Other large components of our operating expenses include rent, software costs and travelling and conveyance expenses, which may be difficult to reduce quickly.

It may take us a longer period of time than is optimal in order to adjust our employee numbers or reduce the associated personnel costs, in the event of any significant reduction in our business. Our inability to retain sufficient flexibility in our cost structure and adjust to changing business circumstances may adversely affect our business and results of operations.

20. *Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.*

Our business is subject to seasonality as we generally see higher borrowings and drawdowns by our borrowers during the third and fourth quarter of each Fiscal due to increased economic activity towards the end of the Fiscal owing to the harvest season in rural areas in India. Further, there is typically an increase in retail economic activity in India during the period from October to March, due to several holiday periods, festivals and improved weather conditions, resulting in higher volumes of business during this period. Accordingly, our results of operations and financial condition in one quarter may not accurately reflect the trends for the entire Fiscal and may not be comparable with our results of operations and financial condition for other quarters. Additionally, any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns which take place during these peak seasons may adversely affect our business and results of operations. However, there can be no assurance that we will be able to successfully navigate seasonality in our operations or the impact of any national crisis.

21. *We do not own any of our branch offices, including our Registered Office and our Corporate Office. Any termination or failure by us to renew the lease and license agreements in a favorable and timely manner, or at all, could adversely affect our business, cash flows and results of operations. Additionally, we may be unable to enforce our rights under agreements with third parties due to inadequate stamping or nonregistration of such agreements.*

Our Registered Office and our Corporate Office, as well as all of our branches, are located on leased or licensed premises. The Registered Office has been leased by us pursuant to the lease agreement dated January 1, 2021 for a period of four years and our Corporate Office has been leased to us pursuant to various lease agreements dated November 26, 2020 and November 24, 2023 for a period of nine years. The typical period for which leases are generally entered into by our Company for its branches ranges from ten months to approximately seven years. The lease agreements can be terminated, and any such termination could result in any of our branches being shifted or shut down. While we have not faced material issues renewing the leases of our branches in the three preceding Fiscals and in the six months ended September 30, 2024 and have not faced any termination of lease except in the ordinary course by our lessors, if these lease and license agreements are not renewed or not renewed on terms favorable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Some of the lease 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 and license agreements.

Further, our lease and license agreements are required to be adequately stamped and duly registered. Although we duly execute our documents, some of the agreements executed by us may be inadequately stamped or unregistered. For example, certain lease agreements in relation to our branches are unregistered. While such agreements may be enforceable in accordance with the dispute resolution mechanism set out in such agreements, any inadequately stamped or unregistered documents may not be admissible as evidence in a court of law until the applicable stamp duty, with penalty, has been paid and registered, which could affect our ability to enforce our rights under the agreements in a timely manner or without incurring any additional costs. . For information in relation to our premises, see “***Our Business – Property***” on page 236.

22. *We may enter into related party transactions in the ordinary course of our business and may continue to do so in future. There may be conflicts of interest associated with such transactions and there can be no assurance that such transactions will not have an adverse effect on our results of operation and financial condition.*

We have entered into related party transactions in the three preceding Fiscals and in the six months ended September 30, 2024 and September 30, 2023, each of which have been undertaken on an arms’ length basis and have been approved by our Audit Committee, Board, Shareholders, or as required by law.

We may also, from time to time, enter into related party transactions in the future. To the extent we may extend loans or advances to related parties, provide guarantees or security, enter into contracts envisaging delivery of

services, we may face risks in relation to default by such related parties or potential non-recovery or non-performance of contractual obligations. All related party transactions that we may enter into post-listing, will also be subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act and the SEBI Listing Regulations. Set forth below are details of our related party transactions in the corresponding periods:

Six Months Ended September 30,					
2024			2023		
Related Party Transactions (₹ million)	Percentage of Total Income (%)	Related Party Transactions (₹ million)	Percentage of Total Income (%)	Related Party Transactions (₹ million)	Percentage of Total Income (%)
72.18	1.01%	49.02	1.01%		

Fiscal					
2024		2023		2022	
Related Party Transactions (₹ million)	Percentage of Total Income (%)	Related Party Transactions (₹ million)	Percentage of Total Income (%)	Related Party Transactions (₹ million)	Percentage of Total Income (%)
84.10	0.78%	51.74	0.80%	61.62	1.39%

For information on the related party transactions, see “*Restated Financial Statements – Note 36 – Related Party Disclosures*” on page 330. The related party transactions are in the nature of issue of rights shares, loans availed, share based payments, remuneration to KMPs, payment of sitting fees, among others. Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company, in spite of obtaining the necessary approvals. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

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

Our Company is required to pay certain statutory dues including provident fund contributions and employee state insurance contributions under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees’ State Insurance Act, 1948, respectively, and professional taxes. The table below sets forth the details of the statutory dues paid by our Company in relation to its employees for the periods indicated below:

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023		For the year ended March 31, 2022	
	Number of Employees	Amount (₹ in millions)	Number of Employees	Amount (₹ in millions)	Number of Employees	Amount (₹ in millions)
Employee provident fund (includes employer’s and employees’ contribution)	9,819	269.66	8,726	231.79	6,367	188.28
Employee state insurance corporation contribution (includes employer’s and employees’ contribution)	6,867	32.65	6,331	29.33	4,419	21.93
Professional tax	4,751	5.18	4,336	4.82	3,150	4.01
Labor welfare fund	4,617	1.06	4,255	0.82	3,244	0.70

There have been certain delays in payment of statutory dues, including employee state insurance corporation, provident fund, professional tax and income tax amongst others towards regulatory authorities by our Company as highlighted below:

(₹ million)

Particulars	For Six months period ended September 30, 2024	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee provident fund (includes employer's and employees' contribution)	0.69	23.43	4.48	3.15
Employee state insurance corporation contribution (includes employer's and employees' contribution)	-	5.93	-	-
Professional tax	-	-	-	0.07
Labor welfare fund	-	0.30	0.75	0.60
TDS	0.21	0.01	0.48	19.57
GST	-	-	-	7.58

We cannot assure you that going forward we will be able to make timely payment of our statutory dues which could result us into paying interest on the delay in payment of statutory dues or we will not be subject to such penalties and fines in the future which could adversely affect our business and our results of operations and financial condition.

24. As of September 30, 2024, we had contingent liabilities which have not been provided for in our financial statements and could adversely affect our financial condition.

As of September 30, 2024, our contingent liabilities and commitments as per the Restated Financial Statements, were as follows:

Particulars	As of September 30, 2024 (₹ million)
Contingent liabilities – Income tax laws	24.40
Total	24.40

For further information, see “*Restated Financial Statements – Note 33 – Contingent liabilities and commitments*” on page 327. We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations.

25. We rely on our information technology systems for our business and any inadequacy or security breach in such systems could adversely affect our results of operations, cash flows and reputation.

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 damage or incapacitation by human error, insider attacks, electrical or telecommunication outages, sabotage, computer viruses, cyberattacks or similar events, or loss of support services), which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Although we have not experienced any significant disruptions to our information technology systems in the three preceding Fiscals and in the six months ended September 30, 2024, we cannot assure you that we will not encounter disruptions in the future.

In addition, we use third party software, platforms, services and data storage services, on-cloud and on-premises data centres, including payment gateway services, fund disbursement services, cash collection services, electronic sign services, eNACH services, credit bureau checks, and for automated calls and messages to borrowers. Infiltration of our or such third parties' information technology systems may result in data losses or theft of our or borrowers' proprietary business or personally identifiable information, resulting in exposure to litigation, liabilities, remediation costs, disruption of internal operations, increased cybersecurity protection costs and loss of borrower confidence. Although we have not experienced any data security breaches or cyberattacks in the three preceding Fiscals and in the six months ended September 30, 2024, any such security breaches or compromise of technology systems could result in institution of legal proceedings and potential imposition of penalties, which may have an adverse effect on our business, results of operations, cash flows and reputation.

In addition, we are dependent on external vendors for certain elements of our operations, such as our cloud as well as digital channels for online payments, which we use and access through agreements with these external vendors. We are exposed to several risks, including but not limited to, (i) external vendors or service providers may be unable to fulfil their contractual obligations to us (or will be subject to the risk of operational errors by their respective employees); (ii) the vendors or their employees may be involved in any fraud or wilful default and (iii) the risk that our (or our vendors') business continuity and data security systems prove to be inadequate. While there has been no material failure by third parties to perform their obligations under agreements in the three preceding Fiscals and in the six months ended September 30, 2024, and there are currently no pending disputes regarding such services, there can be no assurance that such failure to perform will not take place in future. Some or all of the data and information stored by us on the servers and data centres of external vendors, may be subject to information technology, and data protection laws of countries other than India. While we have not experienced any such instances in the three preceding Fiscals and in the six months ended September 30, 2024, 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. Further, any change in vendors' regional laws that conflict with legal requirements in India could also expose us to compliance and regulatory risk.

If we fail to adapt to technological advances such as AI, business analytics, digital lending solutions, mobile banking and access to lender aggregators quickly and effectively, it could affect the performance and features of our product offerings and services and reduce our attractiveness to existing and potential borrowers, thereby adversely affecting our business, financial condition, results of operations, and cash flows.

26. *We may not be able to identify, monitor and manage risks or effectively implement our risk management policies, which could adversely affect our business, financial condition and results of operations.*

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted significant resources to develop and implement our risk management policies and procedures based on checks and balances required to manage various risks and intend to continue doing so in the future. However, there may be human error in assessing the right data at the right time in order to develop or modify appropriate risk management policies and procedures. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our asset management policy, credit policy, whistle blower and vigilance mechanism, fair practices code, grievance redressal policy, internal guidelines on corporate governance, investment policy, risk management policy, IT policies and procedures, and KYC and anti-money laundering policy. Our Board of Directors and various committees of our Board, including the Risk Management Committee, review our internal policies and procedures, including our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions, and carry out periodic IT audits to identify risk areas. In addition, 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, such as the process required to assess an applicant's income, expenses and other payment obligations. Some of our methods of managing risks are based on the use of observed historical market behaviour 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 borrowers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Our earnings are dependent upon the effectiveness of our management of changes in asset quality and risk concentrations, the accuracy of our underwriting, evaluation 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. For further information, see “ – 40. *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 51. If we fail to effectively implement our risk management policies, it could have an adverse effect on our business, results of operations, cash flows and financial condition.

27. *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.*

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. We

have an internal audit team of three employees, as of September 30, 2024, which reports directly to senior management and the Board to maintain transparency and accountability. We follow a structured audit approach across all branches and departments that includes both scheduled and surprise audits to evaluate the effectiveness of our internal controls, financial reporting accuracy, and adherence to regulatory standards.

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. While we have not faced any material instances of failure of internal processes and systems in the three preceding Fiscals and in the six months ended September 30, 2024, our actions may not be sufficient to ensure effective internal checks and balances in all circumstances. Our management information systems, internal audit/ vigilance system and internal control procedures 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 identify the root cause and correct such weakness. Owing to our volume of transactions and wide geographic presence, there may be lapses in timely completion of internal audit as per the schedule. It is possible that errors may repeat or compound before they are discovered and rectified. In Fiscal 2023, the RBI conducted an inspection and issued certain observations in relation to *inter alia* low coverage of internal audit and deficiencies in reporting. For details of the observations issued by the RBI and our responses to the same, see “ – 10. As a NBFC-ML, we are subject to periodic inspections by the Reserve Bank of India. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions, which may have an adverse effect on our business, results of operations, cash flows and financial condition ” on page 37. Failures or material errors in our internal systems may lead to events such as inaccurate financial reporting, fraud and failure of critical systems and infrastructure.

More recently, the RBI issued a press release dated October 17, 2024 .wherein four NBFCs were directed to cease and desist from disbursement of loans with effect from October 21, 2024. The reason for this press release was because the weighted average lending rate and interest spread of these NBFCs were found to be exorbitant and not in compliance with the Master Direction – Reserve Bank of India (Regulatory Framework on Microfinance Loans) Directions, 2022, the Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Scale Based Regulation) Directions, 2023, and the fair practice code. Subsequently, all NBFCs including our Company received a communication from the RBI wherein the press release was required to be tabled before the Board and we were required to confirm on our (i) regulatory risk analysis, (ii) detailed assessment of interest rate structure and, (iii) directions of the Board in this regard. We communicated our reply to the RBI by way of an email dated November 14, 2024, which stated that the components of pricing were in compliance with our current interest rate policy and supported by our internal audit function. The Board further acknowledged that our operational costs were a little higher in comparison to our peers, due to our underwriting in Tier-II and Tier-III cities being based on personal income assessment, which requires extensive discussion, field visits and reference checks; as well as our borrowings profile being a mix of both mortgage and hypothecation loans, which are secured against working capital assets of MSMEs. The Board concluded that based on the abovementioned analysis, pricing components were reasonable, but that we should endeavor to reduce our operational costs.

28. We are exposed to operational risks and losses that may occur due to acts of misappropriation or fraud by our employees.

We are exposed to risks of loss, theft, fraud, misappropriation and unauthorised transactions by third-party field staff and our employees. We may be unable to adequately prevent or deter such activities in all cases. In the last three Fiscals and in the six months ended September 30, 2024, we experienced acts of fraud, forgery and misappropriation committed by or involving our customers, borrowers and employees. In particular, we faced instances of manipulation, misrepresentation and fraud, such as embezzlement of cash, cheating and forgery. The fraud detected was mainly due to embezzlement of cash and fabricated collateral and identity documents. The table below shows the number of fraud cases we have experienced and the amounts involved in the six months ended September 30, 2024 and 2023 and in Fiscals 2024, 2023 and 2022:

Particulars	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)				
No. of Fraud Cases	1	6	12	2	4
Amounts Involved	1.33	2.82	4.23	0.45	1.48

Particulars	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
	(₹ million)				
Amounts Involved as a Percentage of AUM (%)	0.00*	0.01	0.01	0.00*	0.01

*Negligible

While such fraud cases did not have a material impact on our business and operations, these risks are exacerbated by the high levels of responsibility we delegate to our in-house collections team and field agents and the geographically dispersed nature of our network. There can be no assurance that our collection technology, insurance policies, and systems to detect fraud, misappropriation and misuse will be effective in preventing or deterring such activities in all cases. Given the high number of transactions we process daily, certain instances of fraud and misconduct may go unnoticed or may only be discovered after a significant period has elapsed if at all. Even when we discover such instances of fraud, theft or other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any of the amounts lost. In addition, we may be subject to regulatory or other proceedings in connection with any unauthorised transactions, fraud or misappropriation, which could adversely affect our goodwill, business prospects and financial performance. While as on the date of this Draft Red Herring Prospectus, no legal proceedings have been initiated against us in relation to such cases, we cannot assure you that we will not be subject to such legal proceedings or regulatory actions, which may adversely affect our business, financial condition and reputation.

29. We are dependent on our Senior Management, Key Managerial Personnel and our employees, and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations, cash flows and financial condition.

As of September 30, 2024, we employed 8,388 full-time employees. Our ability to compete depends upon our ability to attract, motivate, and retain qualified personnel. We are dependent on the continued contributions of our Board and are also guided by other Senior Management with diversified experience. The inputs and experience of our Senior Management and Key Managerial Personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. In the six months ended September 30, 2024 and September 30, 2023 and in Fiscals 2024, 2023 and 2022, our attrition rate for all employees, including those on probation, was 54.95%, 57.59%, 56.39%, 63.72%, and 40.15%, respectively. In the same periods, our attrition rate for our Senior Management stood at 0.00%, 9.09%, 8.33%, 24.00% and 14.29%, respectively.

If we continue to have a high attrition rate, it may reduce productivity levels and a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. 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 the services of such persons may have an adverse effect on our business, our results of operations, financial condition and our cash flows. For information in relation to change in our KMPs and Senior Management in the last three years, see “**Our Management – Changes in the Key Managerial Personnel and Senior Management in the three immediately preceding years**” on page 280.

The continued operations and growth of our business is dependent upon our ability to attract and retain personnel. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations, cash flows and financial condition.

30. Our credit decisions are led by our internal credit policy and an inability to make accurate credit decisions could adversely impact our business and financial results.

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, 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. 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.

31. *Deterioration in the performance of any pool of receivables securitized to banks and other institutions may adversely impact our results of operations.*

As part of our operations, we engage in securitization of our receivables to banks and other financial institutions to obtain funding and minimize our risk. Such securitization is undertaken by us on the basis of our internal estimates of funding requirements and availability of other sources of funds, and may vary from time to time. Set forth below are details of our securitized assets held in the relevant periods:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Securitized Assets (₹ million)	9,668.85	9,247.86	8,913.00	5,968.10	1,023.40

Any change in regulations framed by RBI or other regulators in relation to securitizations by NBFCs could have an adverse impact on our securitization program. In the event the bank or financial institution with whom we have securitized our receivables does not realize the receivables due under loans that have been securitized, the relevant bank or financial institution could enforce the underlying credit enhancements provided by our Company. Should such banks or financial institutions seek to enforce the underlying credit enhancements, such as fixed deposits, provided up to a specified percentage of the underlying loan, it could have an adverse effect on our results of operations.

Further, any deterioration in the performance of any batch of receivables assigned to banks could adversely affect our credibility and hence our ability to conduct further securitizations. We may also be named as a co-plaintiff in legal proceedings initiated by an assignee in relation to the securitized assets. Also, there can be no assurance that our future NPA ratios will be consistent with prior experience or at levels that will enable us to maintain our current quality of loan portfolio. This could have an adverse impact on our business prospects, financial condition and results of operations and our securitization plans in the future.

32. *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, cash flows and financial condition.*

Our operations are subject to various risks inherent to the finance industry, as well as fraud, theft, robbery, acts of terrorism and other force majeure events. We cannot assure you that our insurance policies will provide adequate coverage in certain circumstances, such as credit loss and loss of profit, and such policies may be subject to certain deductibles, exclusions and limits on coverage. Set forth below are details of our insurance coverage, as of the corresponding dates:

Particulars	As of September 30,		As of March 31,		
	2024	2024	2023	2022	2022
Insurance coverage (₹ million)	350.29	350.29	274.24		264.00
Book value of total assets (₹ million)	181.01	170.81	89.63		71.76
Percentage of total assets covered (%)	100.00%	100.00%	100.00%		100.00%
Percentage of net value of assets covered (property, plant and equipment) (%)	205.39%	282.14%	327.21%		362.03%

Particulars	As of September 30,	As of March 31,		
	2024	2024	2023	2022
Percentage of net value of assets covered (cash) (%)	169.06%	121.80%	274.88%	377.93%

Even if we have insurance for the incident giving rise to the loss, we may 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. While we have not experienced significant claims for insurance which have been rejected in the three preceding Fiscals and in the six months ended September 30, 2024, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. We apply for the renewal of our insurance coverage in the normal course of our business and while there have been no material instances of renewal applications being rejected in the three preceding Fiscals and in the six months ended September 30, 2024, 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 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. For information in relation to our insurance coverage, see “*Our Business – Insurance*” on page 233.

33. As on the date of this Draft Red Herring Prospectus, we hold a credit rating of A with a stable outlook. 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, cash flows and financial condition.

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Set forth below are details of our credit ratings in the three preceding Fiscals and as of the date of this Draft Red Herring Prospectus:

Instrument ⁽¹⁾	As of this Draft Red Herring Prospectus	As of September 30, 2024	Rating		
			2024	As of March 31, 2023	2022
Non-convertible debentures ⁽²⁾	IND A (Stable)	IND A (Stable)	IND A- (Positive)	IND A- (Stable)	IND A- (Stable)
Long-term bank loans ⁽²⁾	IND A (Stable)	IND A (Stable)	IND A- (Positive)	IND A- (Stable)	IND A- (Stable)
Commercial papers	IND A1 (Stable)	IND A1 (Stable)	IND A1 (Positive)	IND A2+ (Stable)	NA
Principal protected market-linked debentures	IND PP-MLD A (Stable)	IND PP-MLD A (Stable)	IND PP-MLD A- (Positive)	IND PP-MLD A- (Stable)	NA
Long-term bank facilities – unallocated	ICRA A (Stable)	-	-	-	-

Notes:

(1) Ratings provided by ICRA Limited for NCDs as of March 31, 2023, fund-based term loans as of March 31, 2022 and market-linked NCDs as of March 31, 2022 were withdrawn with effect from May 16, 2023. The rating at the time was BBB+ with positive outlook.

(2) Pursuant to the ratings letter dated February 20, 2024 issued by India Ratings and Research Limited. As per the ratings provided, the long-term rating outlook of our Company was upgraded to ‘positive’ from stable; the rating of A- was reaffirmed; and the short-term rating was upgraded to A1 from A2+.

While there has been no downgrade in our credit ratings in the three preceding Fiscals and in the six months ended September 30, 2024, any downgrade in our credit ratings 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, cash flows and our business. In addition, any downgrade in our credit ratings could result in a recall of existing facilities, increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and impair our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations, cash flows and financial condition. For information on our borrowings, see “*Financial Indebtedness*” on page 388.

34. We have listed non-convertible debentures and are subject to rules and regulations with respect to such listed NCDs. Any non-compliances with such rules and regulations, could subject us to penal actions,

which may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our Company has issued secured, redeemable, rated and NCDs which are listed on the debt segment of BSE Limited. The debenture trust deeds entered into by our Company in relation to these NCDs include restrictive covenants that require us to *inter alia* intimate or obtain the consent of the debenture trustee before undertaking certain corporate actions such as change in beneficial ownership, change in shareholding and change in board of directors. Further, we are required to comply with various applicable rules and regulations in terms of our listed NCDs. Similarly, we are subject to continuous disclosure obligations under the SEBI Listing Regulations, including the requirement to publish our quarterly financial results. We may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. For further information on such listed non-convertible debentures, see “*Financial Indebtedness*” on page 388.

35. *Customers may seek to refinance their loans by balance transfers to other banks or financial institutions.*

The rate of interest at which we offer loans to customers may be higher than the rate of interest offered by our competitors. Some such customers may seek to refinance their loans through balance transfer to other banks and financial institutions. 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 and may cause us to incur increased origination costs. The table below sets forth the value of loan transfers for the periods indicated:

Particulars	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023	Fiscal 2024	Fiscal 2023	Fiscal 2022
Loan Transfers (₹ million)	36.77	16.29	44.68	25.35	22.41
Percentage of AUM (%)	0.07	0.05	0.10	0.09	0.13

As competition in the small business finance sector intensifies, 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.

36. *We may incur additional expenses and operational challenges while operating in semi-urban markets.*

Our target customers are micro-scale businesses with annual turnovers ranging from ₹ 2 million to ₹ 10 million, predominantly located in semi-urban areas in tier II, tier III, and tier IV towns. In semi-urban locations, infrastructure may be limited, particularly for transportation, electricity and internet bandwidth. At some of our branch offices in remote locations, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our branch network further into semi-urban markets and also into rural markets, which could adversely affect our profitability.

37. *We are required to obtain certain statutory and regulatory licenses and approvals for our operations and any failure or omission to obtain, maintain or renew such licenses and approvals in a timely manner, or at all, could adversely affect our business, cash flows and results of operations.*

We are required to obtain, and have obtained, certain statutory and regulatory licenses and approvals in India for our operations. For further information, see “*Government and Other Approvals*” on page 460. 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. There can be no assurance that the relevant authorities will grant or 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.

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-ML, which requires our Company to comply with certain terms and conditions for our Company to continue our operations as an NBFC-ML. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax and GST registrations of the particular state in which we operate.

The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For example, we are in the process of updating additional places of business under some of our state GST registrations in relation to certain branches. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. Further, if we fail to comply, or a regulator claims that we have not complied, with any conditions set out in our approvals or permissions or licenses, we may be liable to fines or penalties, and our certificates of registration may be suspended or cancelled and we would no longer be able to carry on such activities required for our business.

38. *Our inability to compete effectively in an increasingly competitive industry may adversely affect our market share, business and financial condition.*

The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. For example, we compete with Five-Star Business Finance Limited, SBFC Finance Limited, Veritas Finance, Vistaar Financial Services, Kinara Capital and Finova Capital. (Source: *CRISIL Report*). Many of these competitors may have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate financing products, variable payment terms and lower processing fees introduced by our competitors. Any increase in the interest rates on the loans we extend may also result in a decrease in business.

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. Any changes in the relevant laws or regulations by the RBI to correct, clarify or amend regulatory subject matters may result in the diminishment of the available opportunities for regulatory arbitrage. 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. Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services. This could adversely affect our competitive environment. 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.

39. *We are required to ensure compliance with money-laundering laws and a failure to detect money laundering or other illegal activities in a timely manner could expose us to liabilities which in turn may adversely affect our business and reputation.*

As a regulated entity, we are required to comply with applicable anti-money-laundering (“AML”) and anti-terrorism laws and other regulations in India. 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 dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. We have not experienced any material instances of money laundering or similar illegal activities in the three preceding Fiscals and in the six months ended September 30, 2024. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation. For further information, see “ – 40. *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 51.

40. *Any negative publicity regarding our Company or the financial services industry could damage our reputation and adversely impact our business and financial results.*

Negative publicity regarding us or our operations or the financial services industry in generally could adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have not been subject to any adverse publicity, there can be no assurance that there will not be any negative publicity in future.

Negative incidents or adverse publicity could erode customer trust and confidence in us, particularly if such incidents attract regulatory investigations. Negative publicity can result from our own or our third-party service providers' actual or alleged conduct, and actions taken by government regulators in response to that conduct. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information's accuracy. Such 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.

41. *We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.*

Our trademark name and logo is registered with the Trade Marks Registry of India. As of the date of this Draft Red Herring Prospectus, our Company does not have any registered trademarks in India and has filed applications for three trademarks in India, which are currently pending. We cannot assure you that these applications will be accepted and that these trademarks will be registered. For further information, see "***Government and Other Approvals – Intellectual Property Rights***" on page 461. There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation, and goodwill. Further, while we take care to ensure that we comply with the intellectual property rights of third parties, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. While we have not been involved in any intellectual property disputes in the past, we cannot assure you that we will not be involved in such disputes in the future, including disputes relating to our pending trademark applications. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed intellectual property rights. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

42. *Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL, exclusively commissioned and paid for by us for such purpose.*

Certain information regarding the industry and the market in which the Company operates, included in this Draft Red Herring Prospectus has been derived from the report titled "*Report on Loans and Financial Services Industry in India*" dated December 2024 ("**CRISIL Report**") prepared by CRISIL appointed and exclusively commissioned by our Company pursuant to letter dated October 23, 2024 at an agreed fees to be paid by our Company and is available on the website of our Company at <https://www.ayefin.com/wp-content/uploads/2024/12/industry-report.pdf>. The report is a paid report and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting which may or may not be accurate.

Industry sources and publications are also prepared based on information as of specific dates. Further, there is no assurance that such information has been compiled or presented on the same basis as may be presented elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon.

You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer. For the disclaimer associated with the CRISIL Report, see, "***Certain Conventions, Use of***

Financial Information and Market Data and Currency of Presentation – Industry and Market Data” on page 17.

43. ***We rely on third party service providers for certain aspects of our business, who may not perform their obligations satisfactorily or in compliance with law, which may in turn adversely impact our results of operations.***

Pursuant to the Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs issued by the RBI on November 9, 2017, NBFCs have been mandated to put in place necessary safeguards and corporate governance measures for activities outsourced by them. For further information, see “**Key Regulations and Policies in India**” on page 237. We enter into arrangements with third-party service providers, who provide services that include, among others, document management services, employee background verification services and customer engagement services, and development/ licensing of our online platforms. We also availed memberships with credit bureaus for availing credit assessment and other services, and with payment gateways for cash management services. While we have not faced any material instances of disruptions by third party service providers in the three preceding Fiscals and in the six months ended September 30, 2024, we cannot guarantee that in the future there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligations. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition, cash flows and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. For further information, see “ – 25. ***We rely on our information technology systems for our business and any inadequacy or security breach in such systems could adversely affect our results of operations, cash flows and reputation.***” on page 44.

Further, certain of our agreements require us to indemnify our counterparties for certain losses, and limit contractual or other liabilities of our counterparties to fees or other amounts received by them from us for a certain period of time. If such indemnities are invoked, or if our counterparties limit their liabilities to an extent that our losses are not fully recovered, we may incur additional costs. Such additional costs may adversely affect our business, financial condition and results of operations.

44. ***Certain of our historical records are not traceable, and there have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.***

Certain of our Company’s historical records and form filings are not traceable. These include the board noting for initial subscription of equity shares to the MOA on August 12, 1993, and Form 2 filed pursuant to the allotment of equity shares on February 10, 2000 as well as the board minutes for the same. We have relied on alternative documents such as annual returns for the relevant years and register of members maintained by our Company. See “**Capital Structure**” on page 81. Further, we have engaged Shirin Bhatt and Associates, Company Secretaries (UIN: S2011DE162600) to conduct an online search of electronic corporate and secretarial records on the portal of the Ministry of Corporate Affairs, and a physical search of secretarial and corporate records available with the office of the Registrar of Companies, Punjab and Chandigarh and the corporate and secretarial records maintained by our Company. We have also, by way of a letter dated December 10, 2024 intimated the office of the Registrar of Companies, Punjab and Chandigarh and the RoC of such untraceable records.

In the past there was certain instances of delays and inaccuracies in the filing of certain forms with the RoC including *inter alia* a delay in the filing of Form MGT-14 dated February 17, 2015 in relation to the preferential allotment undertaken on the even date and certain instances wherein valuation reports for the preferential allotment were not attached to the respective return of allotments, omission of certain details of allottees in the list attached to form filings, and typographical errors in the list of allottees and minutes of certain allotments which were subsequently clarified to the RoC.

While no legal proceedings have been initiated against us in relation to such untraceable records or delays in form filings till the date of this Draft Red Herring Prospectus, we cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any future inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business, financial condition and reputation.

45. ***Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements.***

We have not declared any dividends on the Equity Shares during the last three Fiscals and for the last six months ended September 30, 2024, and from October 1, 2024, until the date of this Draft Red Herring Prospectus. We do not have a dividend policy as it is applicable only to the Top 500 equity-listed companies, in accordance with the SEBI Listing Regulations. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. 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 applicable law, including the Companies Act, 2013. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, profits, capital requirements, contractual obligations and restrictions, restrictive covenants in financing arrangements, our overall financial condition and other factors considered relevant by our Board.

We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares.

46. ***Certain financial information in this Draft Red Herring Prospectus has been presented on an annualized basis.***

We have presented certain financial information for the six months ended September 30, 2024 and September 30, 2023 on an annualized basis ("**Annualized Data**") in this Draft Red Herring Prospectus for better comparability of certain financial data disclosing similar information for a financial year. The calculation of such financial information does not take into account any seasonal factors or any other potential factor which could impact quarter-on-quarter or period-on-period variations, and may not reflect our actual performance in these periods. Such Annualized Data should not be considered in isolation or as a substitute for analysis of our operating results, or as an indicators of our operating performance, liquidity, profitability or cash flows.

47. ***We will not receive any proceeds from the Offer for Sale portion. Further, the objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders' approval.***

We will not receive any proceeds from the Offer for Sale portion and objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders' approval. The Offer includes an offer for sale of Equity Shares aggregating up to ₹ 5,650 million by the Selling Shareholders. The proceeds from the Offer for Sale (after deducting the applicable Offer expenses) will be paid to the Selling Shareholders and we will not receive any such proceeds.

We intend to use the Net Proceeds from the Fresh Issue towards augmenting our capital base to meet our future capital requirements, which are expected to arise out of growth of our business and assets. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds in one or more scheduled commercial banks included in the Second Schedule of the RBI Act, as may be approved by our Board. The proposed deployment of Net Proceeds has not been appraised by any bank or financial institution or other independent agency and is based on internal management estimates based on current market conditions and historic level of expenditures. Any variation in the utilization of the Net Proceeds shall be on account of a variety of factors such as our financial condition, business and strategy and external factors such as market conditions and competitive environment, which may not be within the control of our management, and may be subject to various other approvals, which includes, amongst others obtaining prior approval of the Shareholders of the Company. The Offer expenses are estimated to be approximately ₹ [●] million. Various risks and uncertainties, including those set forth in this "**Risk Factors**" section on page 30, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business.

Accordingly, the use of the Net Proceeds to fund our growth and 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. For further details, see “*Objects of the Offer*” on page 107.

48. *We are subject to the bankruptcy code in India, the applicability of which may impact our ability to recover loans from customers.*

Under the Insolvency and Bankruptcy Code, 2016 (“**Bankruptcy Code**”), 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. If insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Any decision of the committee of creditors must be taken by a vote of not less than 75% 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 the case of a liquidation process, the Bankruptcy Code 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. The claims of secured creditors, workmen and other employee dues and unsecured financial creditors have priority over dues owed to the Central and State Governments. 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.

While the applicable provisions of the IBC in relation to insolvency resolution and bankruptcy for individuals, i.e., certain provisions of Part III of the IBC, are currently not notified, when these provisions of the IBC are notified in the future, it may affect how we recover our loans and enforce our rights in compliance with the IBC with respect to these salaried and self-employed individuals.

49. *We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.*

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other industry related 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 players in the Indian financial services industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such non-GAAP financial measures may be different from financial measures and statistical information disclosed or followed by other NBFCs. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Draft Red Herring Prospectus.

These non-GAAP financial measures and such other industry related 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 industry related statistical information of similar nomenclature that may be computed and presented by other companies. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*” on page 409.

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

The Restated Financial Statements are derived from our audited special purpose interim financial statements as at and for the six months ended September 30, 2024 and September 30, 2023, and our audited financial statements

as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

External Risk Factors

51. *The determination of the Price Band is based on various factors and assumptions and the Offer Price, price to earnings ratio and market capitalization to revenue multiple based on the Offer Price of our Company, may not be indicative of the market price of the Company on listing or thereafter.*

Our revenue from operations for the six months ended September 30, 2024 and Fiscal 2024 was ₹ 6,922.40 million and ₹ 10,402.18 million, respectively. Further, profit for the year for the six months ended September 30, 2024 and Fiscal 2024 was ₹ 1,078.00 million and ₹ 1,716.79 million, respectively. The table below sets forth details of our price to earnings ratio and market capitalization to revenue from operations at the upper end of the Price Band:

Particulars	Price to Earnings Ratio	Market Capitalization to Revenue
For the six months ended September 30, 2024	[●]	[●]
For Fiscal 2024	[●]	[●]

**To be populated at Prospectus stage.*

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company in consultation with the BRLMs. The relevant financial parameters based on which the Price Band will be determined shall be disclosed in the advertisement that will be issued for the publication of the Price Band. Further, 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 the book-building process prescribed under the SEBI ICDR Regulations, and certain quantitative and qualitative factors as set out in the section “*Basis for the Offer Price*” on page 113 and the Offer Price, multiples and ratios may not be indicative of the market price of the Company on listing or thereafter.

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 does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares.

The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, announcements by third parties or governmental entities of significant claims or proceedings against us, volatility in the securities markets in India and other jurisdictions, 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. As a result, 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. Further, the market price of the Equity Shares may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price.

52. *Changing laws, rules and regulations in India could lead to new compliance requirements that are uncertain.*

Our business, financial performance, cash flow and results of operations could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business. Our business, cash flows, results of operations and prospects may be adversely impacted, to the extent that we are unable to suitably respond to and comply with any such changes in applicable

law and policy. The regulatory and policy environment in which we operate are evolving and are subject to change. The GoI may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements.

For instance, the GoI has enacted the Digital Personal Data Protection Act, 2023 (“**Data Protection Act**”) on personal data protection for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The Data Protection Act requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with the Data Protection Act. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. In addition, the GoI has introduced the Code on Social Security, 2020 (“**Social Security Code**”); the Occupational Safety, Health and Working Conditions Code, 2020; the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labour legislations (collectively, the “**Labour Codes**”). The GoI has deferred the effective date of implementation of the respective Labour Codes, and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees’ provident fund. In another example, the GoI has made it mandatory for business establishments with turnover above a certain size to offer digital modes of payment from November 2019, with no charges being levied on the consumers or the merchants by banks and payment service providers. Such measures could adversely impact our income streams in the future and adversely affect its financial performance.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows, financial condition and prospects. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. Any such decisions in future or any further changes in interpretation of laws may have an impact on our financial conditions, cash flows and results of operations.

53. *Natural or man-made disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.*

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics and man-made disasters, including acts of war, terrorist attacks and other events such as political instability, including strikes, demonstrations, protests, marches or other types of civil disorder, 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 offices or branches and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

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 more recently, the COVID-19. As a result, any future outbreak of a contagious disease could have an adverse effect on our business and the trading price of the Equity Shares.

Any terrorist attacks or civil unrest as well as other adverse social, economic and political events in India or countries to which we sell or propose to sell our products 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.

54. *We may be affected by competition laws in India, the adverse application or interpretation of which could adversely affect our business.*

The Competition Act, 2002, of India, as amended (“**Competition Act**”), was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India (“**CCI**”) to prevent such practices. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition (“**AAEC**”) is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of consumers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. If it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be also guilty of the contravention and may be punished.

Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. In the event we pursue an acquisition in the future, we may be affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects. The manner in which the Competition Act and the CCI affect the business environment in India may also adversely affect our business, financial condition, cash flows and results of operations.

The Competition (Amendment) Act, 2023 (“**Competition Amendment Act**”) was notified on April 11, 2023, which 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 AAEC, 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. The Competition Amendment Act also enumerates the categories of combinations that, upon satisfying the specified criteria, are exempted from the notice requirements under the Competition Act. The CCI has introduced the Competition Commission of India (General) Regulations, 2024, which will replace the previous General Regulations, 2009. These new regulations follow the passage of the Competition Amendment Act last year. We have not experienced any instances wherein we were subject to any penalty or received any notice from the CCI in the last three Fiscals and six months ended September 30, 2024, we cannot assure you such instances will not arise in the future.

55. *Financial and political 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 of America, Europe and certain emerging economies in Asia. In particular, the ongoing military conflicts between Russia and Ukraine and the Israel-Gaza conflict could result in increased volatility in, or damage to, the worldwide financial markets and economy. Increased economic volatility and trade restrictions could result in increased volatility in the markets for certain securities and commodities and may cause inflation. Any worldwide financial instability including possibility of default in the US debt market 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 are different in each country, investors’ reactions 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 the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. 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.

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. 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 stabilising effects.

These developments, or the perception that any of them could occur, have had and may continue to have an 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 an adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

56. *If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers thereby reducing our margins.*

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of wages and other expenses.

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 expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business, results of operations, cash flows and financial condition. In particular, we might not be able to reduce our costs or increase the price of our products to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

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

57. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors and executive officers in India, except by way of a law suit in India.*

Our Company is a company incorporated under the laws of India as a company limited by shares and majority of our Directors are located in India. As of the date of this Draft Red Herring Prospectus, all of our assets, our Key Managerial Personnel and senior management 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. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India is not party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC 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.

Risks Relating to the Equity Shares and this Offer

58. *The trading volume and market price of the Equity Shares may be volatile following the Offer.*

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

59. *A downgrade in ratings of India and other jurisdictions we operate in 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. Any further adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

60. *The Indian tax regime has undergone substantial changes which could adversely affect our business and the trading price of the Equity Shares.*

Any change in Indian tax laws could have an effect on our operations. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax (“**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 continues

to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. 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 any 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.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax (“**DDT**”), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 (“**IT Act**”) to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the Company is required to withhold tax on such dividends distributed at the applicable rate.

The Government of India announced the union budget for Fiscal 2025, following which the Finance Bill, 2024 (“**Finance Bill**”) was introduced in the Lok Sabha on February 1, 2024. Subsequently, the Finance Bill received the assent from the President of India and became the Finance Act, 2024, with effect from April 1, 2024 (“**Finance Act**”). Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Equity Shares. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether if at all, any laws or regulations would have an adverse effect on our business. Further, any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. In addition, we are subject to tax related inquiries and claims.

61. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value derived from our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency 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 proceeds received by Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

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

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

On listing, we may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Offer due to several factors such as

volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

63. *The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.*

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Our Equity Shares are expected to trade on NSE and BSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares. There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after the Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including, among others:

- the failure of security analysts to cover the Equity Shares after the Offer, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our Shareholders;
- investor perception of us and the industry in which we operate;
- changes in accounting standards, policies, guidance, interpretations of principles;
- our quarterly or annual earnings or those of our competitors;
- developments affecting fiscal, industrial or environmental regulations; and
- the public's reaction to our press releases and adverse media reports.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax (“STT”) is levied on equity shares sold on an Indian stock exchange. Any capital gains exceeding ₹100,000, realized on the sale of listed equity

shares on a recognised stock exchange, held for more than 12 months may be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess). This beneficial provision is, inter alia, subject to payment of STT. Further any capital gains realised on the sale of listed equity shares of 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 cess), without indexation benefits.

Further, any gain realized on the sale of our 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 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 read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, 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 realised upon the sale of the Equity Shares. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends.

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

The 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 with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment and transfer 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 three Working Days from the Bid 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 three Working Days of the Bid Closing Date. There could be a failure or delay in the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing 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.

66. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.*

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. Any disposal of Equity Shares by our major 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 adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

67. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, 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 restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. We cannot assure investors that any required approval from the RBI or any other Indian government agency can be obtained on any particular terms, or at all. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

The Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and subsequently converted into appropriate foreign currency for repatriation. 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.

In addition, pursuant to the Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Non-debt Rules, all investments under the foreign direct investment route by entities of a country or where the beneficial owner of the Equity Shares is situated in or is a citizen of any such country, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Further, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 520.

68. *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 the submission of their Bid, and Retail Individual Investors are not permitted to withdraw their Bids after closure of the 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 after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are 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, within three Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' 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 operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

Retail Individual Investors can revise their Bids during the Bid / Offer Period and withdraw their Bids until Bid / Offer Closing Date. While our Company is required to complete 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 three Working Days from the Bid / Offer Closing Date, events affecting the Investors' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

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

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

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offer document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

70. *A third-party could be prevented from acquiring control of us post this Offer, because of anti-takeover provisions under Indian law.*

As a listed Indian entity, there are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company subsequent to completion of the Issue. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our shareholders, such a takeover may not be attempted or consummated because of the SEBI Takeover Regulations.

71. *Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.*

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder of our Company than as a shareholder of an entity in another jurisdiction.

72. *U.S. holders should consider the impact of the passive foreign investment company ("PFIC") rules in connection with an investment in our Equity Shares.*

A non-US corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either: (i) 75% or more of its gross income is passive income or (ii) 50% or more of the total value of its assets is attributable to assets, including cash, that produce or are held for the production of passive income. Our Company will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock.

No assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the application of the PFIC rules to a non-US, non-bank fintech company such as our Company is uncertain in several respects under current U.S. federal income tax law, (ii) the composition of our Company's income and assets will vary over time, and (iii)) our Company holds, and may continue to hold, a substantial amount of cash following this offering. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably. Prospective investors should consult their own tax advisors on whether and how the PFIC rules may apply to their investment in Equity Shares.

SECTION III – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer⁽¹⁾	Up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹14,500 million
<i>Of which:</i>	
Fresh Issue ⁽¹⁾⁽⁴⁾	Up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹8,850 million
Offer for Sale ⁽¹⁾	Up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹5,650 million
<i>The Offer consists of:</i>	
A. QIB Category⁽²⁾	Not less than [●] Equity Shares of face value of ₹2 each aggregating to ₹[●] million
<i>Of which:</i>	
Anchor Investor Portion ⁽³⁾	Up to [●] Equity Shares of face value of ₹2 each
Net QIB Category (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares of face value of ₹2 each
<i>Of which:</i>	
Available for allocation to Mutual Funds only (5% of the Net QIB Category)	Up to [●] Equity Shares of face value of ₹2 each
Balance of Net QIB Category for all QIBs including Mutual Funds	Up to [●] Equity Shares of face value of ₹2 each
B. Non-Institutional Category	Not more than [●] Equity Shares of face value of ₹2 each aggregating to ₹[●] million
<i>Of which:</i>	
One-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000	[●] Equity Shares of face value of ₹2 each
Two-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹1,000,000	[●] Equity Shares of face value of ₹2 each
C. Retail Category	Not more than [●] Equity Shares of face value of ₹2 each aggregating to ₹[●] million
Pre-Offer and post-Offer Equity Shares	
Equity Shares of face value of ₹2 each outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	191,741,570 Equity Shares of face value of ₹2 each
Equity Shares of face value of ₹2 each outstanding after the Offer	[●] Equity Shares of face value of ₹2 each
Use of proceeds of the Offer	See “ <i>Objects of the Offer</i> ” on page 107 for details regarding the use of proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

⁽¹⁾ The Offer has been authorized by our Board pursuant to its resolution dated December 11, 2024 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution dated December 11, 2024. Our Board has taken on record the consent and authorization of each of the Selling Shareholders to participate in the Offer for Sale pursuant to its resolution dated December 12, 2024. Each of the Selling Shareholders severally and not jointly, confirms that its respective portion of the Offered Shares are eligible for being offered for sale in the Offer in accordance with Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has, severally and not jointly, confirmed and authorised their participation in the Offer for Sale. For details on authorisation of the Selling Shareholders in relation to their respective portions of the Offered Shares, see “**Other Regulatory and Statutory Disclosures – Authority for the Offer**” on page 463. Each of Selling Shareholders have, severally and not jointly, confirmed that it is in compliance with the conditions specified in Regulation 8A of the SEBI ICDR Regulations, to the extent applicable to it.

⁽²⁾ If at least 75% of the Offer cannot be Allotted to QIBs, the entire application money will be refunded forthwith. In the event aggregate demand in the QIB Category has been met, subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, in accordance with applicable laws. Under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories.

- (3) *Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the QIB Category. 5% of the Net QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Category and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see “Offer Procedure” and “Offer Structure” on pages 500 and 496, respectively.*
- (4) *Our Company in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.*

Pursuant to Rule 19(2)(b) of the SCRR, the Offer is being made for at least [●]% of the post- Offer paid-up equity share capital of our Company. Allocation to all categories, except the Anchor Investor Portion, if any, the Non-Institutional Category and the Retail Category, shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category 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. Not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other subcategory of Non-Institutional Category. The allocation to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category 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. For more information, including in relation to grounds for rejection of Bids, see “Offer Structure”, “Offer Procedure” and “Terms of the Offer” on pages 496, 500 and 489, respectively.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below have been derived from our Restated Financial Statements and should be read in conjunction with “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 284 and 391, respectively.

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SUMMARY OF RESTATED STATEMENT OF ASSETS AND LIABILITIES

(All amounts in ₹ million, unless otherwise stated)

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
ASSETS					
Financial assets					
Cash and cash equivalents	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40
Bank balances other than cash and cash equivalents	1,907.89	1,868.10	2,036.70	1,214.16	2,242.20
Derivative financial instruments	24.15	3.46	-	30.70	-
Loans	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
Investments	227.61	573.13	106.09	844.60	1,551.10
Other financial assets	318.80	281.28	306.55	228.12	70.90
Total financial assets	56,902.26	40,457.00	47,746.47	30,598.30	22,269.70
Non-financial assets					
Current tax assets (net)	244.38	87.30	117.36	75.28	82.13
Deferred tax assets (net)	524.90	283.59	439.37	293.35	473.30
Property, plant and equipment	127.48	54.97	89.61	54.65	47.80
Right of use assets	262.94	174.41	214.31	211.50	205.80
Intangible assets under development	23.78	11.69	29.53	4.70	0.60
Intangible assets	34.64	9.60	13.20	5.50	13.70
Other non-financial assets	104.67	81.24	80.67	51.30	63.40
Total non-financial assets	1,322.79	702.80	984.05	696.28	886.73
Total assets	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
LIABILITIES AND EQUITY					
LIABILITIES					
Financial liabilities					
Derivative financial instruments	-	-	31.52	-	38.90
Debt securities	13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
Borrowings (other than debt securities)	26,957.90	20,519.71	24,766.47	13,963.11	5,985.10
Lease liabilities	285.50	202.51	236.31	242.90	233.50
Other financial liabilities	517.15	303.09	554.23	160.65	327.75
Total financial liabilities	41,633.66	32,236.31	35,811.96	23,365.16	15,807.55
Non-financial liabilities					
Current tax liabilities (net)	105.30	112.85	-	-	-
Provisions	333.39	270.59	302.86	226.70	231.38
Other non-financial liabilities	186.37	140.10	254.64	123.20	63.45
Total non-financial liabilities	625.06	533.54	557.50	349.90	294.83
EQUITY					
Equity share capital	377.88	304.53	399.31	304.53	304.53
Other equity	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52
Total equity	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Total liabilities and equity	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43

SUMMARY OF RESTATED STATEMENT OF PROFIT AND LOSS

(All amounts in ₹ million, unless otherwise stated)

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations					
Interest income	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Fees and commission income	250.04	215.72	478.64	254.80	135.70
Net gain on derecognition of financial instruments under amortised cost category	17.01	86.90	189.48	125.10	-
Net gain on fair value changes	252.96	143.70	247.20	189.50	84.90
Total revenue from operations	6,922.40	4,720.11	10,402.18	6,234.25	4,319.20
Other income	248.05	110.40	315.32	199.10	115.70
Total income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Expenses					
Finance cost	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net loss on fair value changes	62.59	26.90	61.80	65.70	21.00
Impairment on financial instruments	1,013.90	413.49	1,314.01	733.50	1,211.00
Employee benefit expenses	1,739.09	1,312.10	2,752.11	2,122.00	1,757.60
Depreciation and amortization expense	97.63	65.61	145.44	114.47	99.70
Other expenses	523.58	392.49	900.27	704.12	434.22
Total expenses	5,729.36	3,691.58	8,438.94	5,719.39	5,109.02
Profit/(Loss) before tax	1,441.09	1,138.93	2,278.56	713.96	(674.12)
Tax expense:					
Current tax	445.72	339.87	706.29	105.52	-
Deferred tax charge/(credit)	(82.63)	11.17	(144.52)	169.91	(160.62)
Income tax expense	363.09	351.04	561.77	275.43	(160.62)
Profit/(Loss) for the year/period (A)	1,078.00	787.89	1,716.79	438.53	(513.50)
Other comprehensive (loss) / income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement gains/ (losses) on defined benefit plans	(11.56)	(5.61)	(5.61)	39.90	13.08
Income tax effect	2.90	1.41	1.50	(10.02)	(3.32)
Other comprehensive (loss) / income (B)	(8.66)	(4.20)	(4.11)	29.88	9.76
Total Comprehensive Income	1,069.34	783.69	1,712.68	468.41	(503.74)
Earnings per share (equity share, par value of Rs. 2 each)					
Basic (in Rs)*	6.09	5.08	10.62	2.83	(3.31)
Diluted (in Rs)*	5.97	5.02	10.50	2.79	(3.31)
Face value per share (in Rs)**	2.00	2.00	2.00	2.00	2.00

* Not annualized for September 30, 2024 and September 30, 2023.

**Face value reduced from Rs. 10 to Rs. 2 as a result of subsequent event of split.

SUMMARY OF RESTATED STATEMENT OF CASH FLOWS

(All amounts in ₹ million, unless otherwise stated)

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities					
Profit / (Loss) before tax	1,441.09	1138.93	2278.56	713.96	(674.12)
Adjustments for:					
Depreciation and impairment of PPE	45.13	18.98	50.85	41.27	45.20
Depreciation on right of use assets	52.50	46.63	94.59	73.20	54.50
Loss/ (Gain) on fair value of cross currency swap	6.92	26.90	62.16	(3.90)	(5.20)
Unrealised (gain) / loss on investments in mutual fund	-	0.92	-	(1.36)	(0.32)
Profit on sale of mutual fund units	(197.29)	(95.12)	(210.10)	(118.54)	(79.38)
Impairment of financial instruments	240.22	178.60	768.00	208.50	62.20
Profit on Early Termination of lease	(2.12)	-	(2.59)	-	-
Provision on Investment	-	-	2.50	-	-
Loans and advances written off	783.51	235.20	553.14	500.00	1,132.10
Loss on settlement	9.40	6.49	16.81	25.00	16.70
(Profit)/loss on sale of property, plant and equipment (net)	(0.35)	(0.06)	0.50	-	0.20
Expense on employee stock option scheme	37.47	26.74	46.99	57.06	40.50
Unrealised Interest income on security deposit	(2.11)	(5.04)	(6.32)	(1.40)	-
Interest on leases liabilities	19.41	8.60	22.11	31.60	27.70
Operating profit before working capital changes	2,433.78	1,587.77	3,677.20	1,525.39	620.08
Movements in working capital:					
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	128.81	(653.94)	(822.54)	1,029.54	(560.70)
(Increase) / Decrease in loan portfolio	(6,164.16)	(5,953.57)	(15,814.73)	(9,410.83)	(3,080.40)
(Increase) / Decrease in other financial assets	(13.20)	(53.90)	(82.67)	(159.52)	90.20
(Increase) / Decrease in other non financial assets	(24.00)	(29.94)	(29.37)	12.10	(14.80)
Increase / (Decrease) in other financial liabilities (excluding lease liabilities)	(32.94)	144.44	390.24	(167.10)	267.42
Increase in derivative financial instruments	-	-	-	(69.60)	21.00
Increase / (Decrease) in other non financial liabilities	(68.27)	16.90	131.43	59.75	(61.50)
Increase / (Decrease) in provisions	18.97	38.28	70.55	65.04	24.86
Cash used in operations	(3,721.01)	(4,903.96)	(12,479.89)	(7,115.23)	(2,693.84)
Income taxes paid	(467.44)	(229.04)	(748.37)	(88.67)	(24.90)
Net cash used in operating activities (A)	(4,188.45)	(5,133.00)	(13,228.26)	(7,203.90)	(2,718.74)
Cash flow from investing activities					
Purchase of property, plant and equipment, excluding right of use assets	(103.68)	(33.00)	(116.13)	(44.29)	(54.90)
Sale of property, plant and equipment, excluding right of use assets	1.21	0.43	0.46	-	-
Purchase of investments	(53,650.26)	(28,203.60)	(71,885.00)	(37,438.10)	(15,647.70)
Sale of investments	53,726.03	28,569.27	72,831.11	38,264.50	16,158.60
Net cash used in investing activities (B)	(26.70)	333.10	830.44	782.11	456.00
Cash flow from financing activities					
Proceeds from issue of equity shares (including securities premium net of issue expenses)	2,498.51	-	3,020.87	-	-
Amount received from issue of share warrants	-	-	0.95	-	-
Proceeds from issue of debt securities	6,240.00	4,137.10	6,787.00	4,926.51	2,372.20
Redemption of debt securities	(2,590.32)	(1,924.60)	(5,562.07)	(5,150.31)	(2,604.30)
Proceeds from borrowings (other than debt securities)	12,859.98	14,029.30	28,395.00	12,677.23	4,150.10
Repayment of borrowings (other than debt securities)	(10,731.19)	(7,472.06)	(17,591.63)	(4,736.35)	(1,847.56)
Payment of lease liabilities (including interest)	(66.18)	(52.81)	(112.70)	(97.40)	(73.80)
Net cash generated from financing activities I	8,210.80	8,716.93	14,937.42	7,619.68	1,996.64
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,995.65	3,917.03	2,539.60	1,197.89	(266.10)
Cash and cash equivalents at the beginning of the period	5,265.89	2,726.29	2,726.29	1,528.40	1,794.50
Cash and cash equivalents at the end of the year	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40
Components of cash and cash equivalents as at the end of the period					
Cash in hand	71.22	62.60	92.02	49.31	32.70
Balance with banks – on current account	2136.70	1378.79	2,271.41	373.66	713.30
Deposits with original maturity of less than or equal to 3 months	7053.62	5201.93	2,902.46	2,303.32	782.40
Total cash and cash equivalents	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40

Note:

The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 – "Statement of Cash Flows".

GENERAL INFORMATION

Corporate Identity Number and Registration Number

Corporate Identity Number: U65921DL1993PLC283660

Company Registration Number: 283660

RBI Registration Number: B-14.03323

Registered Office of our Company

M-5, Magnum House-I,
Community Centre, Karampura,
West Delhi,
New Delhi 110 015,
Delhi, India

For details in relation to changes in the registered office address of our Company, see “*History and Certain Corporate Matters – Changes in the registered office of our Company*” on page 253.

Corporate Office of our Company

Unit No. 701-711, 7th Floor,
Unitech Commercial Tower-2,
Sector-45, Arya Samaj Road,
Gurgaon 122 003,
Haryana, India

Address of the RoC

Our Company is registered with the Registrar of Companies which is located at the following address:

Registrar of Companies, Delhi and Haryana, at New Delhi

4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019
India

Board of our Company

Details regarding our Board as on the date of this Draft Red Herring Prospectus are set forth below:

Name and Designation	DIN	Address
Govinda Rajulu Chintala <i>Chairperson and Independent Director</i>	03622371	401, Krishi Vihar, NABARD Quarters, Amerpet, Opposite Lal Bungalow, Sanathnagar, Hyderabad, Telangana 500 018, India
Sanjay Sharma <i>Managing Director, Executive Director</i>	03337545	504/21, Heritage City, M.G. Road, DLF Phase-II, Gurugram, Haryana 122 008, India
Sanjaya Gupta <i>Independent Director</i>	02939128	K-74A, 2 nd Floor, Hauz Khas Enclave, Hauz Khas, New Delhi, Delhi 110 016, India
Kanika Tandon Bhal <i>Independent Director</i>	06944916	68, Vikramshila Apartments, IIT Campus, New Delhi, Delhi 110 016, India
Vinay Baijal <i>Independent Director</i>	07516339	701, Lodha Grandeur, Sayani Road, Opp S T Bus Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India
Padmaja Nair <i>Independent Director</i>	06841868	Apartment B, Kings Crest, 8, Millers Road, Near Government Railway Station, Bangalore 560 046, Karnataka, India
Aditya Misra* <i>Non- Executive Non- Independent Director</i>	09376632	E-101, Pearls Gateway Towers, Sector – 44, Noida 201 303, Uttar Pradesh, India

* Representative of ABC Impact.

For further details of our Board of Directors, see “*Our Management*” on page 263.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically with SEBI through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>, in accordance with the SEBI Master Circular and has been filed electronically with SEBI as specified in Regulation 25(8) of the SEBI ICDR Regulation and at cfddil@sebi.gov.in. It has also been filed with the SEBI at:

Securities and Exchange Board of India

SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra-Kurla Complex
Bandra, 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 would be filed with the RoC, and a copy of the Prospectus shall be filed with the Registrar of Companies, Delhi and Haryana at New Delhi at its office located at the 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi 110 019, India, as required under Section 26 of the Companies Act 2013 and through the electronic portal at www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Company Secretary and Compliance Officer

Vipul Sharma is our Company Secretary and Compliance Officer. His contact details are as follows:

Vipul Sharma

Unit No. 701-711, 7th Floor,
Unitech Commercial Tower-2,
Sector-45, Arya Samaj Road,
Gurgaon 122 003,
Haryana, India
Tel: +91 124 4844000
E-mail: secretarial@ayefin.com

Investor Grievances

Bidders may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of Allotment Advice, 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. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs.

All Offer-related grievances, other than those of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders), date of ASBA Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

<p>Axis Capital Limited 1st Floor, Axis House, P.B. Marg, Worli, Mumbai 400 025, Maharashtra, India Tel: +91 22 4325 2183 E-mail: ayefinance.ipo@axiscap.in Website: www.axiscapital.co.in Investor grievance e-mail: complaints@axiscap.in Contact person: Jigar Jain SEBI registration no.: INM000012029</p>	<p>IIFL Capital Services Limited (formerly known as IIFL Securities Limited) 24th Floor, One Lodha Place, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India Tel: +91 22 4646 4728 E-mail: ayefinance.ipo@iiflcap.com Website: www.iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Contact person: Dhruv Bhavsar / Pawan Kumar Jain SEBI registration no.: INM000010940</p>
<p>JM Financial Limited 7th Floor, Cnergy, Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025, Maharashtra, India Tel: +91 22 6630 3030 E-mail: ayefinance.ipo@jmfl.com Website: www.jmfl.com Investor grievance e-mail: grievance.ibd@jmfl.com Contact person: Prachee Dhuri SEBI registration no.: INM000010361</p>	<p>Nuvama Wealth Management Limited 801-804, Wing A, Building No 3 Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India Tel: + 91 22 4009 4400 E-mail: ayefinance@nuvama.com Website: www.nuvama.com Investor grievance e-mail: customerservice.mb@nuvama.com Contact person: Lokesh shah SEBI registration no.: INM000013004</p>

Statement of inter-se allocation of responsibilities amongst the BRLMs

The responsibilities and coordination by the BRLMs for various activities in this Offer are as follows:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy, due diligence of our Company including its operations/management, legal etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with the SEBI ICDR Regulations and stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI and RoC filings and follow up and coordination till final approval from all regulatory authorities	BRLMs	Axis
2.	Drafting and approval of statutory advertisements	BRLMs	Axis
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including Audiovisual presentation, corporate advertising, brochure, etc. and filing of media compliance report.	BRLMs	JM
4.	Appointment of intermediaries – Registrar to the Offer, advertising agency, printers including co-ordination for agreements to be entered into with such intermediaries.	BRLMs	JM
5.	Appointment of intermediaries – Bankers to the Offer, Monitoring Agency, Sponsor Banks, and other intermediaries including coordination for agreements to be entered into with such intermediaries.	BRLMs	IIFL
6.	Preparation of road show marketing presentation & FAQ	BRLMs	Nuvama
7.	International institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> Institutional marketing strategy; Finalizing the list and division of international investors for one-to-one meetings; and Finalizing international road show and investor meeting schedule	BRLMs	Nuvama
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> Institutional marketing strategy; 	BRLMs	Axis

S. No.	Activity	Responsibility	Coordinator
	<ul style="list-style-type: none"> Finalizing the list and division of domestic investors for one-to one meetings; and Finalizing domestic road show and investor meeting Schedule		
9.	Retail marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> Finalising media, marketing, public relations strategy and publicity Budget including list of frequently asked questions at retail road shows Finalising collection centres Finalising application form Finalising centres for holding conferences for brokers etc. Follow – up on distribution of publicity; and Offer material including form, Red Herring Prospectus/ Prospectus and deciding on the quantum of the Issue material	BRLMs	JM
10.	Non-institutional marketing of the Offer, which will cover, inter-alia <ul style="list-style-type: none"> Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows; Finalising centres for holding conferences for brokers, etc 	BRLMs	IIFL
11.	Managing the book and finalization of pricing in consultation with the Company	BRLMs	Nuvama
12.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, anchor coordination, anchor CAN and intimation of anchor allocation	BRLMs	JM
13.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with registrar, SCSBs and Bank to the Issue, intimation of allocation and dispatch of refund to bidders, etc. Post-Issue activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrar to the Issue, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Co-ordination with SEBI and Stock Exchanges for submission of all post Offer reports including the initial and final post Issue report to SEBI.	BRLMs	IIFL

Legal Advisor to the Company as to Indian Law

Shardul Amarchand Mangaldas & Co

Amarchand Towers
 216, Okhla Industrial Estate Phase III
 New Delhi 110 020
 Delhi, India
Tel: +91 11 4159 0700

Registrar to the Offer

Kfin Technologies Limited

Selenium, Tower-B,
 Plot No. 31 and 32,
 Financial District
 Nanakramguda, Serilingampally,
 Hyderabad 500 032,

Telangana, India
Tel: +91 40 6716 2222
E-mail: ayefinance.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Contact Person: M. Murali Krishna
SEBI registration no.: INR000000221

Syndicate Members

[•]

Bankers to the Offer

[•]

Escrow Collection Bank(s)

[•]

Public Offer Account Bank

[•]

Refund Bank

[•]

Sponsor Bank(s)

[•]

Statutory Auditors to our Company

S S Kothari Mehta & Co. LLP
Chartered Accountants
 Plot No. 68, Okhla Industrial Area,
 Phase- III, New Delhi 110 020,
 Delhi, India
Tel: +91 11 4670 8888
E-mail: delhi@sskmin.com
ICAI firm registration number: 000756N/ N500441
Peer review number: 014441

Changes in Auditors

Except as stated below, there has been no change in the statutory auditors of our Company during the last three years immediately preceding the date of this Draft Red Herring Prospectus.

Particulars	Date of change	Reason for change
S S Kothari Mehta & Co. LLP Chartered Accountants Plot No. 68, Okhla Industrial Area, Phase- III, New Delhi 110 020, Delhi, India Tel: +91 11 4670 8888 E-mail: delhi@sskmin.com Firm registration number: 000756N/ N500441 Peer review number: 014441	September 29, 2023	Appointment as Statutory Auditors of our Company
S.R. Batliboi & Associates LLP* Chartered Accountants 2 nd & 3 rd Floor, Golf View Corporate Tower, Sector-42, Sector-Road, Gurugram 122 002,	September 28, 2023	Resignation on completion of three years to comply with RBI's Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors

Particulars	Date of change	Reason for change
Haryana, India Tel: +91 124 681 6000 E-mail: amit.kabra@srb.in Firm registration number: 101049W/E300004 Peer review number: 013325		(Sas) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

* The details of the Previous Statutory Auditor have been included from the Form ADT- 3 dated October 28, 2023, filed by our Company with the ROC.

Bankers to our Company

HDFC Bank Limited

Block -A, Vatika Atrium,
Golf Course Rd, Parsvanath Exotica,
DLF Phase 5,
Sector 53, Gurugram,
Haryana 122 022
Tel: +91 120 4664000
E-mail: pragya.mehra@hdfcbank.com
Website: www.hdfcbank.com

IndusInd Bank Limited

Hyatt Regency Office,
7th Floor, RK Puram,
New Delhi 110 066
Tel: +91 11 42505100
E-mail: 77nutil.singhal@indusind.com
Website: www.indusind.com

Union Bank of India

DDA, Shopping Complex,
Sector-6, RK Puram,
New Delhi 110 022
Tel: +91 9989940146
E-mail: ubin0804819@unionbankofindia.bank
Website: www.unionbankofindia.co.in

DCB Bank Limited

6th Floor, Tower A,
Peninsula Business Park,
Senapati Bapat Marg,
Lower Parel, Mumbai,
Maharashtra 400 013
Tel: +91 22 66187000
E-mail: neha.praakash@dcbbank.com
Website: www.dcbbank.com

State Bank of India

61, 6th Floor, IFCI Tower,
Nehru Place,
New Delhi 110 019
Tel: +91 9810204650
E-mail: sbi.04298@sbi.co.in
Website: www.sbi.co.in

Federal Bank Limited

Ground Floor,
Corporate Sewa Park,
MG Road, Gurugram,
Haryana 122 002
Tel: +91 98199 12810
E-mail: ashishkumar@federalbank.co.in
Website: www.federalbank.co.in

IDBI Bank Limited

IDBI Tower,
WTC Complex, Cuffee Parade,
Colaba, Mumbai,
Maharashtra 400 005
Tel: +91 22 66553355
E-mail: clcco@idbi.co.in
Website: www.idbibank.in

CSB Bank Limited.

SCO- 4, Ground floor,
Sector- 14, Near Payal
Cinema, Gurgaon
Haryana 122 001
Tel: +91 9899962055
E-mail: himanshu.v@csb.co.in
Website: www.csb.co.in

Designated Intermediaries

Self-Certified Syndicate Banks

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

SCSBs enabled for UPI Mechanism and eligible mobile applications

In accordance with, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI Master Circular read with other applicable UPI Circulars, UPI Bidders may only apply through the SCSBs and mobile applications using the UPI handles specified on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, using the UPI handles and which are live for applying in public issues

using UPI mechanism is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>, as updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted 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 SEBI and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) as updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations/ Registrar and Share Transfer Agents

In accordance with SEBI Circular (CIR/CFD/14/2012) dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com and at the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. The list comprising the details of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time.

Grading of the Offer

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

Monitoring Agency

Our Company will appoint a monitoring agency prior to the filing of the Red Herring Prospectus with the RoC in accordance with Regulation 41 of the SEBI ICDR Regulations. The relevant details shall be included in the Red Herring Prospectus.

Experts to the Offer

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

Our Company has received written consent dated December 16, 2024, from S S Kothari Mehta & Co. LLP, Chartered Accountants to include their name as required under Section 26 (5) 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 December 11, 2024 on our Restated Financial Statements; (ii) their report dated December 15, 2024 on the Statement of Special Tax Benefits as included in this Draft Red Herring Prospectus. 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 December 16, 2024, from B.B. & Associates, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and an “expert”, as defined under Section 2(38) of the Companies Act 2013 in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.

The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any bank/ financial

institution.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Debenture Trustees

As the Offer is of Equity Shares, the appointment of debenture trustees is not required.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from bidders 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 the Minimum Bid Lot will be decided by our Company in consultation with the BRLMs, and advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of New Delhi, where our Registered Office is located), each with a 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 purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price shall be determined by our Company in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders (other than Anchor Investors) can participate in this Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. In addition to this, the ASBA 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) in case of UPI Bidders, through the UPI Mechanism.

In terms of SEBI ICDR Regulations, QIBs and Non-Institutional Investors 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 Investors 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 and/or withdraw their Bids after the Anchor Investor Bidding Date. Except for Allocation to Retail Individual Investors, Non-Institutional Investors and the Anchor Investors, allocation in the Offer will be on a proportionate basis within the specified investor categories in accordance with Schedule XIII of the SEBI ICDR Regulations. For further details on method and process of Bidding, see “Offer Structure” and “Offer Procedure” on pages 496 and 500, respectively.

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

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

Bidders should note the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges.

For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 496 and 500, respectively.

Underwriting Agreement

After the Pricing Date but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the

obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

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

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name, address, telephone and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]
Total	[●]	[●]

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations. Based on representations made by the Underwriters, our Board of Directors are of the opinion that the resources of the aforementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

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

(in ₹, except share data)

Sr. No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
A) AUTHORIZED SHARE CAPITAL⁽¹⁾			
	410,000,000 Equity Shares of face value of ₹2 each	820,000,000.00	
B) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER AS ON THE DATE OF THIS DRAFT RED HERRING PROSPECTUS			
	191,741,570 Equity Shares of face value of ₹2 each	383,483,140.00	[●]
C) OFFER⁽²⁾⁽³⁾			
	Offer of up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹14,500 million ⁽²⁾	[●]	[●]
	<i>Of which:</i>		
	Fresh Issue of [●] Equity Shares of face value of ₹2 each aggregating up to ₹8,850 million ^{(2)(3)#}	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating to ₹5,650 million ⁽²⁾⁽³⁾	[●]	[●]
E) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER			
	[●] Equity Shares of face value of ₹2 each [^]	[●]	
F) SECURITIES PREMIUM ACCOUNT			
	Prior to the Offer (<i>as on date of this Draft Red Herring Prospectus</i>)	12,040,384,446.81	
	After the Offer		[●]

*To be updated upon finalisation of the Offer Price and subject to Basis of Allotment.

^Assuming full subscription in the Offer.

Our Company may, in consultation with the BRLMs, consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

⁽¹⁾ For details in relation to changes in the authorized share capital of our Company in the last 10 years, see “**History and Certain Corporate Matters – Amendments to the Memorandum of Association**” on page 254.

⁽²⁾ The Offer has been authorised by our Board pursuant to its resolution dated December 11, 2024 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution dated December 11, 2024.

⁽³⁾ Our Board has taken on record the consent and authorisation of the Selling Shareholders to participate in the Offer for Sale pursuant to its resolution dated December 12, 2024. Each of the Selling Shareholders have, severally and not jointly, confirmed that it has approved inclusion of its respective portion of the Offered Shares in the Offer for Sale. Each of the Selling Shareholders have, severally and not jointly, confirmed that its respective portion of the Offered Shares are eligible for being offered for sale in terms of Regulations 8 and 8A of the SEBI ICDR Regulations. See “**Other Regulatory and Statutory Disclosures – Authority for the Offer**” on page 463.

Notes to Capital Structure

1. Share capital history of our Company

(a) Equity share capital history

The following table sets forth the history of the equity share capital of our Company.

Date of allotment	Name(s) of allottee(s)	Reason or nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
August 12, 1993	50 equity shares each to Suresh Chander and Rakesh Kumar	Initial subscription to the Memorandum of Association [^]	100	100	100	Cash
February 10, 2000	3,026 equity shares to Nasib Kaur and 2,975 equity shares to Pritam Singh, 2,540 equity shares to Gurcharan Singh, 2,340 equity shares to Gurminder Singh, 2,000 equity shares to Kulraj Singh, 1,500 equity shares to Ram Pyari, 1,340 equity shares each to Davinder Kumar, Vinay Kumar, Gulshan Kumar, Suresh Chander, Opinder Singh, Bhupinder Kaur and Surinder Singh, 1,000 equity shares each to Gurmeet Singh, Manjit Kaur and Sukhdev Singh, 909 equity shares to Narinder Kaur, 890 equity shares to Kamlesh Jagota, 840 equity shares to Sahib Umar and 500 equity shares to Jaswinder Singh	Further issue [#]	29,900	100	100	Cash
March 31, 2014	Pursuant to the resolutions passed by our Board of Directors and the Shareholders dated March 28, 2014 and March 31, 2014, respectively, the authorised share capital of our Company was sub-divided and re-classified from ₹20,000,000 comprising 200,000 equity shares of face value of ₹ 100 per equity share to ₹20,000,000 comprising of 2,000,000 equity shares of face value of ₹10 each*					
March 31, 2014	452,000 equity shares to Sanjay Sharma and 113,000 equity shares to Vikram Jetley	Further issue	565,000	10	10	Cash
July 3, 2014	600,000 equity shares to Shankh Corporation LLP, 600,000 equity shares to Shvet Corporation LLP, 326,990 equity shares to Vikram Jetley and 108,010 equity shares to Sanjay Sharma	Rights issue	1,635,000	10	10	Cash
August 21, 2014	300,000 equity shares to Shankh Corporation LLP, 300,000 equity shares to Shvet Corporation LLP, 200,000 equity shares to Sanjay Sharma and 200,000 equity shares to Vikram Jetley	Rights issue	1,000,000	10	10	Cash

Date of allotment	Name(s) of allottee(s)	Reason or nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
December 12, 2014	449,676 equity shares to Meera Madhusudan Deshmukh and Kalpana Kiran (jointly), 249,820 equity shares to Umesh Gupta and Gitika Gupta (jointly), 249,820 equity shares to Ashok Nandkarni, 199,856 equity shares to Deepa Pandit, 174,874 equity shares to Sumant Mishra, 4,954 equity shares to Sanjay Sharma and 1,000 equity shares to Vikram Jetley	Rights issue	1,330,000	10	12	Cash
February 20, 2015	100 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 100 equity shares to Accion Africa-Asia Investment Company	Preferential allotment	200	10	29.00	Cash
November 28, 2016	100 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	Preferential allotment	100	10	106.76	Cash
June 19, 2018	100 equity shares to CapitalG LP	Preferential allotment	100	10	256.24	Cash
March 6, 2019	100 equity shares to Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	Preferential allotment	100	10	426.70	Cash
<i>Issue of equity shares in the one year preceding the date of this Draft Red Herring Prospectus</i>						
January 5, 2024	10 equity shares each to British International Investment plc and Waterfield Alternative Investments Fund I	Preferential allotment	20	10	654.11	Cash
September 23, 2024	1,034,382 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 1,034,382 equity shares to MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A CCPS to Equity Shares in the ratio of 1:1	2,068,764	10	N.A.	N.A.**
September 23, 2024	1,027,504 equity shares to A91 Emerging Fund I LLP 1,467,863 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 440,359 equity shares to MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A1 CCPS to Equity Shares in the ratio of 1:1	2,935,726	10	N.A.	N.A.**
September 23, 2024	2,060,602 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited), 2,809,811 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP and 1,685,947 equity shares to A91 Emerging Fund I LLP	Conversion of Series B CCPS to Equity Shares in the ratio of 1:1	6,556,360	10	N.A.	N.A.**

Date of allotment	Name(s) of allottee(s)	Reason or nature of allotment	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
September 23, 2024	3,156,251 equity shares to CapitalG LP, 1,597,005 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 983,453 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series C CCPS to Equity Shares in the ratio of 1:1	5,736,709	10	N.A.	N.A.**
September 23, 2024	3,644,873 equity shares to Alpha Wave India I LP (formerly known as Falcon Edge India I LP), 780,986 equity shares to CapitalG LP, 364,908 equity shares to MAJ Invest Financial Inclusion Fund II K/S and 684,322 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series D CCPS to Equity Shares in the ratio of 1:1	5,475,089	10	N.A.	N.A.**
September 23, 2024	487,114 equity shares each to A91 Emerging Fund I LLP, and Alpha Wave India I LP (formerly known as Falcon Edge India I LP), 1,156,897 equity shares to CapitalG International LLC, 365,336 equity shares to MAJ Invest Financial Inclusion Fund II K/S and 913,339 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series E CCPS to Equity Shares in the ratio of 1:1	3,409,800	10	N.A.	N.A.**
September 23, 2024	479,474 equity shares to Waterfield Alternative Investments Fund I, 342,489 equity shares to A91 Emerging Fund I LLP and 3,424,882 equity shares to British International Investment plc	Conversion of Series F CCPS to Equity Shares in the ratio of 1: 0.896102222	4,246,845	10	N.A.	N.A.**
September 24, 2024	949,376 equity Shares to Sanjay Sharma	Conversion of warrants to Equity Shares in the ratio of 1:1	949,376	10	654.11	Cash ⁺
September 26, 2024	1,911,498 equity Shares to IMP2 Assets Pte. Ltd. And 227,627 equity shares to British International Investment plc	Preferential allotment	2,139,125	10	878.63	Cash
October 17, 2024	Pursuant to a Board resolution dated October 16, 2024 and a Shareholders' resolution dated October 17, 2024, the existing equity share capital of ₹383.48 million comprising of 38,348,314 equity shares of face value of ₹10 each were sub-divided into equity share capital of ₹383.48 million comprising of 191,741,570 equity shares of face value of ₹2 each with effect from October 15, 2024 [*]					

Note: Except as disclosed in "Risk Factors – 44. Certain of our historical records are not traceable, and there have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 53, our Company has been in compliance with the Companies Act, 1956 and Companies Act, 2013, to the extent applicable, with respect to issuance of securities from the date of incorporation of our Company till the date of filing of this Draft Red Herring Prospectus.

^{*}The minutes of the meeting of the Board noting the initial subscription on August 12, 1993 to the MoA is not available. We have relied on the memorandum of association dated July 28, 1993 and the certificate of incorporation dated June 12, 1993 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For details, see "Risk Factors – 44. Certain of our historical records are not traceable, and there

have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.” on page 53.

“The Form-2 and the underlying board resolution for the allotment is not available with our Company. Accordingly, we have relied on the register of members of our Company and the certificate dated December 16, 2024, prepared by Shirin Bhatt and Associates, practicing company secretary. For details see, “Risk Factors – 44. Certain of our historical records are not traceable, and there have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.” On page 53.

* For further details, see, “History and Certain Corporate Matters- Amendments to the Memorandum of Association” on page 254.

** Consideration for such equity shares (issued pursuant to such conversion of Preference Shares) was paid at the time of issuance of such Preference Shares. For details, see “-Notes to Capital Structure— Preference Share capital history” below.

+ Application money of ₹1 per warrant was paid at the time of issuance of such warrants and the remaining consideration was paid at the time of conversion of warrants into equity shares pursuant to the warrant subscription agreement dated December 8, 2023 entered into by and amongst Sanjay Sharma and our Company.

(b) Preference Share capital history

As on the date of this Draft Red Herring Prospectus, all Preference Shares have been converted into Equity Shares and there are no Preference Shares outstanding.

The following table sets forth the history of the preference share capital of our Company.

Date of allotment	Name of allottees	No. of preference/ equity shares allotted	Reason/nature of allotment	Face value per preference Share (₹)	Issue price per preference Share (₹)	Nature of consideration
Series A CCPS						
February 20, 2015	1,034,382 Series A CCPS each to SAIF Partners India V Limited and Accion Africa-Asia Investment Company	2,068,764 Series A CCPS	Private placement	10	29.00	Cash
September 23, 2024	1,034,382 equity shares each to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and MAJ Invest Financial Inclusion Fund II K/S ⁽¹⁾	(2,068,764) equity shares	Conversion of Series A CCPS in the ratio of 1:1	N.A	N.A	N.A*
Series A1 CCPS						
August 14, 2015	440,359 Series A1 CCPS each to SAIF Partners India V Limited and Accion Africa-Asia Investment Company	880,718 Series A1 CCPS	Preferential allotment	10	68.13	Cash
December 21, 2015	667,878 Series A1 CCPS each to SAIF Partners India V Limited and Accion Africa-Asia Investment Company	1,335,756 Series A1 CCPS	Preferential allotment	10	68.13	Cash
April 25, 2016	359,626 Series A1 CCPS each to SAIF Partners India V Limited and Accion Africa-Asia Investment Company.	719,252 Series A1 CCPS	Preferential allotment	10	68.13	Cash
September 23, 2024	1,027,504 equity shares to A91 Emerging Fund I LLP 1,467,863 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 440,359 equity shares to MAJ Invest Financial Inclusion Fund II K/S ⁽²⁾⁽³⁾	(2,935,726) equity shares	Conversion of Series A1 CCPS in the ratio of 1:1	N.A	N.A	N.A.*
Series B CCPS						
November 28, 2016	2,809,811 Series B CCPS to LGT Capital Invest Mauritius PCC with Cell E/VP, 2,060,602 Series B CCPS to SAIF Partners India V Limited and 1,685,947 Series B CCPS to Accion Africa-Asia Investment Company	6,556,360 Series B CCPS	Preferential allotment	10	106.76	Cash

Date of allotment	Name of allottees	No. of preference/ equity shares allotted	Reason/nature of allotment	Face value per preference Share (₹)	Issue price per preference Share (₹)	Nature of consideration
September 23, 2024	2,809,811 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP, 2,060,602 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 1,685,947 equity shares to A91 Emerging Fund I LLP ⁽⁴⁾	(6,556,360) equity shares	Conversion of Series B CCPS in the ratio of 1:1	N.A	N.A	N.A.*
Series C CCPS						
June 19, 2018	3,156,251 Series C CCPS CapitalG LP, 1,597,005 Series C CCPS to SAIF Partners India V Limited and 983,453 Series C CCPS to LGT Capital Invest Mauritius PCC with Cell E/VP.	5,736,709 Series C CCPS	Preferential allotment	10	256.24	Cash
September 23, 2024	3,156,251 equity shares to CapitalG LP, 1,597,005 equity shares to Elevation Capital V Limited (formerly known as SAIF Partners India V Limited) and 983,453 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	(5,736,709) equity shares	Conversion of Series C CCPS in the ratio of 1:1	N.A	N.A	N.A.*
Series D CCPS						
March 6, 2019	3,644,873 Series D CCPS to Falcon Edge India I LP, 780,986 Series D CCPS to CapitalG LP, 684,322 Series D CCPS to LGT Capital Invest Mauritius PCC with Cell E/VP, 364,908 Series D CCPS to MAJ Invest Financial Inclusion Fund II K/S	5,475,089 Series D CCPS	Preferential allotment	10	426.70	Cash
September 23, 2024	3,644,873 equity shares to Alpha Wave India I LP (formerly known as Falcon Edge India I LP), 780,986 equity shares to CapitalG LP, 684,322 Equity Shares to LGT Capital Invest Mauritius PCC with Cell E/VP and 364,908 equity shares to MAJ Invest Financial Inclusion Fund II K/S	(5,475,089) equity shares	Conversion of Series D CCPS in the ratio of 1:1	N.A	N.A	N.A.*
Series E CCPS						
July 15, 2020	1,156,897 Series E CCPS to CapitalG International LLC, 913,339 Series E CCPS to LGT Capital Invest Mauritius PCC with Cell E/VP, 487,114 Series E CCPS to Falcon Edge India I LP, 487,114 Series E CCPS to A91 Emerging Fund I LLP, 365,336 Series E CCPS to MAJ Invest Financial Inclusion Fund II K/S	3,409,800 Series E CCPS	Preferential allotment	10	615.87	Cash
September 23, 2024	487,114 equity shares each to A91 Emerging Fund I LLP and Alpha Wave India I LP (formerly known as Falcon Edge India I LP), 1,156,897 equity shares to CapitalG International LLC, 365,336 equity shares to MAJ Invest Financial Inclusion Fund II K/S and 913,339 equity shares to LGT Capital Invest Mauritius PCC with Cell E/VP	(3,409,800) equity shares	Conversion of Series E CCPS in the ratio of 1:1	N.A	N.A	N.A.*
Series F CCPS						
January 5, 2024	3,821,977 Series F CCPS to British International Investment plc, 535,068 Series F CCPS to Waterfield Alternative Investments Fund I, 382,199 Series F CCPS to A91 Emerging Fund I LLP	4,739,244 Series F CCPS	Preferential allotment	20	654.11	Cash

Date of allotment	Name of allottees	No. of preference/ equity shares allotted	Reason/nature of allotment	Face value per preference Share (₹)	Issue price per preference Share (₹)	Nature of consideration
September 23, 2024	479,474 equity shares to Waterfield Alternative Investments Fund I, 342,489 equity shares to A91 Emerging Fund I LLP and 3,424,882 equity shares to British International Investment plc	(4,246,845) equity shares	Conversion of Series F CCPS in the ratio of 1: 0.896102222	N.A	N.A	N.A.*

* Consideration for such equity shares (issued pursuant to such conversion of Preference Shares) was paid at the time of issuance of such Preference Shares.

Notes:

(1) Accion Africa-Asia Investment Company transferred 1,034,382 Series A CCPS to MAJ Invest Financial Inclusion Fund II K/S.

(2) Accion Africa-Asia Investment Company transferred 440,359 Series A1 CCPS to MAJ Invest Financial Inclusion Fund II K/S.

(3) Accion Africa-Asia Investment Company transferred 1,027,504 Series A1 CCPS to A91 Emerging Fund I LLP.

(4) Accion Africa-Asia Investment Company transferred 1,685,947 Series B CCPS to A91 Emerging Fund I LLP.

(c) Warrants

As on the date of this Draft Red Herring Prospectus, all warrants have been converted into equity shares and there are no warrants outstanding. For details of allotments of Equity Shares pursuant to such conversion, see “- Notes to Capital Structure – Share capital history of our Company – Equity share capital history” on page 82.

2. Acquisition or transfer of equity shares and preference shares of our Company through secondary transaction by the Selling Shareholders

(a) Equity Share capital

Except as disclosed below, the Selling Shareholders have not transferred or acquired Equity Shares of our Company through secondary transactions:

Date of transfer	Transferor	Transferee	Number of equity shares	Face value per equity share (₹)	Transfer price per equity share(₹)	Nature of Consideration
A91 Emerging Fund I LLP						
February 10, 2020	Accion Africa-Asia Investment Company	A91 Emerging Fund I LLP	65	10	552.42	Cash
Alpha Wave India I LP						
April 4, 2019	Vikram Jetley	Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	70,000	10	426.70	Cash
April 4, 2019	Shankh Corporation LLP	Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	50,375	10	426.70	Cash
April 4, 2019	Shvet Corporation LLP	Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	50,375	10	426.70	Cash
Harleen Kaur Jetley						
June 29, 2016	Sumant Mishra	Harleen Kaur Jetley	14,800	10	24	Cash
June 29, 2016	Deepa Pandit	Harleen Kaur Jetley	16,915	10	24	Cash

Date of transfer	Transferor	Transferee	Number of equity shares	Face value per equity share (₹)	Transfer price per equity share(₹)	Nature of Consideration
June 29, 2016	Meera Madhusudhan Deshmukh and Kalpana Kiran (joint holders)	Harleen Kaur Jetley	38,058	10	24	Cash
September 15, 2016	Umesh Gupta and Gitika Gupta (joint holders)	Harleen Kaur Jetley	21,143	10	24	Cash
September 15, 2016	Ashok Nadkarni	Harleen Kaur Jetley	21,143	10	24	Cash
September 16, 2016	Harleen Kaur Jetley	Aye Finance Employees Welfare Trust	(112,059)	10	29	Cash
August 30, 2018	Deepa Pandit	Harleen Kaur Jetley	9,885	10	35.85	Cash
August 30, 2018	Umesh Gupta and Gitika Gupta (joint holders)	Harleen Kaur Jetley	12,357	10	35.85	Cash
August 30, 2018	Ashok Nadkarni	Harleen Kaur Jetley	12,357	10	35.85	Cash
August 30, 2018	Sumant Mishra	Harleen Kaur Jetley	8,650	10	35.85	Cash
August 30, 2018	Meera Madhusudhan Deshmukh and Kalpana Kiran (joint holders)	Harleen Kaur Jetley	22,242	10	35.85	Cash
January 31, 2024	Vikram Jetley	Harleen Kaur Jetley	53,000	10	-	Gift
<i>LGT Capital Invest Mauritius PCC with Cell E/VP</i>						
August 30, 2018	Meera Madhusudhan Deshmukh and Kalpana Kiran (joint holders)	LGT Capital Invest Mauritius PCC with Cell E/VP	32,993	10	256.24	Cash
<i>MAJ Invest Financial Inclusion Fund II K/S</i>						
November 13, 2018	Accion Africa-Asia Investment Company	MAJ Invest Financial Inclusion Fund II K/S	35	10	280.64	Cash
April 5, 2019	Sanjay Sharma	MAJ Invest Financial Inclusion Fund II K/S	49,250	10	426.70	Cash
April 18, 2019	Meera Madhusudhan Deshmukh and Kalpana Kiran (joint holders)	MAJ Invest Financial Inclusion Fund II K/S	36,930	10	426.70	Cash
<i>Vikram Jetley</i>						
January 10, 2014	Meenu Bala	Vikram Jetley	3,026	100	100	Cash
January 10, 2014	Bheem Sen	Vikram Jetley	2,975	100	100	Cash
April 4, 2019	Vikram Jetley	Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	(70,000)	10	426.70	Cash
January 31, 2024	Vikram Jetley	Harleen Kaur Jetley	(53,000)	10	-	Gift

(a) ***Preference Share capital history***

Except as disclosed below, the Selling Shareholders have not transferred or acquired Preference Shares of our Company through secondary transactions:

Date of transfer	Transferor	Transferee	Number of Preference Shares	Face value per Preference Shares (₹)	Transfer price per Preference Shares (₹)	Nature of Consideration
A91 Emerging Fund I LLP						
Series A1 CCPS						
February 10, 2020	Accion Africa-Asia Investment Company	A91 Emerging Fund I LLP	1,027,504	10	552.42	Cash
Series B CCPS						
February 10, 2020	Accion Africa-Asia Investment Company	A91 Emerging Fund I LLP	1,685,947	10	552.42	Cash
MAJ Invest Financial Inclusion Fund II K/S						
Series A CCPS						
November 13, 2018	Accion Africa-Asia Investment Company	MAJ Invest Financial Inclusion Fund II K/S	1,034,382	10	280.64	Cash
Series A1 CCPS						
November 13, 2018	Accion Africa-Asia Investment Company	MAJ Invest Financial Inclusion Fund II K/S	440,359	10	280.64	Cash

3. Terms of Conversion of Preference Shares

As on the date of this Draft Red Herring Prospectus, all Preference Shares have been converted into Equity Shares and there are no Preference Shares outstanding.

4. Shares issued for consideration other than cash

Our Company has not issued any equity shares or preference shares for consideration other than cash since its incorporation.

5. Shares issued out of revaluation reserves

Our Company has not issued any equity shares or preference shares out of revaluation reserves since its incorporation.

6. Allotment of shares pursuant to schemes of arrangement

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

7. Issue of equity shares under employee stock option schemes

Our Company has not issued any equity shares under employee stock option schemes.

8. Issue of equity shares and preference shares at a price lower than the Offer Price in the last one year

For details see “-Notes to Capital Structure- Equity share capital history-Issue of Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus” above.

9. Statutory Lock-in requirements

(i) Details of Equity Shares locked-in for eighteen months

Our Company does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act 2013. Accordingly, in terms of Regulation 14(1) of the SEBI ICDR Regulations, there is no requirement of minimum promoter’s contribution in this Offer and accordingly, none of the Equity Shares will be locked in for a period of eighteen months pursuant to the Offer.

(ii) Details of Equity Shares locked-in for six months

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital will be locked-in for a period of six months from the date of Allotment, other than (a) Equity Shares which are transferred as part of the Offer for Sale; and (b) Equity Shares allotted to employees (whether currently an employee or not) pursuant to the Employee Stock Option Plans, prior to the Offer. In terms of Regulation 17(c) of the SEBI ICDR Regulations, Equity Shares held by a venture capital fund (“VCF”) or alternative investment fund (“AIF”) of category I or category II or a foreign venture capital investor (“FVCI”) shall not be locked-in for a period of six months from the date of Allotment, provided that such Equity Shares shall be locked-in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of category I or category II or foreign venture capital investor. However, in accordance with Regulation 8A of the SEBI ICDR Regulations, for Shareholders holding (individually or with persons acting in concert) more than 20% of pre-Offer shareholding of our Company on a fully diluted basis, the provisions of lock-in as specified under Regulation 17 of the SEBI ICDR Regulations shall be applicable, and relaxation from lock-in as provided under Regulation 17(c) of the SEBI ICDR Regulations is not applicable.

Further, any unsold portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations.

The Equity Shares held by any person and locked-in for a period of six months from the date of Allotment 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 such transferees shall

not be eligible to transfer until the expiry of the lock-in period) and compliance with the Takeover Regulations.

(iii) ***Lock-in of Equity Shares Allotted to Anchor Investors***

In terms of the SEBI ICDR Regulations, 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 and the remaining 50% of the Equity Shares Allotted to such Anchor Investors shall be locked in for a period of 30 days from the date of Allotment.

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.

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10. Our shareholding pattern

Set forth below is the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of shareholders (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 Equity 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 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 Shares held (b)	Number (a)	As a % of total Shares held (b)			
								Class eg: Equity Shares	Class eg: Others								Total		
(A)	Promoters and Promoter Group	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
(B)	Public	20	188,940,100	0	0	188,940,100	98.54	188,940,100	0	188,940,100	98.54	0	98.54	0	0	0	0	0	188,940,100
(C)	Non Promoter-Non Public	1	2,801,470	0	0	2,801,470	1.46	2,801,470	0	2,801,470	1.46	0	1.46	0	0	0	0	0	2,801,470
(C1)	Shares underlying DRs	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	0	0	0
(C2)	Shares held by Employee Trusts	1	2,801,470	0	0	2,801,470	1.46	2,801,470	0	2,801,470	1.46	0	1.46	0	0	0	0	0	2,801,470
	Total	21	191,741,570	0	0	191,741,570	100.00	191,741,570	0	191,741,570	100.00	0	100.00	0	0	0	0	0	191,741,570

N.A. – Not Applicable

11. Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company

Except as stated below, none of our Directors, Key Managerial Personnel or Senior Management hold any Equity Shares in our Company:

Name	Number of Equity Shares of face value of ₹2 each	Percentage of pre-Offer Equity Share capital on a fully diluted basis (%)*
Sanjay Sharma	5,545,630	2.89

*Calculated on the basis of total Equity Shares of face value of ₹2 each held and vested options under the Employee Stock Option Plans, as on the date of this Draft Red Herring Prospectus.

12. Details of shareholding of the major Shareholders of our Company

- (a) As on the date of this Draft Red Herring Prospectus, our Company has 21 Shareholders.
- (b) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as on date of this Draft Red Herring Prospectus:

Name of the Shareholder	Number of Equity Shares of face value of ₹2 each on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis(%)*
Elevation Capital V Limited (formerly known as SAIF Partners India V Limited)	31,067,645	16.19
LGT Capital Invest Mauritius PCC with Cell E/VP	27,120,090	14.13
Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	21,514,185	11.21
CapitalG LP	19,686,685	10.26
British International Investment plc	18,262,595	9.51
A91 Emerging Fund I LLP	17,715,595	9.23
IMP2 Assets Pte. Ltd.	13,657,490	7.12
MAJ Invest Financial Inclusion Fund II K/S	11,456,000	5.97
CapitalG International LLC	5,784,485	3.01
Sanjay Sharma	5,545,630	2.89
Shankh Corporation LLP	4,248,125	2.21
Shvet Corporation LLP	4,248,125	2.21
Vikram Jetley	2,890,000	1.51
Aye Finance Employees Welfare Trust	2,801,470	1.46
Waterfield Alternative Investments Fund I	2,397,420	1.25

*Calculated on the basis of total Equity Shares of face value of ₹2 each held and vested options under the Employee Stock Option Plans.

- (c) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of 10 days prior to the date of this Draft Red Herring Prospectus:

Name of the Shareholder	Number of Equity Shares of face value of ₹2 each on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis(%)*
Elevation Capital V Limited (formerly known as SAIF Partners India V Limited)	31,067,645	16.19
LGT Capital Invest Mauritius PCC with Cell E/VP	27,120,090	14.13
Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	21,514,185	11.21
CapitalG LP	19,686,685	10.26
British International Investment plc	18,262,595	9.51
A91 Emerging Fund I LLP	17,715,595	9.23
IMP2 Assets Pte. Ltd.	13,657,490	7.12
MAJ Invest Financial Inclusion Fund II K/S	11,456,000	5.97
CapitalG International LLC	5,784,485	3.01
Sanjay Sharma	5,545,630	2.89
Shankh Corporation LLP	4,248,125	2.21
Shvet Corporation LLP	4,248,125	2.21
Vikram Jetley	2,890,000	1.51

Name of the Shareholder	Number of Equity Shares of face value of ₹2 each on a fully diluted basis	Percentage of pre-Offer Equity Share capital on a fully diluted basis(%)*
Aye Finance Employees Welfare Trust	2,801,470	1.46
Waterfield Alternative Investments Fund I	2,397,420	1.25

*Calculated on the basis of total Equity Shares of face value of ₹2 each held and vested options under the Employee Stock Option Plans.

- (d) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of one year prior to the date of this Draft Red Herring Prospectus:

Name of the Shareholders	Pre-Offer			
	Number of Equity shares of face value of ₹10	Number of Preference Shares	Number of Equity Shares on a fully diluted basis^	Percentage of Equity Share capital on a fully diluted basis (%)*
Elevation Capital V Limited (formerly known as SAIF Partners India V Limited)	53,677	6,159,852	31,067,645	20.04
LGT Capital Invest Mauritius PCC with Cell E/VP	33,093	5,390,925	27,120,090	17.49
Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	170,850	4,131,987	21,514,185	13.87
CapitalG LP	100	3,937,237	19,686,685	12.70
A91 Emerging Fund I LLP	65	3,200,565	16,003,150	10.32
MAJ Invest Financial Inclusion Fund II K/S	86,215	2,204,985	11,456,000	7.39
CapitalG International LLC	-	1,156,897	5,784,485	3.73
Sanjay Sharma	979,750	-	4,898,750	3.16
Shankh Corporation LLP	849,625	-	4,248,125	2.74
Shvet Corporation LLP	849,625	-	4,248,125	2.74
Vikram Jetley	631,000	-	3,155,000	2.03
Aye Finance Employees Welfare Trust	560,294	-	2,801,470	1.81

^ Adjusted for sub-division of face value of ₹10 per equity share to ₹2 per equity share pursuant to the resolution passed by our Board dated October 16, 2024 and resolution passed by our Shareholders dated October 17, 2024.

*Calculated on the basis of total Equity Shares of face value of ₹2 each held and vested options under the Employee Stock Option Plans.

- (e) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company as of two years prior to the date of this Draft Red Herring Prospectus:

Name of the Shareholders	Pre-Offer			
	Number of Equity shares of face value of ₹10	Number of Preference Shares	Number of Equity Shares on a fully diluted basis^	Percentage of Equity Share capital on a fully diluted basis (%)*
Elevation Capital V Limited (formerly known as SAIF Partners India V Limited)	53,677	6,159,852	31,067,645	20.04
LGT Capital Invest Mauritius PCC with Cell E/VP	33,093	5,390,925	27,120,090	17.49
Alpha Wave India I LP (formerly known as Falcon Edge India I LP)	170,850	4,131,987	21,514,185	13.87
CapitalG LP	100	3,937,237	19,686,685	12.70
A91 Emerging Fund I LLP	65	3,200,565	16,003,150	10.32
MAJ Invest Financial Inclusion Fund II K/S	86,215	2,204,985	11,456,000	7.39
CapitalG International LLC	-	1,156,897	5,784,485	3.73
Sanjay Sharma	979,750	-	4,898,750	3.16
Shankh Corporation LLP	849,625	-	4,248,125	2.74

Name of the Shareholders	Pre-Offer			
	Number of Equity shares of face value of ₹10	Number of Preference Shares	Number of Equity Shares on a fully diluted basis [^]	Percentage of Equity Share capital on a fully diluted basis (%) [*]
Shvet Corporation LLP	849,625	-	4,248,125	2.74
Vikram Jetley	631,000	-	3,155,000	2.03
Aye Finance Employees Welfare Trust	560,294	-	2,801,470	1.81

[^] Adjusted for sub-division of face value of ₹10 per equity share to ₹ 2 per equity share pursuant to the resolution passed by our Board dated October 16, 2024 and resolution passed by our Shareholders dated October 17, 2024.

^{*} Calculated on the basis of total Equity Shares of face value of ₹2 each held and vested options under the Employee Stock Option Plans.

13. Employee Stock Option Plans

Our Company has three Employee Stock Option Plans which are ESOP 2016, ESOP 2020 and ESOP 2024. As on the date of this Draft Red Herring Prospectus, the details of grants, exercise and lapsed options on a cumulative basis are as follows:

Particulars **	Number of options/ equity shares
ESOP pool	11,548,355
Options granted	10,012,125
Options forfeited/lapsed/cancelled	2,644,060
Options exercised	Nil
Total number of Equity Shares that would arise as a result of exercise of options	7,368,065
Options vested (including options that have been exercised)	2,999,425
Total number of options outstanding in force	7,368,065

Note:

As certified by the Statutory Auditors by way of their certificate dated December 16, 2024.

**After considering the impact of (i) sub-division of Equity Shares of face value of ₹ 10 each of the Company were sub-divided into Equity Shares of face value of ₹ 2 each which was approved by the Board of Directors of the Company pursuant to its resolution dated October 16, 2024 and by the Shareholders of the Company pursuant to its special resolution dated October 17, 2024 and impact of split has been considered in the below tables also.

All our Employee Stock Option Plans are in compliance with SEBI SBEBSE Regulations. No employee stock options have been granted to any person other than the current or former employees (as defined in Regulation 2(1)(o) of the SEBI ICDR Regulations) of our Company and Subsidiary under the Employee Stock Option Plans. All grants of employee stock options under the Employee Stock Option Plans are in compliance with the SEBI SBEBSE Regulations, to the extent applicable at the time of such grants. All grants to be made in the future under the Employee Stock Option Plans shall also be in compliance with the SEBI SBEBSE Regulations.

(a) ESOP 2016

Our Company, pursuant to the resolutions passed by our Board in its meeting dated June 29, 2016 and our Shareholders in its meeting dated August 5, 2016, adopted the Aye Finance Employee Stock Option Plan 2016 (“**ESOP 2016**”). ESOP 2016 was last amended pursuant to resolutions passed by our Board in its meeting dated December 11, 2024 and our Shareholders in its meeting dated December 11, 2024. ESOP 2016 has been implemented through the Aye Finance Employees Welfare Trust.

The objective of the ESOP 2016 is to reward the employees for their association and performance as well as to motivate them to contribute to the growth and profitability of our Company. Our Company also intends to use ESOP 2016 to attract and retain key talents in the organization. Our Company views ESOP 2016 as an instrument that would enable sharing the value with the employees they create for our Company in the years to come.

As on the date of this Draft Red Herring Prospectus, under ESOP 2016, out of the total pool of 1,557,420 options, 3,089,690* options have been granted, 1,524,145 options have vested, 1,532,265 options have been cancelled (relinquished) and while no options have exercised.

*Options granted as of the current date shall include those options that were previously granted but lapsed due to the resignation of employees, which have subsequently been returned to the option pool for reallocation, up until the most recent grant date.

The following table sets forth the particulars of the ESOP 2016 including options granted as on the date of this Draft Red Herring Prospectus.

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total options outstanding as at the beginning of the period	1,557,425	1,583,870	1,820,555	1,762,735	1,997,365
Total Options granted	Nil	Nil	Nil	83,175	Nil
Exercise price of options in ₹(as on the date of grant options)	29.00	29.00	29.00	29.00	29.00
Options forfeited/lapsed/cancelled	Nil	26,445	236,685	25,355	234,630
Variation of terms of options	N/A	N/A	N/A	N/A	N/A
Money utilised by exercise of options	N/A	N/A	N/A	N/A	N/A
Total number of options outstanding in force	1,557,425	1,557,425	1,583,870	1,820,555	1,762,735
Total options vested (excluding the options that have been exercised)	1,524,145	1,524,145	1,512,010	1,395,390	1,076,420
Options exercised	Nil	Nil	Nil	Nil	Nil
The total number of Equity Shares that would arise as a result of full exercise of granted options	1,557,425	1,557,425	1,583,870	1,820,555	1,762,735
Employee wise details of options granted to					
o Key Managerial Personnel and Senior Management*					
Name of Key Managerial Personnel					
Sanjay Sharma	-	-	-	-	-
Krishan Gopal	-	-	-	-	-
Vipul Sharma	-	-	-	-	-
Total	-	-	-	-	-
Name of Senior Management					
Piyush Maheshwari	83,285	83,285	83,285	83,285	83,285
Nancy Gupta	24,030	24,030	24,030	24,030	24,030
Sovan Satyaprakash	52,565	52,565	52,565	52,565	52,565
Ankur Sharma	68,975	68,975	68,975	68,975	68,975
Niraj Kumar Kaushik	137,525	137,525	137,525	137,525	137,525
Tejamoy Ghosh	93,020	93,020	93,020	93,020	93,020

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Akash Damodar Purswani	34,115	34,115	34,115	34,115	34,115
Ujwal George	83,175	83,175	83,175	83,175	-
Jinu Joseph	-	-	-	-	-
Kapil Goyal	-	-	-	-	-
Total	576,690	576,690	576,690	576,690	493,515
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil				
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil				
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with the applicable accounting standard on 'Earnings Per Share' (in ₹)	N/A				
Where the 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 our Company and on	Company has used fair value of options for calculation of employee compensation cost.				

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022		
the earnings per share of our Company.							
Description of the pricing formula and the 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	Grant date	Expected life (years)	Expected volatility(%)	Risk free interest rate (%)	Dividend yield (%)	Exercise price per share (₹)	Weighted average share price on the date of grant of option (in ₹)
	January 2, 2017	4.25	0.00	6.57	0	29	14.40
	June 2, 2017	3.97	0.01	7-7.21	0	29	14.40
	January 2, 2018	3.85	0.01	7-7.21	0	29	22.29
	July 2, 2018	3.33	0.01	7.74-7.96	0	29	51.25
	July 2, 2019	3.25	0.01	6.26-6.63	0	29	89.47
	July 2, 2020	4.5	41.97	4.89	0	29	123.17
	July 2, 2021	4.17	50.06	5.66	0	29	123.17
	Impact on the profits and on the earnings per share of the last three years if the accounting policies specified in the SEBI SBEBSE Regulations had been followed, in respect of options granted in the last three years	There is no impact on profit and EPS as the Company had followed the accounting policies specified in Regulation 15 of the SEBI SBEBSE Regulations in respect of options granted in the last three years.					
Intention of Key Managerial Personnel and Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months after the listing of Equity Shares pursuant to the Offer	Based on the representations from Key Managerial Personnels and Senior Management, they do not intend to sell their shares (if any allotted on exercise of options) within three months after the listing of Equity Shares pursuant to the Issue. Our Company does not have a whole-time director.						
Intention to sell Equity Shares arising out of the ESOP 2016 within three months after the listing of Equity Shares by Directors, Key Managerial Personnel and Senior Management and employees having Equity Shares arising out of ESOP 2016, amounting to more than 1% of the issued	Not Applicable.						

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
capital (excluding outstanding warrants and conversions)					

*Cumulative grant till period/ year end.

(b) **ESOP 2020**

Our Company, pursuant to the resolutions passed by Board through circulation on October 1, 2020 and our Shareholders in its meeting dated November 10, 2020, adopted the Aye Finance Employees Stock Option Plan 2020 (“**ESOP 2020**”). ESOP 2020 was last amended pursuant to resolutions passed by our Board in its meeting dated December 11, 2024 and our Shareholders in its meeting dated December 11, 2024.

The objectives of the ESOP 2020 are to reward key employees for their performance, their association with our Company as well as to attract, retain and reward them to contribute to the corporate growth and profitability. Our Company intends to use ESOP 2020, to attract and retain key talents in the organization. Our Company views ESOP 2020 as an instrument that would enable the employees to get a share in the value they create for our Company. ESOP 2020 has been implemented through the Aye Finance Employees Welfare Trust and the direct route.

As on the date of this Draft Red Herring Prospectus, under ESOP 2020, out of the total pool of 4,408,640 options, 5,414,975* options have been granted, 1,475,280 options have vested, 1,063,455 options have been cancelled (relinquished) and no options have been exercised.

* Options granted as of the current date shall include those options that were previously granted but lapsed due to the resignation of employees, which have subsequently been returned to the option pool for reallocation, up until the most recent grant date.

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total options outstanding as at the beginning of the period	4,411,410	4,815,795	2,434,285	1,576,870	1,039,250
Total Options granted	Nil	Nil	2,573,815	1,112,500	594,770
Exercise price of options in ₹(as on the date of grant options)	615.87	615.87	615.87	615.87	615.87
Options forfeited/lapsed/cancelled	59,890	404,385	192,305	255,085	57,150
Variation of terms of options	N/A	N/A	N/A	N/A	N/A
Money realised by exercise of options	N/A	N/A	N/A	N/A	N/A
Total number of options outstanding in force	4,351,520	4,411,410	4,815,795	2,434,285	1,576,870

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total options vested (excluding the options that have been exercised)	1,475,280	1,475,280	1,208,755	599,935	248,870
Options exercised	Nil	Nil	Nil	Nil	Nil
The total number of Equity Shares that would arise as a result of full exercise of granted options	43,51,520	4,411,410	4,815,795	2,434,285	1,576,870
Employee wise details of options granted to					
(i) Key Managerial Personnel and Senior Management*					
Name of Key Managerial Personnel					
Sanjay Sharma	-	-	-	-	-
Krishan Gopal	331,435	331,435	331,435	-	-
Vipul Sharma	-	-	-	-	-
Total	331,435	331,435	331,435	-	-
Name of Senior Management					
Piyush Maheshwari	204,870	204,870	204,870	114,925	39,925
Nancy Gupta	35,645	35,645	35,645	20,945	10,445
Sovan Satyaprakash	176,190	176,190	176,190	99,910	24,910
Ankur Sharma	164,525	164,525	164,525	58,625	32,575
Niraj Kumar Kaushik	647,090	647,090	647,090	195,810	70,810
Tejamoy Ghosh	152,390	152,390	152,390	65,605	35,155
Akash Damodar Purswani	195,910	195,910	195,910	105,070	42,570
Ujual George	338,495	338,495	338,495	161,400	36,400
Jinu Joseph	196,365	196,365	196,365	-	0
Kapil Goyal	-	-	-	-	0
Total	2,111,480	2,111,480	2,111,480	822,290	292,790
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year					
Tarun Nagpal	-	-	-	75,000	-
Mayank Shyam Thatte	-	-	-	-	32,550
Gaurav Khurana	-	-	-	-	29,750

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022		
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil						
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with the applicable accounting standard on 'Earnings Per Share' (in ₹)	N/A						
Where the 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 our Company and on the earnings per share of our Company.	Company has used fair value of options for calculation of employee compensation cost.						
Description of the pricing formula and the 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							
	Grant date	Expected life (years)	Expected volatility(%)	Risk free interest rate (%)	Dividend yield	Exercise price per share (₹)	Weighted average share price on the date of grant of option (in ₹)
	January 2, 2021	4	42.44	5.04	0	615.87	123.17
	January 2, 2022	3.25	48.96	6.09	0	615.87	123.17
	July 2, 2022	3.44	48.39	7.41	0	615.87	138.60
	January 2, 2023	3.12	46.71	7.15	0	615.87	138.60
	July 2, 2022	2.87	43.22	6.99	0	615.87	130.00
	January 2, 2024	2.75	41.15	7.21	0	615.87	130.82

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
the market at the time of grant of option					
Impact on the profits and on the earnings per share of the last three years if the accounting policies specified in the SEBI SBEBSE Regulations had been followed, in respect of options granted in the last three years	There is no impact on profit and EPS as company had followed the accounting policies specified in Regulation 15 of the SEBI SBEBSE Regulations in respect of options granted in the last three years.				
Intention of Key Managerial Personnel, Senior Management; and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Based on the representations from Key Managerial Personnels and Senior Management, they do not intend to sell their shares (if any allotted on exercise of options) within three months after the listing of Equity Shares pursuant to the Issue. Our Company doesn't have a whole-time director				
Intention to sell Equity Shares arising out of the ESOP 2020 within three months after the listing of Equity Shares by directors, key managerial personnel, senior management and employees having Equity Shares arising out of ESOP 2020, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Not Applicable.				

*Cumulative grant till period/year ended.

(c) **ESOP 2024**

Our Company, pursuant to the resolutions passed by Board in its meeting dated June 25, 2024 and our Shareholders in its meeting dated June 26, 2024, adopted the Aye Finance Employees Stock Option Plan 2024 (“**ESOP 2024**”). ESOP 2024 was last amended pursuant to resolutions passed by our Board in its meeting dated December 11, 2024 and our Shareholders in its meeting dated December 11, 2024.

The objectives of the Plan are to reward key employees for their performance, their association with our Company as well as to attract, retain and reward them to contribute to the corporate growth and profitability. Our Company intends to use ESOP 2024 to attract and retain key talents in the organization. Our Company views ESOP 2024 as an instrument that would enable the employees to get a share in the value they create for the Company.

As on the date of this Draft Red Herring Prospectus, under ESOP 2024, out of the total pool of 5,582,295 options, 1,507,460* options have been granted, 48,340 options have been cancelled (relinquished) and no options have vested or been exercised.

*Options granted as of the current date shall include those options that were previously granted but lapsed due to the resignation of employees, which have subsequently been returned to the option pool for reallocation, up until the most recent grant date.

The following table sets forth the particulars of the ESOP 2024 including options granted as on the date of this Draft Red Herring Prospectus.

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024
Total options outstanding as at the beginning of the period	1,490,360	Nil
Total Options granted	Nil	1,507,460
Exercise price of options in ₹(as on the date of grant options)	700	700
Options forfeited/lapsed/cancelled	31,240	17,100
Variation of terms of options	N/A	N/A
Money realised by exercise of options	N/A	N/A
Total number of options outstanding in force	1,459,120	1,490,360
Total options vested (excluding the options that have been exercised)	Nil	Nil
Options exercised	Nil	Nil
The total number of Equity Shares that would arise as a result of full exercise of granted options	1,459,120	1,490,360
Employee wise details of options granted to		
(i) Key Managerial Personnel and Senior Management Personnel*		
Name of Key Managerial Personnel		
Sanjay Sharma	-	-
Krishan Gopal	127,335	127,335
Vipul Sharma	8,500	8,500
Total	135,835	135,835
Name of Senior Management Personnel		
Piyush Maheshwari	28,750	28,750
Nancy Gupta	38,800	38,800
Sovan Satyaprakash	26,915	26,915
Ankur Sharma	41,760	41,760
Niraj Kumar Kaushik	316,430	316,430
Tejamoy Ghosh	29,850	29,850
Akash Damodar Purswani	45,235	45,235
Ujwal George	37,100	37,100

Particulars	From October 1, 2024 until the date of this Draft Red Herring Prospectus	Six months ended September 30, 2024																		
Jinu Joseph	78,895	78,895																		
Kapil Goyal	6,800	6,800																		
Total	650,535	650,535																		
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil																			
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil																			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with the applicable accounting standard on 'Earnings Per Share' (in ₹)	N/A																			
Where the 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 our Company and on the earnings per share of our Company.	Company has used fair value of options for calculation of employee compensation cost.																			
Description of the pricing formula and the 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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Grant date</th> <th style="text-align: center;">Expected life (years)</th> <th style="text-align: center;">Expected volatility(%)</th> <th style="text-align: center;">Risk free interest rate (%)</th> <th style="text-align: center;">Dividend yield (%)</th> <th style="text-align: center;">Exercise price per share (₹)</th> <th style="text-align: center;">Weighted average share price on the date of grant of option (in ₹)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">July 2, 2024</td> <td style="text-align: center;">2.64</td> <td style="text-align: center;">41.27</td> <td style="text-align: center;">7.07</td> <td style="text-align: center;">0</td> <td style="text-align: center;">700</td> <td style="text-align: center;">175.21</td> </tr> </tbody> </table>						Grant date	Expected life (years)	Expected volatility(%)	Risk free interest rate (%)	Dividend yield (%)	Exercise price per share (₹)	Weighted average share price on the date of grant of option (in ₹)	July 2, 2024	2.64	41.27	7.07	0	700	175.21
Grant date	Expected life (years)	Expected volatility(%)	Risk free interest rate (%)	Dividend yield (%)	Exercise price per share (₹)	Weighted average share price on the date of grant of option (in ₹)														
July 2, 2024	2.64	41.27	7.07	0	700	175.21														
Impact on the profits and on the earnings per share of the last three years if the accounting policies specified in the SEBI SBEBSE Regulations had been followed, in respect of options granted in the last three years	There is no impact on profit and EPS as the Company had followed the accounting policies specified in Regulation 15 of the SEBI SBEBSE Regulations in respect of options granted in the last three years.																			
Intention of Key Managerial Personnel and Senior Management Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months after the listing of Equity Shares pursuant to the Offer	Based on the representations from Key Managerial Personnels and Senior Management Personnels, they do not intend to sell their shares (if any allotted on exercise of options) within three months after the listing of Equity Shares pursuant to the Issue. Our Company doesn't have a whole-time director																			

* Cumulative grant till period/year ended.

14. Except for the sale of 820,000 equity shares by our Managing Director, Sanjay Sharma to ABC Impact on October 14, 2024, for an aggregate consideration of ₹720,476,600, pursuant to the share purchase agreement dated September 18, 2024, none of our Directors or their relatives have sold or purchased any equity shares or preference shares of our Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.
15. There have been no financing arrangements whereby our Directors or their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
16. Our Company, our Directors and the BRLMs have not entered into any buy-back or other arrangements for the purchase of Equity Shares being offered through this Offer from any person.
17. None of the BRLMs and their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.
18. Except as disclosed in “*Risk Factors – 44. Certain of our historical records are not traceable, and there have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.*” on page 53, our Company has been in compliance with the Companies Act, 1956 and Companies Act, 2013, to the extent applicable, with respect to issuance of securities from the date of incorporation of our Company till the date of filing of this Draft Red Herring Prospectus.
19. No person connected with the Offer, including our Company, each of the Selling Shareholders, severally and not jointly, the Members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.
20. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. The Equity Shares to be issued pursuant to the Offer shall be fully paid-up at the time of Allotment.
21. Except for outstanding options granted pursuant to the Employee Stock Option Plans issued by our Company, our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
22. Except for issuance of Equity Shares pursuant to (i) exercise of options granted under the Employee Stock Option Plans, and (ii) the Fresh Issue (including Pre-IPO Placement, if any), there will be no further issuance 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 or all application monies have been refunded, as the case may be.
23. Except for the issuance of any Equity Shares pursuant to exercise of options granted under the Employee Stock Option Plans or pursuant to the Fresh Issue, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or further issue of Equity Shares (including issue of securities convertible into or exchangeable for, directly or indirectly into Equity Shares), whether on a preferential basis or by issue of bonus or rights or further public issue of Equity Shares. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.
24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. The BRLMs and any associates of the BRLMs (except for Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs which are sponsored by entities that are associates of the BRLMs or FPIs (other than individuals, corporate bodies and family offices) which are associates of the BRLMs or pension funds registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the

Pension Fund Regulatory and Development Authority Act, 2013 sponsored by entities which are associate of the BRLMs) shall not apply in the Offer under the Anchor Investor Portion.

OBJECTS OF THE OFFER

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

Offer for Sale

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

Fresh Issue

Our Company proposes to utilize the Net Proceeds towards augmenting our capital base to meet our Company’s future capital requirements arising out of growth of our business and assets (referred to herein as the “**Objects**”).

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 which are necessary for furtherance of the main objects as set out in our Memorandum of Association enables us to undertake our existing business activities and undertake the activities proposed to be funded from the Net Proceeds.

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
Gross proceeds of the Fresh Issue ⁽³⁾	Up to 8,850.00
(Less) Estimated Offer related expenses in relation to the Fresh Issue	[●] ⁽¹⁾⁽²⁾
Net Proceeds	[●]

(₹ in million)

⁽¹⁾ To be finalised upon determination of the Offer Price and Offer expenses and shall be updated in the Prospectus prior to filing with the RoC.

⁽²⁾ For details, see “- **Offer Related Expenses**” below.

⁽³⁾ Includes the proceeds, if any, received pursuant to the Pre-IPO Placement, which may be undertaken, in consultation with the BRLMs. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

Proposed schedule of implementation and deployment of Net Proceeds

The Net Proceeds are proposed to be deployed during Financial Year 2026. The proposed fund deployment is based on current circumstances of our business, management estimates, market conditions and other commercial factors. 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 or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled Financial Year is not completely met, due to the reasons stated above, the same shall be utilised in the next Financial Year, as may be determined by our Company, in accordance with applicable laws. For details on risks involved, see “**Risk Factors – 47. We will not receive any proceeds from the Offer for Sale portion. Further, the objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders’ approval.**” on page 54.

Details of the Objects of the Fresh Issue

We are a NBFC-ML focused on providing loans to micro scale MSMEs across India and are registered with the RBI under Section 45 IA of the Reserve Bank of India Act, 1934. We offer a range of secured as well as unsecured business loans suited to the needs of our customers across manufacturing, trading, service and allied agriculture sectors of the economy. For further details see “**Our Business**” on page 201. As an NBFC, we are subject to regulations relating to capital adequacy which require us to maintain a minimum capital adequacy ratio consisting of Tier – I and Tier – II capital of not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items with Tier – I capital not below 10% at any point in time in terms of the Scale Based Regulations. For further details, see “**Key Regulations and Policies in India**” on page 237.

The table below sets forth the details of our Company’s Tier – I and Tier – II capital as at and for the six months ended September 30, 2024, and September 30, 2023 and the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, based on the standalone figures:

(₹ in millions except percentages)

Particulars	As of / For the six months ended,		As of / For the Year Ended		
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Tier I Capital⁽¹⁾	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Tier II Capital⁽¹⁾	-	-	-	-	-
Total Capital (Tier I & II)	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Risk weighted assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.2
Capital to risk weighted ratio (%)⁽²⁾	37.61	29.97	32.79	31.07	36.03
Post-Offer CRAR (%)					[●] ⁽³⁾

Notes:

- ⁽¹⁾ Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (Computed in accordance with the relevant RBI guidelines).
- ⁽²⁾ Capital-to-risk weighted assets ratio (CRAR) is computed by dividing our Tier I and Tier II capital by risk weighted assets (Computed in accordance with the relevant RBI guidelines).
- ⁽³⁾ To be finalised upon determination of the Offer Price and shall be updated in the Prospectus prior to filing with the RoC.

As of September 30, 2024, our Company’s CRAR was 37.61% comprising of Tier – I capital. The following table sets forth certain details regarding our Company’s CRAR and Tier – I capital ratios, as of the dates indicated:

Particulars	As of / For the six months ended		As of / For the Year Ended		
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
CRAR (%)⁽¹⁾	37.61	29.97	32.79	31.07	36.03
Tier I Capital (%)⁽²⁾	37.61	29.97	32.79	31.07	36.03

Notes:

- ⁽¹⁾ Tier I capital represents- Tier I capital computed basis the method provided by the regulator as at the last day of relevant fiscal year/ period. Tier II capital by risk weighted assets (computed in accordance with the relevant RBI guidelines).
- ⁽²⁾ Tier I capital comprises share capital, share premium, retained earnings including current year profit. Tier II capital comprises provision on stage I loan assets and subordinated liability. Risk weighted assets represent the weighted sum of our credit exposures based on their risk (Computed in accordance with the relevant RBI guidelines).

Set forth below are the details of our asset under management as at and for the six months ended September 30, 2024, and September 30, 2023 and the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022:

(₹ in million, except percentages)

Particulars	As of / For the six months ended		As of / For the Year Ended March 31,		
	September 30, 2024	September 30, 2023	2024	2023	2022
AUM	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
AUM growth (%)	11.57	23.77	64	57.45	10.13

Notes:

- ⁽¹⁾ AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees’ share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- ⁽²⁾ AUM growth represents percentage growth in AUM as of the relevant year/ period over AUM of the previous year end.

Set out below are details of our total Term Loans (Gross) and Gross carrying amount of Stage 3 loans (Gross NPAs) as at the dates indicated below:

(in ₹ million, unless stated otherwise)

Particulars	As of / For the Year Ended March 31,		
	2024	2023	2022
Term Loans (Gross) ⁽¹⁾	41,296.60	26,056.88	17,396.40
Gross carrying amount of Stage 3 loans	1,316.30	653.90	572.80
Gross Stage 3 Loans (%) ⁽²⁾	3.19	2.49	3.29

⁽¹⁾ Term Loans (Gross) represents aggregate of principal outstanding of term loans, interest accrued and other Ind AS adjustments held in our books as on the last day of the relevant year.

⁽²⁾ Gross Stage 3 Loans (%) represents the Gross carrying amount of Stage 3 loans to the Gross Term Loans as of the last day of the relevant year.

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. For further details, see “**Our Business**” on page 201.

The Net Proceeds are expected to lead to an improvement in the overall capital position of our Company, which in turn will help reducing the overall leverage of our Company, thus enabling us to optimize our leverage to a higher level to undertake onward lending. Further, the Net Proceeds of ₹[●] million may be utilized towards onward lending, among other things, and improve our CRAR, and enable us to leverage more. We anticipate that the portion of the Net Proceeds allocated towards this object will be sufficient to satisfy our Company's future capital requirements till Fiscal 2026, which are expected to arise of out of growth of our business and assets.

Offer related Expenses

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

The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund Bank and Sponsor Banks including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Other than (i) the listing fees which will be solely borne by our Company, (ii) audit fees of the Statutory Auditors and expenses for any corporate advertisements, i.e. any corporate advertisements consistent with past practices of our Company, and not related to the Offer, which shall be borne solely by our Company and (iii) fees and expenses for the legal counsel to the Selling Shareholders, if any, which shall be solely borne by the respective Selling Shareholders; all costs, charges, fees and expenses that are associated with and incurred in connection with the Offer including, *inter alia*, filing fees, book building fees and other charges, fees and expenses of the SEBI, the Stock Exchanges, the Registrar of Companies and any other Governmental Authority, advertising, printing, accommodation and travel expenses, fees and expenses of the legal counsel to our Company and the BRLMs, registrar fees and broker fees (including fees for procuring of applications), bank charges, fees and expenses of the BRLMs, syndicate members, Self-Certified Syndicate Banks, other Designated Intermediaries and any other consultant, advisor or third party in connection with the Offer shall be shared amongst our Company and each of the Selling Shareholders on a pro rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale (“**Proportion**”). It is further clarified that our Company shall provide requisite supporting documents in relation to the Offer to the Selling Shareholders to support the Selling Shareholders' claims for expense deduction in relation to the Offer, while filing their respective tax returns and shall cooperate in sharing any information reasonably required by the Selling Shareholders during their respective tax assessments. All the expenses relating to the Offer shall be paid by our Company in the first instance. Upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, each Selling Shareholder shall reimburse our Company for any documented expenses in relation to the Offer paid by our Company on behalf of such Selling Shareholder directly from the Public Offer Account. In the event of withdrawal or abandonment of the Offer or if the Offer is not successful or consummated, all costs and expenses (including all applicable taxes) with respect to the Offer which may have accrued up to the date of such postponement, withdrawal, abandonment or failure shall be shared amongst our Company and each of the Selling Shareholders on a pro rata basis, in proportion to the number of Equity Shares proposed to be issued and Allotted by our Company through the Fresh Issue and the respective portion of the Offered Shares proposed to be transferred by each of the Selling Shareholders in the Offer for Sale.

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

(₹ in million)

Activity	Estimated expenses ⁽¹⁾	As a % of the total estimated Offer expenses ⁽¹⁾	As a % of the total Offer size ⁽¹⁾
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/ processing fee for SCSBs and Bankers to the Offer and fees payable to the Sponsor Bank(s) for Bids made by UPI Bidders. Brokerage, selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to advisors, consultants and other parties to the Offer:			
- Statutory Auditor			
- Independent Chartered Accountant	[●]	[●]	[●]
- CRISIL	[●]	[●]	[●]
- Fee payable to legal counsels	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

⁽¹⁾ Amounts will be finalised and incorporated in the Prospectus upon determination of the Offer Price.

⁽²⁾ Selling commission payable to the SCSBs on the portion for RIIs, Non-Institutional Investors, which are directly procured and uploaded by the SCSBs, would be as follows:

Portion for RII*	[●]% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted* (plus applicable taxes)

* Amount Allotted is the product of the number of Equity Shares of face value of ₹2 each Allotted and the Offer Price

⁽³⁾ No uploading / processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the Bid cum Application Forms directly procured by them.

The selling commission and bidding charges payable to Registered Brokers, the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.

Processing fees payable to the SCSBs on the portion for RIIs, Non-Institutional Investors 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 RIIs	₹[●] per valid Bid cum Application Form (plus applicable taxes)
Portion for Non-Institutional Investors	₹[●] per valid Bid cum Application Form (plus applicable taxes)

The Selling commission payable to the Syndicate / sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / sub-Syndicate Member.

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

Members of the Syndicate / RTAs / CDPs / Registered Brokers	₹[●] per valid Bid cum Application Form* (plus applicable taxes)
Sponsor Bank(s)	₹[●] per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank(s) shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.

* For each valid application.

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

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation in compliance with SEBI Master Circular.

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

Portion for RIIs*	[●]% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors*	[●]% of the Amount Allotted* (plus applicable taxes)

* Amount Allotted is the product of the number of Equity Shares of face value of ₹2 each Allotted and the Offer Price.

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 in accordance with the investment policy of the Company, as may be amended by the Board and/or a duly appointed committee from time to time.

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 terms of Regulation 41 of the SEBI ICDR Regulations, as the proposed Fresh Issue exceeds ₹1,000.00 million, our Company will appoint a monitoring agency to monitor the utilisation of the Gross Proceeds, prior to filing of the Red Herring Prospectus with the RoC. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Gross Proceeds and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Gross Proceeds have been utilised in full. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Gross Proceeds, including interim use under a separate head in its balance sheet for such Financial Years as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Gross Proceeds have been utilised, till the time any part of the Gross Proceeds remains unutilised. Our Company will also, in its balance sheet for the applicable Financial Years, provide details, if any, in relation to all such Gross Proceeds that have not been utilised, if any, of such currently unutilised Gross Proceeds.

Pursuant to Regulations 18(3) and 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Gross Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the statutory auditor or an independent chartered accountant of our Company and such certification shall be provided to the Monitoring Agency. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Gross Proceeds from the objects of the Issue as stated above; and (ii) details of category wise variations in the utilisation of the Gross Proceeds from the objects of the Issue as stated above. Further, our Company, on a quarterly basis, shall include the deployment of Gross Proceeds under various heads, as applicable, in the notes to our quarterly results. Our Company will indicate investments, if any, of unutilised Gross Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 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.

Other Confirmations

No part of the Net Proceeds will be paid by us as consideration to our Directors, Key Managerial Personnel and members of Senior Management except to the extent of any proceeds received pursuant to the sale of Offered

Shares, in compliance with applicable law.

Our Company has not entered into and is not planning to enter into any arrangement/ agreements with our Directors, Key Managerial Personnel and members of Senior Management 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 Price Band and Offer Price will be determined by our Company in consultation with the BRLMs, and in accordance with applicable law, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹2 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 also refer to the sections “*Risk Factors*”, “*Our Business*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 30, 201, 284 and 391, respectively, to have an informed view before making an investment decision.

I. Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are set forth below:

- Leading small-ticket lender in MSME ecosystem with focus on serving large and untapped market of micro enterprises;
- Comprehensive portfolio of lending products for micro enterprises resulting in high customer retention;
- Strong underwriting method;
- Robust multi-tiered collections capabilities;
- Building resilience through technological prowess;
- Access to diversified lender base and cost-effective financing; and
- Experienced and professional management team backed by marquee investors with a committed employee base.

For further details, see “*Risk Factors*” and “*Our Business –Competitive Strengths*” on pages 30 and 209, respectively.

II. Quantitative Factors

Certain information presented below relating to our Company is based on the Restated Financial Statements. For details, see “*Financial Statements*” on page 284.

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

1. Basic and diluted earnings per Equity Share (“EPS”) for continuing operations:

As derived from the Restated Financial Statements:

For the period ended as at	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2024	10.62	10.50	3
March 31, 2023	2.83	2.79	2
March 31, 2022	(3.31)	(3.31)	1
Weighted Average	5.70	5.63	-
Six months ended September 30, 2024*	6.09	5.97	-
Six months ended September 30, 2023*	5.08	5.02	-

*Not annualized.

Notes:

- (1) Basic EPS amounts are calculated by dividing the profit for the year/period attributable to equity Shareholders of the Company by the weighted average number of equity shares outstanding during the year (adjusted for sub-division of face value of equity shares from ₹ 10 to ₹ 2 as listed below).
- (2) Diluted EPS amounts are calculated by dividing the profit attributable to equity Shareholders by the weighted average number of equity shares outstanding during the year/period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares (as adjusted for sub-division of face value of equity shares from ₹ 10 to ₹ 2 as listed below).
- (3) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x weight) for each year /Total of weights
- (4) EPS has been calculated in accordance with the Ind AS 33 – “Earnings per share” notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

(5) Pursuant to a resolution passed by our Board on October 16, 2024, and a resolution passed by our Shareholders on October 17, 2024, the face value of equity shares of our Company was sub-divided from face value of ₹10 each to face value of ₹2 each. Sub-division of equity shares is retrospectively considered for the computation of basic EPS and diluted EPS in accordance with Ind AS 33 for all the Financial Years/ periods presented.

2. Price/Earning (“P/E”) ratio in relation to the Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E ratio at the Floor Price (no. of times)*	P/E at the Cap Price (no. of times)*
Based on basic EPS for Fiscal 2024	[●]	[●]
Based on diluted EPS for Fiscal 2024	[●]	[●]

* To be updated at the Price Band stage.

3. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section, the highest, lowest and industry average P/E ratio are set forth below:

Particulars	Name of the Company	P/E	Face value per equity share (₹)
Highest	SBFC Finance Limited	40.10	10
Lowest	Five-Star Business Finance Limited	22.85	1
Average		31.48	

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section.

(2) P/E ratio has been computed based on the closing market price of the equity shares of the peers identified above, as on December 13, 2024, on www.nseindia.com, divided by the Diluted EPS as on March 31, 2024.

(3) All the financial information for listed industry peers mentioned above is sourced from the audited financial statements of the relevant companies for Fiscal 2024, as available on the websites of the Stock Exchanges.

4. Return on Net Worth (“RoNW”)

As derived from the Restated Financial Statements:

For the period ended as at	RoNW (%)	Weight
March 31, 2024	17.22	3
March 31, 2023	5.99	2
March 31, 2022	(7.05)	1
Weighted Average	9.43	-
Six months ended September 30, 2024*	7.61	-
Six months ended September 30, 2023*	9.87	-

* Not annualized.

Notes:

(1) Net worth represents total equity as of the last day of the relevant year / period.

(2) The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight.

(3) Return on Net Worth = Net profit/(loss) after tax for the years/ periods attributable to the owners of the Company divided by Average Net Worth of the Company for the respective year / period.

5. Net Asset Value per Equity Share

NAV per Equity Share	NAV per Equity Share (Diluted)(₹)	NAV per Equity Share (Basic)(₹)
As on September 30, 2024*	88.42	90.24
As on March 31, 2024	75.63	76.47
<i>After the Offer</i>		
- At the Floor Price	[●]	[●]
- At the Cap Price	[●]	[●]
<i>At Offer Price</i>	[●]	[●]

* Not annualized.

Notes:

1. Basic Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements / Weighted Average number of Equity Shares as at the end of year/period.

2. Diluted Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements / weighted average number of equity shares outstanding during the year/period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

3. Net worth represents Total equity as of the last day of the relevant year / period.

4. Pursuant to a resolution passed by our Board on October 16, 2024, and a resolution passed by our Shareholders on October 17, 2024, the face value of equity shares of our Company was sub-divided from face value of ₹10 each to face value of ₹ 2 each. Sub-division of equity shares is retrospectively considered for the computation of NAV for all the Financial Years/ periods presented.

III. Key Performance Indicators

The table below sets forth the details of the key performance indicators (“**KPIs**”) that our Company considers have a bearing for arriving at the basis for Offer Price. These KPIs have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various vertical segments. The Bidders can refer to the below-mentioned KPIs, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company’s performance in various business verticals and make an informed decision.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 16, 2024 and the Audit Committee has confirmed that the KPIs pertaining to our Company that have been disclosed to investors at any point of time during the three years period prior to the date of this Draft Red Herring Prospectus have been disclosed in this section and have been subject to verification and certification by the Statutory Auditors, pursuant to certificate dated December 16, 2024 which has been included as part of the “**Material Contracts and Documents for Inspection**” on page 560.

For details of our key operating, financial and other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see “**Our Business**” on page 201, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on page 391, and “**Selected Statistical Information**” on page 430.

A list of our KPIs for the six months ended September 30, 2024 and September 30, 2023 and the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 is set out below:

Data points	Classification	Unit	For the six months period ended		Fiscal		
			September 30, 2024	September 30, 2023	2024	2023	2022
Number of Branches ⁽¹⁾	Geography	Number	499	398	478	398	311
Number of States/UTs ⁽²⁾	Geography	Number	21	21	21	21	20
Assets Under Management (AUM) ⁽³⁾	Portfolio/AUM overview	₹ in million	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
AUM Growth YoY ⁽⁴⁾	Portfolio/AUM overview	%	47.84	71.83	64.00	57.45	10.13
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan) ⁽⁵⁾	Portfolio/AUM overview	%					
<i>Hypothecation secured</i>		%	46.75	58.50	51.94	63.60	55.06
<i>Hypothecation unsecured</i>		%	41.47	33.89	37.91	30.26	36.61
<i>'Saral' Property Loans</i>		%	2.29	3.43	2.65	4.27	7.81
<i>Mortgage loans</i>		%	9.49	4.18	7.50	1.86	0.52
AUM per Branch ⁽⁶⁾	Portfolio/AUM overview	₹ in million	99.79	84.63	93.37	68.38	55.58
Retention Rate ⁽⁷⁾	Portfolio/AUM overview	%	49.03	44.28	49.59	41.18	40.59
Disbursements Total ⁽⁸⁾	Disbursement overview	₹ in million	20,141.46	16,190.05	39,389.34	23,570.93	13,042.48
Disbursements in Repeat loans ⁽⁹⁾	Disbursement overview	₹ in million	9,114.24	5,966.80	14,897.96	6,048.80	5,026.51
Disbursement Growth YoY ⁽¹⁰⁾	Disbursement overview	%	24.41	97.45	67.11	80.72	95.22
Disbursement Mix (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan) ⁽¹¹⁾	Disbursement overview	%					
<i>Hypothecation secured</i>		%	43.81	53.72	50.32	66.27	63.94
<i>Hypothecation unsecured</i>		%	46.48	38.27	40.15	28.84	32.15
<i>'Saral' Property Loans</i>		%	1.37	2.09	1.80	2.92	3.70
<i>Mortgage loans</i>		%	8.34	5.92	7.73	1.97	0.21
Disbursement per LA ⁽¹²⁾	Disbursement overview	Nos	31.31	34.56	82.23	78.83	43.37
Average ticket size on Disbursement (Overall) ⁽¹³⁾	Disbursement overview	₹ in million	0.15	0.14	0.15	0.13	0.12
Average ticket size on Disbursement (Repeat loans) ⁽¹⁴⁾	Disbursement overview	₹ in million	0.19	0.18	0.19	0.17	0.13

Data points	Classification	Unit	For the six months period ended		Fiscal		
			September 30, 2024	September 30, 2023	2024	2023	2022
Total Interest Income ⁽¹⁵⁾	Profit and loss	₹ in million	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Total Income ⁽¹⁶⁾	Profit and loss	₹ in million	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Finance Cost ⁽¹⁷⁾	Profit and loss	₹ in million	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net Interest Income (NII) ⁽¹⁸⁾	Profit and loss	₹ in million	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10
Operating Expense ⁽¹⁹⁾	Profit and loss	₹ in million	2,360.30	1,770.20	3,797.82	2,940.59	2,291.52
Profit After Tax ⁽²⁰⁾	Profit and loss	₹ in million	1,078.00	787.89	1,716.79	438.53	(513.50)
Return On Equity (RoE) ⁽²¹⁾	Ratios	%	15.22	19.73	17.22	5.99	(7.05)
Yield on Net Advances ⁽²²⁾	Ratios	%	29.58	29.72	28.43	26.19	24.93
Yield on Gross Advances ⁽²³⁾	Ratios	%	28.63	29.08	27.65	25.54	23.85
Net Interest Margin (NIM) ⁽²⁴⁾	Ratios	%	15.37	15.42	15.55	13.54	11.31
Cost of Borrowings / Average cost of borrowing / funds ⁽²⁵⁾	Ratios	%	11.64	11.26	11.40	11.80	12.99
Average cost of borrowing / funds (on Total Assets) ⁽²⁶⁾	Ratios	%	8.57	8.18	8.16	7.27	7.14
Return on average Total Assets (RoTA) ⁽²⁷⁾	Ratios	%	4.03	4.35	4.29	1.61	(2.31)
Credit cost to Average Total Assets ⁽²⁸⁾	Ratios	%	3.79	2.28	3.28	2.69	5.45
Operating Expense to Average Total Assets ⁽²⁹⁾	Ratios	%	8.83	9.77	9.49	10.80	10.32
Capital to risk weighted assets ratio (CRAR) ⁽³⁰⁾	Ratios	%	37.61	29.97	32.79	31.07	36.03
Cost to Income Ratio ⁽³¹⁾	Ratios	%	48.39	52.85	50.96	66.03	80.42
Gross NPA ⁽³²⁾	Ratios	%	3.32	2.69	3.19	2.49	3.29
Net NPA ⁽³³⁾	Ratios	%	1.15	1.26	0.91	1.28	1.37
PCR (Provision Coverage Ratio) ⁽³⁴⁾	Ratios	%	66.07	53.83	72.14	49.82	59.12
Debt to Equity (D/E) ratio (Leverage) ⁽³⁵⁾	Ratios	Times	2.56	3.78	2.83	3.03	2.16
Net Worth ⁽³⁶⁾	Balance sheet	₹ in million	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Borrowings/Total Debt ⁽³⁷⁾	Balance sheet	₹ in million	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40
Average disbursement per Branch ⁽³⁸⁾	Productivity	₹ in million	40.36	40.68	82.40	59.22	41.94
Collection efficiency (%) ⁽³⁹⁾	Productivity	%	92.38	94.51	93.95	93.10	85.75
Number of Active customers ⁽⁴⁰⁾	Productivity	Number	508,224	367,766	454,586	305,524	191,338
Credit Rating ⁽⁴¹⁾	Ratings	Letter grade					
i)	NCD*		[IND] A Stable	[IND] A- Stable	[IND] A-Positive	[IND] A-Stable	[IND] A-Stable
ii)	Bank loans*		[IND] A Stable	[IND] A- Stable	[IND] A-Positive	[IND] A-Stable	[IND] A-Stable
iii)	Commercial paper*		[IND] A1 Stable	[IND] A2+ Stable	[IND] A1 Positive	[IND] A2+ Stable	[IND] A2+ Stable

Data points	Classification	Unit	For the six months period ended		Fiscal		
			September 30, 2024	September 30, 2023	2024	2023	2022
iv)	Principal protected market-linked debenture (PP-MLD)*		IND PP-MLD A – Stable	IND PP-MLD A – Stable	IND PP-MLD A – Positive	IND PP-MLD A – Stable	IND PP-MLD A – Stable
v)	NCD**		N.A.	N.A.	N.A.	[ICRA] BBB+ Positive	[ICRA] BBB+ Stable
vi)	Fund based term loan***		N.A.	N.A.	N.A.	N.A.	[ICRA] BBB+ Stable
vii)	Market Linked NCD (MLD)***		N.A.	N.A.	N.A.	N.A.	PP-MLD [ICRA]AA(CE) Stable

*Pursuant to the rating letter dated July 19,2024 by India Ratings and Research Limited. As per the ratings provided, (i) long-term issuer rating was revised from 'IND A-/ Positive Outlook' to 'IND A/Stable Outlook', and (ii) Affirms Commercial paper at 'IND A1'.

** Ratings provided by ICRA were withdrawn w.e.f. May 19, 2023.

*** Rating withdrawn

- (1) Number of branches represents the aggregate number of branches of our Company as of the last day of relevant period/year.
- (2) Number of states and union territories represents the total number of states and union territories where Company has presence as at the last day of the relevant fiscal year /period.
- (3) AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- (4) AUM Growth represents percentage growth in AUM for the relevant period/year over AUM of the previous period/year end.
- (5) AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- (6) AUM per branch is AUM as at the last day of the relevant fiscal year / period divided by the aggregate number of our branches as at the last day of relevant fiscal year / period
- (7) Retention rate is number of customers who took repeat loans during their lifetime plus number of attrited customers who took repeat loan in the relevant fiscal year / period divided by number of customers with EMI end date in relevant fiscal year / period.
- (8) Disbursements represent the aggregate of all loan amounts extended to our customers in the relevant period/year.
- (9) Repeat loans represent the subsequent loan taken by a borrower after taking the first loan with us.
- (10) Disbursement growth represents percentage growth in disbursements for the relevant period/year over disbursements of the previous period/year end.
- (11) Disbursement mix is the composition of Total Disbursements in hypothecation secured loans, hypothecation unsecured loans, 'Saras' Property Loans and mortgage loans
- (12) Disbursement per Loan Advisor(LA) is the total disbursements for hypothecation loan (HL) and 'Saras' Property Loans (SPL) for the relevant fiscal year / period divided by the average loan advisors for hypothecation loan (HL) and 'Saras' Property Loans (SPL) for the relevant fiscal year / period.
- (13) Average ticket size (ATS) on Disbursement (Overall) is computed by dividing the amount disbursed (both to new and existing customers) by the number of loans disbursed for the relevant period/year.
- (14) Average ticket size (ATS) on Disbursement (Repeat loans) is computed by dividing the amount disbursed to repeated customers (both to new and existing customers) by the number of repeat loans disbursed for the relevant period/year.
- (15) Total Interest Income represents the interest income earned for the relevant fiscal year / period from loans and advances, deposits with banks and investments.
- (16) Total Income represents the sum of total revenue from operations and other income for the relevant fiscal year / period.
- (17) Finance Cost represents the sum of total cost of borrowings for the relevant fiscal year / period.
- (18) Net Interest Income (NII) represents Interest income less Finance Costs, for the relevant period/year.
- (19) Operating Expense represents employee benefits expense, depreciation and amortization expense, and other expenses for the relevant period/year.
- (20) Profit After Tax refers to the profits after deducting the tax expenses for the relevant fiscal year / period.
- (21) Return On Equity (RoE) is calculated as the profit after tax for the relevant year as a percentage of average Net Worth in such year/period.
- (22) Yield on average Net Advances represents the ratio of interest income for the period/year to the average net advance for the period/year.
- (23) Yield on average Gross Advances represents the ratio of interest income for the period/year to the average gross advance for the period/year.
- (24) Net Interest Margin (NIM) represents our Net Interest Income for the period/year to the average total assets for the period/year, represented as a percentage. And Net Interest Income represents Interest Income less Finance Cost of the relevant period / year.

- ⁽²⁵⁾ *Cost of Borrowings (Average cost of borrowing) represents finance cost for the relevant period/year as a percentage of Average Total Borrowings in such period/year. And, Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year*
- ⁽²⁶⁾ *Average cost of borrowing / funds (on Total Assets) represents Finance Cost for the relevant period/year as a percentage of average total assets in such period/year.*
- ⁽²⁷⁾ *Return on average Total Assets (RoTA) is calculated as the Profit After Tax for the relevant period / year as a percentage of average Total Assets in such period / year.*
- ⁽²⁸⁾ *Credit cost to Average Total Asset represents our credit cost for a period / year to the average total assets for the period / year.*
- ⁽²⁹⁾ *Operating Expense to Average total assets represents the Operating Expenses for the relevant period / year upon average of total assets for the relevant period / year.*
- ⁽³⁰⁾ *Capital to risk weighted assets ratio (CRAR) is computed by dividing our tier I and tier II capital by risk weighted assets (computed in accordance with the relevant RBI guidelines)*
- ⁽³¹⁾ *Cost to Income Ratio represents Operating Expenses upon total income less Finance Costs for the relevant period/year.*
- ⁽³²⁾ *Gross NPA represents gross loan book pertaining to loans which are required to be classified as NPA as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time. Gross NPA ratio (%) represents the Gross NPA to the gross loan book as of the last day of the relevant period, as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time*
- ⁽³³⁾ *Net NPA represents the ratio of our Net NPA to net loan portfolio as of last day of the relevant period/year. Net loan portfolio represents total loan portfolio reduced by impairment allowance, as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time.*
- ⁽³⁴⁾ *PCR (Provision Coverage Ratio) represents total provisions held on Gross NPA as of the last day of the year, as a percentage of total Gross NPAs as of the last day of the period/year*
- ⁽³⁵⁾ *Debt to Equity (D/E) ratio (Leverage) represents debt securities, borrowings other than debt securities / Net-Worth. as of the last day of the relevant period/year.*
- ⁽³⁶⁾ *Net Worth means total equity as of the last day of the relevant year / period.*
- ⁽³⁷⁾ *Borrowings (total debt) represents the aggregate of debt securities and borrowings other than debt securities as of the last day of the relevant period/year.*
- ⁽³⁸⁾ *Average disbursement per Branch represents total disbursements of the relevant fiscal year / period divided by the aggregate number of our branches of relevant fiscal period / year.*
- ⁽³⁹⁾ *Collection Efficiency represents amount of EMI received, restricted to max of 1 EMI per loan divided by EMI demand/due for the relevant fiscal year /period.*
- ⁽⁴⁰⁾ *Loans Outstanding (no of active customers) represents the total number of customers active as at the last day of relevant fiscal year / period.*
- ⁽⁴¹⁾ *Credit Rating represents the credit rating issued by a/multiple registered rating agency/ies with the SEBI for long term and short term borrowing facilities of our Company as at the last day of relevant fiscal year / period.*

For the definitions and reconciliation of Non-GAAP measures, please see “**Definitions and Abbreviations**” and “**Other Financial Information**” on pages 1 and 381, 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 duration of one year after the date of listing of the Equity Shares, or until the utilization of Offer Proceeds, whichever is later, 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 is not intended to be considered in isolation or as a substitute for the Restated Financial Statements. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited.

Therefore, these KPIs should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Investors are encouraged to review the Ind AS financial measures and to not rely on any KPIs.

The brief description and explanation of the KPIs which the management of our Company considers to analyze, track or monitor the operational and/or financial performance of our Company are set forth below:

S.No	List of KPIs	Explanation
(a)	Number of Branches	These metrics are used by the management to assess the physical presence, footprint and geographical expansion of the business of our Company.
(b)	Number of States/UTs	
(c)	Assets Under Management (AUM)	These metrics are used by the management to assess the growth in terms of scale of business of our Company.
(d)	AUM Growth YoY	
(e)	AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)	
(f)	AUM per Branch	These metrics are used by the management to track the productivity of branches.
(g)	Retention Rate	These metrics are used by the management to assess the growth in terms of scale of business of our Company.
(h)	Disbursements Total	
(i)	Disbursements in Repeat loans	
(j)	Disbursement Growth YoY	
(k)	Disbursement Mix	
(l)	Disbursement per LA	
(m)	Average ticket size (ATS) on Disbursement (Overall)	
(n)	Average ticket size (ATS) on Disbursement (Repeat loans)	These metrics are used by the management to assess type of the business and the concentration of business across sub-segments of our Company.
(o)	Total Interest Income	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(p)	Total Income	
(q)	Finance Cost	
(r)	Net Interest Income (NII)	
(s)	Operating Expense	
(t)	Profit After Tax	
(u)	Return On Equity (RoE)	These metrics are used by the management to assess the return on the deployed capital (including free reserves) and the assets in the business of our Company.
(v)	Yield on average Net Advances	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(w)	Yield on average Gross Advances	
(x)	Net Interest Margin (NIM)	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(y)	Cost of Borrowings (Average cost of borrowing)	
(z)	Average cost of borrowing / funds (on Total Assets)	
(aa)	Return on average Total Assets (RoTA)	
(bb)	Credit cost to Average Total Asset	These metrics are used by the management to assess the return on the deployed capital (including free reserves) and the assets in the business of our Company
		These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company

S.No	List of KPIs	Explanation
(cc)	Operating Expense to Average total assets	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(dd)	Capital to risk weighted assets ratio (CRAR)	These metrics are used by the management to ensure the adequacy of capital for the business growth of our Company.
(ee)	Cost to Income Ratio	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(ff)	Gross NPA	These metrics are used by the management to assess the asset quality of the loan portfolio and adequacy of provisions against delinquent loans
(gg)	Net NPA	
(hh)	PCR (Provision Coverage Ratio)	
(ii)	Debt to Equity (D/E) ratio (Leverage)	These metrics are used by the management to assess the capital requirement for the Company
(jj)	Net Worth	These metrics are used by the management to assess the financial and profitability metrics and cost efficiency of the business of our Company
(kk)	Borrowings (Total Debt)	This metric is used by the management to assess the source of capital borrowed by the Company
(ll)	Average disbursal per Branch	These metrics are used by the management to track the productivity of branches.
(mm)	Collection Efficiency	These metrics are used by the management to track the productivity of branches
(nn)	Loans Outstanding (No of Active customers)	These metrics are used by the management to assess type of the business and the concentration of business across sub-segments of our Company.
(oo)	Credit Rating	Credit Ratings represents the long-term and short-term credit ratings of our Company's various borrowing facilities on the basis of the assessment by independent rating agencies.

IV. Comparison with listed industry peers

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses in terms of our size and our business model:

Name of the company	Face value (₹ per equity share)	Closing price as on December 13, 2024 (₹ per equity share)	Revenue from operations for Financial Year 2024 (in ₹ million)	Earnings per share for Financial Year 2024 (₹)		Net asset value as at March 31, 2024 (₹ per equity share)		Price/earnings ratio for the Financial Year 2024 [#]	Return on net worth for the Financial Year 2024 (%)	Market capitalisation (in ₹ billion)
				Basic	Diluted	Basic	Diluted			
Company	2	NA	10,402.18	10.62	10.50	76.47	75.63	NA [#]	17.22	NA
Listed peers										
SBFC Finance Limited	10	92.24	10,186.40	2.35	2.30	27.49	26.90	40.10	10.53	99.04
Five-Star Business Finance Limited	1	648.80	21,828.47	28.64	28.39	178.05	176.50	22.85	17.53	189.74

Source: All the financial information for our Company mentioned above is based on the Restated Financial Statements for the year ended March 31, 2024. For SBFC Finance Limited and Five-Star Business Finance Limited, financial information is taken from consolidated financial statements and financial statements respectively of the annual report for Fiscal 2024.

[#]To be included in respect of our Company in the Prospectus based on the Offer Price.

Notes:

(1) Basic/diluted earnings per share refers to the basic/diluted earnings per share sourced from the financial statements of the respective peer group companies for the financial year ended.

(2) Basic Net Asset Value per Equity Share = Net worth as per the Restated Financial Statement / Weighted Average number of Equity Shares as at the end of year/period.

(3) Diluted Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements / weighted average number of equity shares outstanding during the year/period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(4) Return on net worth is computed as net profit after tax attributable to shareholders divided by average of opening and closing net worth of the year. Net worth represents total equity as of the last day of the relevant year / period.

(5) Price/earning ratio for the peer group has been computed based on the closing market price of equity shares on December 13, 2024, on www.nseindia.com, divided by the diluted earnings per share for financial year ended March 31, 2024.

(6) Market capitalization is the product of the basic shares outstanding as on March 31, 2024 multiplied by the closing price as on December 13, 2024.

V. Comparison of our KPIs with listed industry peers for the Financial Years included in the Restated Financial Statements

As of, and for the six-month period ended, September 30, 2024

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Number of Branches	Nos	499	192	660
Number of States/UTs	Nos	21	18	10
Assets Under Management (AUM)	₹ in Million	49,797.64	77,150.00	109,272.00

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
AUM Growth YoY	%	47.84	32.95	32.22
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)				
<i>Hypothecation secured</i>	%	46.75	NA	NA
<i>Hypothecation unsecured</i>	%	41.47	NA	NA
<i>'Saral' Property Loans</i>	%	2.29	NA	NA
<i>Mortgage loans</i>	%	9.49	NA	NA
AUM per Branch	₹ in Million	99.79	401.82	165.56
Retention Rate	%	49.03	NA	NA
Disbursements Total	₹ in Million	20,141.46	12,060.00*	25,689.00
Disbursements in Repeat loans	₹ in Million	9,114.24	NA	NA
Disbursement Growth YoY	%	24.41	(11.06)	9.97
Disbursement Mix (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)				
<i>Hypothecation secured</i>	%	43.81	NA	NA
<i>Hypothecation unsecured</i>	%	46.48	NA	NA
<i>'Saral' Property Loans</i>	%	1.37%	NA	NA
<i>Mortgage loans</i>	%	8.34%	NA	NA
Disbursement per LA	Nos	31.31	NA	NA
Average ticket size on Disbursement (Overall)	₹ in Million	0.15	NA	NA
Average ticket size on Disbursement (repeat loans)	₹ in Million	0.19	NA	NA
Total Interest Income	₹ in Million	6,402.39	5,596.46	13,203.39
Total Income	₹ in Million	7,170.45	6,116.92	13,752.22
Finance Cost / Interest Expense	₹ in Million	2,292.57	1,951.42	3,213.25
Net Interest Income (NII)	₹ in Million	4,109.82	3,645.04	9,990.14
Operating Expense	₹ in Million	2,360.30	1,675.51	3,191.96
Profit After Tax	₹ in Million	1,078.00	1,626.99	5,195.07
Return On Equity (RoE)	%	15.22	11.33	19.03
Yield on Net Advances	%	29.58	NA	NA
Yield on Gross Advances	%	28.63	NA	NA
Net Interest Margin (NIM)	%	15.37	9.99	16.30
Cost of Borrowings / Average cost of borrowing / funds [#]	%	11.64	9.28	9.74
Average cost of borrowing / funds (on Total Assets)	%	8.57	5.35	5.24
Return on average Total Assets (RoTA)	%	4.03	4.46	8.48
Credit cost to Average Total Assets	%	3.79	0.92	0.66
Operating Expense to Average Total Assets	%	8.83	4.59	5.21
Capital to risk weighted assets ratio (CRAR)	%	37.61	38.64	48.73
Cost to Income Ratio	%	48.39	40.22	30.29

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Gross NPA	%	3.32	2.69	1.47
Net NPA	%	1.15	1.63	0.71
PCR (Provision Coverage Ratio)	%	66.07	40.17	51.80
Debt to Equity (D/E) ratio (Leverage)	Times	2.56	1.49	1.20
Net Worth	₹ in Million	15,966.33	29,678.34	57,232.83
Borrowings/Total debt	₹ in Million	40,831.01	44,132.25	68,795.29
Average disbursement per branch	₹ in Million	40.36	62.81	38.92
Collection efficiency (%)	(%)	92.38	NA	NA
Loans Outstanding/No of Active customers	Nos	5,08,224	NA	NA
Credit Rating**	Letter Grade			
NCD		[IND] A Stable	NA	NA
Bank loans		[IND] A Stable	NA	NA
Commercial paper		[IND] A1 Stable	NA	NA
Principal protected market-linked debenture (PP-MLD)		IND PP-MLD A Stable	NA	NA

This includes disbursement made to secured MSMEs only.

** Pursuant to the rating letter dated July 19, 2024 by India Ratings and Research Limited, (i) long-term issuer rating was revised from 'IND A- / Positive Outlook' to 'IND A/Stable Outlook', and (ii) 'IND A1' rating for commercial papers was affirmed.

For peers Average Total Borrowing is simple average of borrowing at the end of the period / year and at the end of the last period / year

As of, and for the six-month period ended, September 30, 2023

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Number of Branches	Nos	398	171	456
Number of States/UTs	Nos	21	18	10
Assets Under Management (AUM)	₹ in Million	33,683.72	58,030.00	82,644.00
AUM Growth YoY	%	71.83	42.58	44.17
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)				
<i>Hypothecation secured</i>	%	58.50	NA	NA
<i>Hypothecation unsecured</i>	%	33.89	NA	NA
<i>'Saral' Property Loans</i>	%	3.43	NA	NA
<i>Mortgage loans</i>	%	4.18	NA	NA
AUM per Branch	₹ in Million	84.63	339.36	181.24
Retention Rate	%	44.28	NA	NA
Disbursements Total	₹ in Million	16,190.05	13,560*	23,361.00
Disbursements in Repeat loans	₹ in Million	5,966.80	NA	NA

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Disbursement Growth YoY	%	97.45	25.00	70.42
Disbursement Mix (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)	%			
<i>Hypothecation secured</i>	%	53.72	NA	NA
<i>Hypothecation unsecured</i>	%	38.27	NA	NA
<i>'Saral' Property Loans</i>	%	2.09	NA	NA
<i>Mortgage loans</i>	%	5.92	NA	NA
Disbursement per LA	Nos	34.56	NA	NA
Average ticket size on Disbursement (Overall)	₹ in Million	0.14	NA	NA
Average ticket size on Disbursement (Repeat loans)	₹ in Million	0.18	NA	NA
Total Interest Income	₹ in Million	4,273.79	4,239.24	9,678.29
Total Income	₹ in Million	4,830.51	4,764.38	10,059.37
Finance Cost / Interest Expense	₹ in Million	1,480.99	1,777.65	2,020.58
Net Interest Income (NII)	₹ in Million	2,792.80	2,461.59	7,657.71
Operating Expense	₹ in Million	1,770.20	1,442.74	2,652.70
Profit After Tax	₹ in Million	787.89	995.76	3,830.98
Return On Equity (RoE)	%	19.73	9.21	16.88
Yield on Net Advances	%	29.72	NA	NA
Yield on Gross Advances	%	29.08	NA	NA
Net Interest Margin (NIM)	%	15.42	7.99	16.66
Cost of Borrowings / Average cost of borrowing / funds [#]	%	11.26	9.61	8.91
Average cost of borrowing / funds (on Total Assets)	%	8.18	5.77	4.40
Return on average Total Assets (RoTA)	%	4.35	3.23	8.34
Credit cost to Average Total Assets	%	2.28	0.68	0.56
Operating Expense to Average Total Assets	%	9.77	4.68	5.77
Capital to risk weighted assets ratio (CRAR)	%	29.97	45.04	59.40
Cost to Income Ratio	%	52.85	48.31	33.00
Gross NPA	%	2.69	2.37	1.35
Net NPA	%	1.26	1.33	0.68
PCR (Provision Coverage Ratio)	%	53.83	44.62	50.17
Debt to Equity (D/E) ratio (Leverage)	Times	3.78	1.41	1.02
Net Worth	₹ in Million	8,389.95	25,994.66	47,382.78
Borrowings/Total Debt	₹ in Million	31,730.71	36,567.62	48,192.62
Average disbursement per Branch	₹ in Million	40.68	79.30	51.23
Collection efficiency (%)	(%)	94.51	NA	NA
Loans Outstanding/No of Active customers	Nos	3,67,766	NA	NA
Credit Rating**	Letter Grade			
NCD		[IND] A- Stable	NA	NA

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Bank loans		[IND] A- Stable	NA	NA
Commercial paper		[IND] A2+ Stable	NA	NA
Principal protected market-linked debenture (PP-MLD)		IND PP-MLD A – Stable	NA	NA

*This includes disbursement made to secured MSMEs only

** Pursuant to the rating letter dated March 17,2023 by India Ratings and Research Limited the rating agency has affirmed the rating of 'IND A-/Stable outlook' for long term rating and affirmed the rating of IND A2+/Stable outlook' for Commercial paper.

For peers Average Total Borrowing is simple average of borrowing at the end of the period / year and at the end of the last period / year.

As of, and for the financial year ended, March 31, 2024

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Number of Branches	Nos	478	183	520
Number of States/UTs	Nos	21	18	10
Assets Under Management (AUM)	₹ in Million	44,632.91	68,219.00	96,406.00
AUM Growth YoY	%	64.00	38.02	39.42
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage Loan)				
<i>Hypothecation secured</i>	%	51.94	NA	NA
<i>Hypothecation unsecured</i>	%	37.91	NA	NA
<i>'Saral' Property Loans</i>	%	2.65	NA	NA
<i>Mortgage loans</i>	%	7.50	NA	NA
AUM per Branch	₹ in Million	93.37	372.78	185.40
Retention Rate (number of customers who took repeat loans during their lifetime +number of attrited customers who took repeat loan in current month / number of customers with EMI end date in current month)	%	49.59	NA	NA
Disbursements Total	₹ in Million	39,389.34	27,930.00*	48,814.00
Disbursements in Repeat loans	₹ in Million	14,897.96	NA	NA
Disbursement Growth YoY	%	67.11	22.67	43.93
Disbursement Mix (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)	%			
<i>Hypothecation secured</i>	%	50.32	NA	NA
<i>Hypothecation unsecured</i>	%	40.15	NA	NA
<i>'Saral' Property Loans</i>	%	1.80	NA	NA
<i>Mortgage loans</i>	%	7.73	NA	NA
Disbursement per LA	Nos	82.23	NA	NA
Average ticket size on Disbursement (Overall)	₹ in Million	0.15	NA	NA

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Average ticket size on Disbursement (Repeat loans)	₹ in Million	0.19	NA	NA
Total Interest Income	₹ in Million	9,486.86	9,182.59	21,165.85
Total Income	₹ in Million	10,717.50	10,198.20	21,951.01
Finance Cost / Interest Expense	₹ in Million	3,265.31	3,506.37	4,684.96
Net Interest Income (NII)	₹ in Million	6,221.55	5,676.22	16,480.89
Operating Expense	₹ in Million	3,797.82	3,060.96	5,553.05
Profit After Tax	₹ in Million	1,716.79	2,370.21	8,359.16
Return On Equity (RoE)	%	17.22	10.52	17.53
Yield on Net Advances	%	28.43	16.90	25.06
Yield on Gross Advances	%	27.65	16.58	24.66
Net Interest Margin (NIM)	%	15.55	8.86	16.16
Cost of Borrowings / Average cost of borrowing / funds [#]	%	11.40	9.07	8.87
Average cost of borrowing / funds (on Total Assets)	%	8.16	5.47	4.59
Return on average Total Assets (RoTA)	%	4.29	3.70	8.20
Credit cost to Average Total Assets	%	3.28	0.73	0.54
Operating Expense to Average Total Assets	%	9.49	4.78	5.45
Capital to risk weighted assets ratio (CRAR)	%	32.79	40.52	50.50
Cost to Income Ratio	%	50.96	45.74	32.16
Gross NPA	%	3.19	2.43	1.38
Net NPA	%	0.91	1.36	0.63
PCR (Provision Coverage Ratio)	%	72.14	44.74	54.27
Debt to Equity (D/E) ratio (Leverage)	Times	2.83	1.44	1.22
Net Worth	₹ in Million	12,361.06	27,782.55	51,961.55
Borrowings/Total Debt	₹ in Million	34,989.90	39,960.21	63,158.45
Average disbursement per Branch	₹ in Million	82.40	152.62	93.87
Collection efficiency (%)	(%)	93.95	NA	NA
Loans Outstanding/No of Active customers	Nos	4,54,586	NA	NA
Credit Rating**	Letter Grade		NA	NA
NCD		[IND] A- Positive	NA	NA
Bank loans		[IND] A- Positive	NA	NA
Commercial paper		[IND] A1 Positive	NA	NA
Principal protected market-linked debenture (PP-MLD)		IND PP-MLD A – Positive	NA	NA

[#]This includes disbursement made to secured MSMEs only

^{**}Pursuant to the rating letter dated February 20, 2024 by India Ratings and Research Limited. As per the ratings provided, (i) the long term rating outlook of the Company was upgraded to "Positive" from "Stable", (ii) rating of A- was affirmed, and (iii) for commercial paper, the rating was upgraded to A1 from A2+.

[#] For peers Average Total Borrowing is simple average of borrowing at the end of the period / year and at the end of the last period / year.

As of, and for the financial year ended, March 31, 2023

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Number of Branches	Nos	398	152	373
Number of States/UTs	Nos	21	18	9
Assets Under Management (AUM)	₹ in Million	27,215.51	49,428.00	69,148.00
AUM Growth YoY	%	57.45	54.84	36.46
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)				
<i>Hypothecation secured</i>	%	63.60	NA	NA
<i>Hypothecation unsecured</i>	%	30.26	NA	NA
<i>'Saral' Property Loans</i>	%	4.27	NA	NA
<i>Mortgage loans</i>	%	1.86	NA	NA
AUM per Branch	₹ in Million	68.38	325.18	185.38
Retention Rate	%	41.18	NA	NA
Disbursements Total	₹ in Million	23,570.93	22,768.20*	33,914.00
Disbursements in Repeat loans	₹ in Million	6,048.80	NA	NA
Disbursement Growth YoY	%	80.72	70.83	93.11
Disbursement Mix (hypothecation loan-Secured, hypothecation loan-Unsecured, 'Saral' Property Loans, mortgage loan)				
<i>Hypothecation secured</i>	%	66.27	NA	NA
<i>Hypothecation unsecured</i>	%	28.84	NA	NA
<i>'Saral' Property Loans</i>	%	2.92	NA	NA
<i>Mortgage loans</i>	%	1.97	NA	NA
Disbursement per LA	Nos	78.83	NA	NA
Average ticket size on Disbursement (Overall)	₹ in Million	0.13	NA	NA
Average ticket size on Disbursement (Repeat loans)	₹ in Million	0.17	NA	NA
Total Interest Income	₹ in Million	5,664.85	6,541.52	14,987.84
Total Income	₹ in Million	6,433.35	7,403.61	15,289.28
Finance Cost / Interest Expense	₹ in Million	1,979.60	2,764.52	2,662.51
Net Interest Income (NII)	₹ in Million	3,685.25	3,777.00	12,325.33
Operating Expense	₹ in Million	2,940.59	2,304.07	4,377.95
Profit After Tax	₹ in Million	438.53	1,497.96	6,034.96
Return On Equity (RoE)	%	5.99	9.94	14.99
Yield on Net Advances	%	26.19	16.09	24.54
Yield on Gross Advances	%	25.54	15.77	24.11
Net Interest Margin (NIM)	%	13.54	7.36	16.38
Cost of Borrowings / Average cost of borrowing / funds [#]	%	11.80	8.28	7.82
Average cost of borrowing / funds (on Total Assets)	%	7.27	5.39	3.54

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Return on average Total Assets (RoTA)	%	1.61	2.92	8.02
Credit cost to Average Total Assets	%	2.69	0.62	0.27
Operating Expense to Average Total Assets	%	10.80	4.49	5.82
Capital to risk weighted assets ratio (CRAR)	%	31.07	31.90	67.17
Cost to Income Ratio	%	66.03	49.67	34.67
Gross NPA	%	2.49	2.57	1.36
Net NPA	%	1.28	1.58	0.69
PCR (Provision Coverage Ratio)	%	49.82	39.32	49.33
Debt to Equity (D/E) ratio (Leverage)	Times	3.03	2.16	0.98
Net Worth	₹ in Million	7,579.52	17,273.28	43,395.35
Borrowings/Total Debt	₹ in Million	22,961.61	37,390.62	42,472.79
Average disbursement per Branch	₹ in Million	59.22	149.79	90.92
Collection efficiency (%)	(%)	93.10	NA	NA
Loans Outstanding/No of Active customers	Nos	3,05,524	NA	NA
Credit Rating	Letter Grade			
NCD**		[IND] A- Stable	NA	NA
Bank loans**		[IND] A- Stable	NA	NA
Commercial paper**		[IND] A2+ Stable	NA	NA
Principal protected market-linked debenture (PP-MLD)**		IND PP-MLD A –Stable	NA	NA
NCD***		[ICRA] BBB+ Positive	NA	NA

*This includes disbursement made to secured MSMEs only.

** Pursuant to the rating letter dated March 17,2023 by India Ratings and Research Limited the rating agency has affirmed the rating of 'IND A-/Stable outlook' for long term rating and affirmed the rating of IND A2+/Stable outlook' for Commercial paper.

*** Ratings provided by ICRA were withdrawn w.e.f. May 19, 2023.

For peers Average Total Borrowing is simple average of borrowing at the end of the period / year and at the end of the last period / year.

As of, and for the financial year ended, March 31, 2022

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Number of Branches	Nos	311	135	300
Number of States/UTs	Nos	20	18	9
Assets Under Management (AUM)	₹ in Million	17,284.86	31,922.00	50,671.00
AUM Growth YoY	%	10.13	41.27	13.99
AUM Mix by Product (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, Mortgage Loan)				
Hypothecation secured	%	55.06	NA	NA
Hypothecation unsecured	%	36.61	NA	NA

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
'Saral' Property Loans	%	7.81	NA	NA
Mortgage loans	%	0.52	NA	NA
AUM per Branch	₹ in Million	55.58	236.46	168.90
Retention Rate	%	40.59	NA	NA
Disbursements Total	₹ in Million	13,042.48	13,328.28*	17,562.00
Disbursements in Repeat loans	₹ in Million	5,026.51	NA	NA
Disbursement Growth YoY	%	95.22	123.81	41.06
Disbursement Mix (hypothecation loan-secured, hypothecation loan-unsecured, 'Saral' Property Loans, mortgage loan)	%			
Hypothecation secured	%	63.94	NA	NA
Hypothecation unsecured	%	32.15	NA	NA
'Saral' Property Loans	%	3.70	NA	NA
Mortgage loans	%	0.21	NA	NA
Disbursement per LA	Nos	43.37	NA	NA
Average ticket size on Disbursement (Overall)	₹ in Million	0.12	NA	NA
Average ticket size on Disbursement (Repeat loans)	₹ in Million	0.13	NA	NA
Total Interest Income	₹ in Million	4,098.60	4,731.46	12,037.66
Total Income	₹ in Million	4,434.90	5,307.02	12,561.69
Finance Cost / Interest Expense	₹ in Million	1,585.50	2,206.17	3,006.00
Net Interest Income (NII)	₹ in Million	2,513.10	2,525.29	9,031.66
Operating Expense	₹ in Million	2,291.52	1,766.09	3,058.42
Profit After Tax	₹ in Million	(513.50)	645.21	4,535.45
Return On Equity (RoE)	%	(7.05)	5.18	15.05
Yield on Net Advances	%	24.93	15.03	24.74
Yield on Gross Advances	%	23.85	14.65	24.26
Net Interest Margin (NIM)	%	11.31	5.75	14.88
Cost of Borrowings / Average cost of borrowing / funds	%	12.99	7.72	10.05
Average cost of borrowing / funds (on Total Assets)#	%	7.14	5.02	4.95
Return on average Total Assets (RoTA)	%	(2.31)	1.47	7.47
Credit cost to Average Total Assets	%	5.45	0.82	0.75
Operating Expense to Average Total Assets	%	10.32	4.02	5.04
Capital to risk weighted assets ratio (CRAR)	%	36.03	26.21	75.20
Cost to Income Ratio	%	80.42	56.96	32.01
Gross NPA	%	3.29	2.74	1.05
Net NPA	%	1.37	1.63	0.68
PCR (Provision Coverage Ratio)	%	59.12	40.40	34.91
Debt to Equity (D/E) ratio (Leverage)	Times	2.16	2.28	0.69
Net Worth	₹ in Million	7,054.05	12,871.68	37,103.51

Data points	Unit	Aye Finance Limited (Formerly known as Aye Finance Private Limited)	SBFC Finance Limited	Five Star Business Finance Limited
Borrowings/Total Debt	₹ in Million	15,207.40	29,399.07	25,588.31
Average disbursal per Branch	₹ in Million	41.94	98.73	58.54
Collection efficiency (%)	(%)	85.75	NA	NA
Loans Outstanding/No of Active customers	Nos	1,91,338	NA	NA
Credit Rating	Letter Grade			
NCD**		[IND] A- Stable	NA	NA
Bank loans**		[IND] A- Stable	NA	NA
Commercial paper**		[IND] A2+ Stable	NA	NA
Principal protected market-linked debenture (PP-MLD)**		IND PP-MLD A – Stable	NA	NA
NCD***		[ICRA] BBB+ Stable	NA	NA
Fund based term loan ^		[ICRA] BBB+ Stable	NA	NA
Market Linked NCD (MLD) ^		PP-MLD [ICRA]AA(CE) Stable	NA	NA

*This includes disbursement made to secured MSMEs only.

** Pursuant to the rating letter dated March 23,2022 by India Ratings and Research Limited the rating agency has affirmed the rating of 'IND A-/Stable outlook. Additionally, rating agency assigned Commercial Paper and Principal protected market-linked debenture rating.

*** Pursuant to the ratings letter dated January 28, 2022 by ICRA , the rating of BBB+ with stable outlook was affirmed.

^ Ratings withdrawn.

For peers Average Total Borrowing is simple average of borrowing at the end of the period / year and at the end of the last period / year.

VI. Comparison of Key Performance Indicators over time shall be explained based on additions or dispositions to our business

Our Company has not made any additions or dispositions to its business during the six months ended September 30, 2024 and September 30, 2023 and the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022.

VII. Weighted average cost of acquisition, Floor Price and Cap Price

- 1. Price per share of the Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under Employee Stock Option Plans 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 the Company in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Primary Issuances”)**

Date of Issuance	Name of Allottee	Nature of Transaction	No. of Equity Shares/Preference shares ^	% of paid up capital (fully diluted prior to allotment)	Cost per Equity Share/Preference shares (including securities premium) (₹) ^{#*^}
January 5, 2024	British International Investment plc	Allotment of Series F CCPS**	3,821,977	11.04	654.11
January 5, 2024	Waterfield Alternative Investments Fund I	Allotment of Series F CCPS**	535,068	1.55	654.11
January 5, 2024	A91 Emerging Fund I LLP	Allotment of Series F CCPS**	382,199	1.10	654.11
September 23, 2024	Elevation Capital V Limited	Conversion of Series A CCPS into equity shares	5,171,910	2.86	5.80
September 23, 2024	MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A CCPS into equity shares	5,171,910	2.86	56.13
September 23, 2024	Elevation Capital V Limited	Conversion of Series A1 CCPS into equity shares	7,339,315	4.05	13.63
September 23, 2024	MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series A1 CCPS into equity shares	2,201,795	1.22	56.13
September 23, 2024	A91 Emerging Fund I LLP	Conversion of Series A1 CCPS into equity shares	5,137,520	2.84	110.48
September 23, 2024	Elevation Capital V Limited	Conversion of Series B CCPS into equity shares	10,303,010	5.69	21.35
September 23, 2024	LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series B CCPS into equity shares	14,049,055	7.76	21.35
September 23, 2024	A91 Emerging Fund I LLP	Conversion of Series B CCPS into equity shares	8,429,735	4.66	110.48
September 23, 2024	Elevation Capital V Limited	Conversion of Series C CCPS into equity shares	7,985,025	4.41	51.25
September 23, 2024	LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series C CCPS into equity shares	4,917,265	2.72	51.25
September 23, 2024	CapitalG LP	Conversion of Series C CCPS into equity shares	15,781,255	8.72	51.25
September 23, 2024	LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series D CCPS into equity shares	3,421,610	1.89	85.34
September 23, 2024	CapitalG LP	Conversion of Series D CCPS into equity shares	3,904,930	2.16	85.34
September 23, 2024	MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series D CCPS into equity shares	1,824,540	1.01	85.34
September 23, 2024	Alpha Wave India I LP	Conversion of Series D CCPS into equity shares	18,224,365	10.07	85.34
September 23, 2024	Alpha Wave India I LP	Conversion of Series E CCPS into equity shares	2,435,570	1.35	123.17
September 23, 2024	LGT Capital Invest Mauritius PCC with Cell E/VP	Conversion of Series E CCPS into equity shares	4,566,695	2.52	123.17
September 23, 2024	CapitalG International LLC	Conversion of Series E CCPS into equity shares	5,784,485	3.20	123.17
September 23, 2024	MAJ Invest Financial Inclusion Fund II K/S	Conversion of Series E CCPS into equity shares	1,826,680	1.01	123.17
September 23, 2024	A91 Emerging Fund I LLP	Conversion of Series E CCPS into equity shares	2,435,570	1.35	123.17
September 23, 2024	British International Investment plc	Conversion of Series F CCPS into equity shares	17,124,410	9.46	145.99
September 23, 2024	Waterfield Alternative Investments Fund I	Conversion of Series F CCPS into equity shares	2,397,370	1.32	145.99
September 23, 2024	A91 Emerging Fund I LLP	Conversion of Series F CCPS into equity shares	1,712,445	0.95	145.99
September 26, 2024	British International Investment plc	Allotment of equity shares	1,138,135	0.63	175.73
September 26, 2024	IMP2 Assets Pte. Ltd.	Allotment of equity shares	9,557,490	5.28	175.73
Weighted average price[^]					82.59

*As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by their certificate dated December 16, 2024.

[^]Adjusted for sub-division of face value of ₹10 per equity share to ₹ 2 per equity share pursuant to the resolution passed by the Board dated October 16, 2024 and resolution passed by the Shareholders dated October 17, 2024.

**Since conversion of Preference Shares is considered for the calculation of weighted average cost of acquisition, hence the allotment of Preference Shares is not considered for computation of weighted average cost of acquisition.

[#] Cash consideration for equity shares acquired pursuant to conversion of Preference Shares into equity shares has been paid at the time of issuance of relevant Preference Shares.

2. **Price per share of the Company (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving any of the Selling Shareholders or other Shareholders of the Company with rights to nominate directors during the 18 months preceding the date of filing of this DRHP/ RHP, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Secondary Transactions”)**

N.A.

3. **If there are no such transactions to report under 1 and 2 above, the following are the details of the price per share of our Company basis the last five primary or secondary transactions (secondary transactions where Selling Shareholders or other shareholders with the right to nominate directors on our Board, are a party to the transaction), not older than three years prior to the date of filing of this Draft Red Herring Prospectus irrespective of the size of transactions**

N.A.

4. **The Floor Price is [●] times and the Cap Price is [●] times the weighted average cost of acquisition at which the Equity Shares were issued by our Company or sold by our Selling Shareholders or other shareholders with the right to nominate directors on our Board are disclosed below:**

Past transactions	Weighted average cost of acquisition per Equity Share (₹)#	Floor Price (₹)*	Cap Price (₹)*
Weighted average cost of acquisition of Primary Issuances	82.59	[●]	[●]
Weighted average cost of acquisition of Secondary Transactions	NA	[●] times	[●] times

* To be updated at the Prospectus stage.

As certified by B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, by their certificate dated December 16, 2024.

5. **Detailed explanation for Offer Price/ Cap Price being [●] times of WACA of primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company’s KPIs and financial ratios for six months ended September 30, 2024 and September 30, 2023 and the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022**

[●]*

* To be included on finalisation of Price Band.

6. **Explanation for the Offer Price/Cap Price, being [●] times of WACA of primary issuances/secondary transactions of Equity Shares (as disclosed in point 3 above) in view of the external factors which may have influenced the pricing of the Issue.**

[●]*

*To be included on finalisation of Price Band.

Investors should read the above-mentioned information along with “**Risk Factors**”, “**Our Business**” and “**Financial Statements**” on pages 30, 201 and 284, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “**Risk Factors**” on page 30 and you may lose all or part of your investments.

STATEMENT OF POSSIBLE TAX BENEFITS

Date: December 15, 2024

To,

The Board of Directors
Aye Finance Limited
(formerly known as Aye Finance Private Limited)
M-5, Magnum House-I,
Community Centre, Karampura,
West Delhi, New Delhi,
Delhi, India, 110015

Re: Proposed initial public offering of equity shares of face value of ₹ 2 each (“Equity Shares”) by Aye Finance Limited (the “Company”) (Formerly Aye Finance Private Limited) and such offering (the “Offer”)

We, S S Kothari Mehta & Co. LLP, Chartered Accountants, statutory auditors of the Company, enclose herewith the statement in **Annexure A**, prepared by company and initialled by us and the company showing the current position of special tax benefits available to the Company, and to the shareholders of the Company as per the provisions of the Indian direct and indirect tax laws, including the Income Tax Act 1961 and Income Tax rules, 1962 as amended by the Finance (No. 2) Act, 2024, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively the “**Taxation Laws**”), including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws and the Foreign Trade Policy 2023 vide Notification No. 1/2023 dated March 31, 2023 for the assessment year 2025-26 relevant to the Financial Year (FY) 2024-25, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”).

Management responsibility

The preparation of the Statement annexed to this certificate is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other records supporting its contents. This responsibility includes the design, implementation of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

Auditor’s Responsibility

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

We have conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“**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 Chartered Accountants of India. We have also 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.

Inherent Limitations:

1. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws, including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions, as applicable which based on business imperatives the Company faces in the future, the Company and/or its shareholders may or may not choose to fulfil.
2. While the term ‘special tax benefits’ has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those

benefits as enumerated in the Statement. The benefits discussed in the Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement.

3. The benefits discussed in the enclosed **Annexure A** are neither exhaustive nor conclusive. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.
4. 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 Taxation Laws and its interpretation, which are subject to change from time to time.

Opinion

We report that the enclosed Statement in **Annexure A**, in all material respect, states the possible special tax benefits, available to the Company, and its shareholders, under the direct and indirect tax laws presently in force in India, as on the date of this certificate.

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

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;

Restriction on use

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Offer (together, the “**Offer Documents**”), and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law, and for the purpose of any defence the Book Running Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

This certificate may be relied on by the Company, the BRLMs, their affiliates and legal counsel in relation to the Offer.

We undertake to update you in writing of any changes in the abovementioned position informed to us by the management of the Company in writing, until the date the Equity Shares issued pursuant to the Issue commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,

For and on behalf of

SS Kothari Mehta & Co. LLP

Chartered Accountants

ICAI Firm Registration No: 000756N/N500441

Vijay Kumar

Partner

Membership Number: 092671

UDIN: 24092671BKFBWK3101

Date: December 15, 2024

Place: New Delhi

ANNEXURE A

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AYE FINANCE LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS.

The information provided below sets out the Possible Special Direct Tax & Indirect Tax benefits available to the Company, and its Shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity Shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company and its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company, and the Shareholders of the Company to derive the direct and indirect 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 the Shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the Shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Taxation Laws.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own Tax Consultant with respect to the tax implications of an investment in the shares 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 benefits, which an investor can avail.

The tax benefits stated below are as per the Income-tax Act, 1961 (“IT Act”) as amended from time to time and applicable for financial year 2024-25 relevant to assessment year 2025-26 (A Y 2025-26) and indirect tax laws as amended from time to time and applicable for financial year 2024-25.

1. Under the IT Act

- **Special Tax Benefits available to the Company under the IT Act**
- **Lower corporate tax rate under section 115BAA**

Section 115BAA has been inserted in the IT Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the IT Act, the company can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). However once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the IT Act. However, such a company will no longer be eligible to avail any specified exemptions / incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

However, the domestic Company shall be entitled to claim deduction u/s 80M and 80JJAA of the IT Act even if it has opted for reduced rate u/s 115BAA of the IT Act.

The Company has already evaluated and opted for the lower corporate tax rate of 25.168%, as prescribed under section 115BAA of the IT Act.

- **Deductions from Gross Total Income**
- **Deduction in respect of inter-corporate dividends – Section 80M of the IT Act**

Earlier, a company was liable to pay Dividend Distribution Tax (“DDT”) on the dividend paid by it to a shareholder and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT has been abolished and dividend received by shareholders on or after 1st April, 2020 is liable to be taxed in their respective hands. The Company is required to deduct Tax at Source (“TDS”) at applicable rate specified under the IT Act for both resident and non-resident shareholders. For non-resident shareholders, the rate specified under the IT Act would be subject to benefit available under applicable Double Taxation Avoidance Agreement (if any) and Multi-lateral instruments.

With respect to a resident corporate shareholder, section 80M has been inserted in the IT Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. This section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall be allowed deduction of an amount which will be lower of the following: -

- (1) Dividends received from such other domestic company or foreign company or business trust; or
- (2) Amount of dividend distributed by it on or before the due date.

The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

• **Section 80JJAA of the IT Act – Deduction in respect of employment of new employees**

The provisions of section 80JJAA of the IT Act provides for deduction from the business income of the Assessee of an amount equal to thirty per cent (30%) of additional employee cost per year for three consecutive assessment years including the assessment year relevant to the previous year in which such employment is provided, subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

• **Section 36(1)(viiia) of the Act: Deduction for provision for Bad and doubtful debts**

As per section 36(1)(viiia)(d) of the Act, Company being NBFC is eligible to claim deduction in respect of provision made for bad and doubtful debts to the extent of 5% of the total income.

• **Section 43D of the Act: Special Provision in case of Income of NBFCs**

As per section 43D of the Act, the income by way of interest in relation to certain categories of bad and doubtful debts as prescribed in Rule 6EA, shall be chargeable to tax in the year in which it is credited to profit and loss account for that year or in which it is actually received, whichever is earlier. The Company is complying the provision of section 43D.

• **Special tax benefit available to the Shareholders of the Company.**

There are no special tax benefits available to the Shareholders of the Company for investing in the shares of the company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

2. Under the Indirect Tax Laws

a. Special Indirect Tax Benefits available to the Company

- **Availment of GST Input credit:** We understand that the Company are Non- Banking financial companies (“NBFCs”). In the purview of sub section 4 of section 17 of the Central Goods and Service Tax Act, NBFCs are eligible to avail every month 50% of the eligible input tax as Input tax credit.
- **Interest income earned by NBFCs is exempted from payment of GST:** As per the GST law (vide GST notification no 12/2017-Central Tax (Rate) dated 28 June 2017), income earned out of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is exempted from payment of GST. Thus, interest income earned by NBFCs is exempted from payment of GST.

b. Special Tax Benefits available to Shareholders

The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws.

NOTES:

1. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws.
2. The above Statement set out in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her Tax Advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Report on Loans and Financial Services Industry in India” dated December 2024 (the “**CRISIL Report**”) prepared and issued by CRISIL MI&A, pursuant to an engagement letter dated October 23, 2024. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. The CRISIL Report is available on the website of our Company on <https://www.ayefin.com/wp-content/uploads/2024/12/industry-report.pdf>. 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, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further details, see “ – 42. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL exclusively commissioned and paid for by us for such purpose” on page 52. Also, see “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data” on page 17.

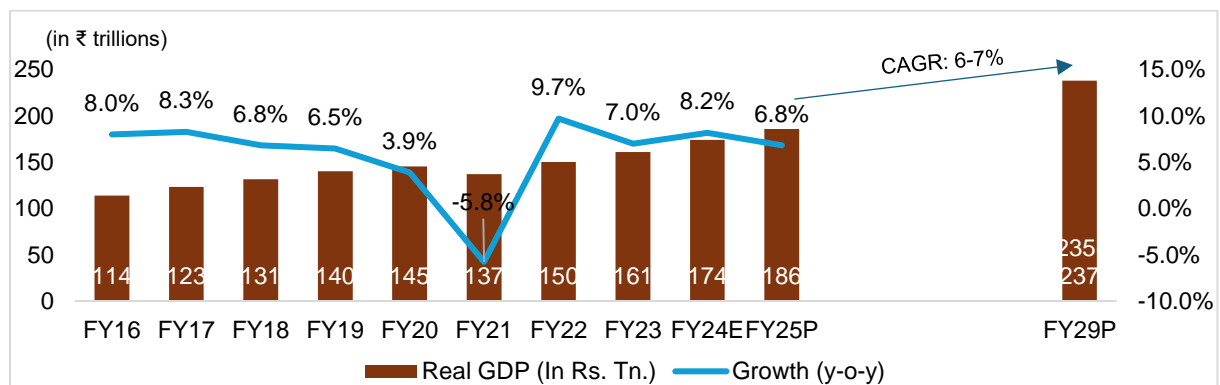
MACROECONOMIC SCENARIO IN INDIA

As per the International Monetary Fund (“**IMF**”) (World Economic Outlook – October 2024), global GDP growth prospects for 2024 and 2025 will hold steady at 3.2%. Major global economies showed resilience in the second quarter of 2024, despite a slight moderation experienced in some of the economies.

India is expected to remain one of the fastest growing economies in the world

Despite global geopolitical instability, India continues to maintain its position as one of the fastest-growing economies globally. In May 2024, the National Statistical Office (“**NSO**”) in its provisional estimate of national income estimated the real GDP to have grown at 8.2% year-on-year in Fiscal 2024. Going forward, CRISIL MI&A expects a moderation in GDP growth rate to 6.8% in Fiscal 2025, largely due to various factors like Government’s focus on fiscal consolidation, which is likely to lead to moderation in investments, which is a key factor for economic growth.

India’s economy expected to grow at 6.8% in Fiscal 2025



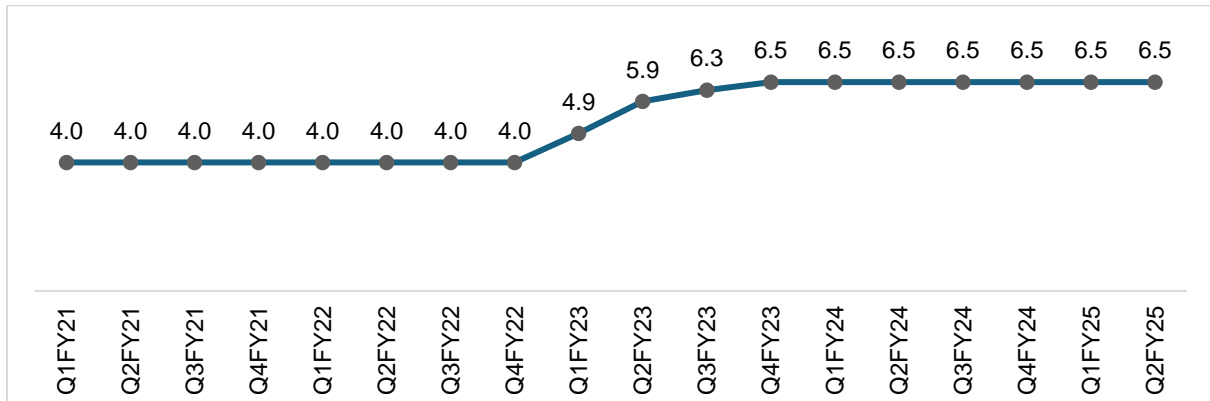
Note: E = Provisional Estimate, P = Projected; GDP growth till fiscal 2023 is actuals. GDP Estimates for fiscals 2023 to 2024 is based on NSO Estimates and 2024 to 2025 is projected based on CRISIL MI&A estimates and that for fiscals 2025 to 2029 based on IMF estimates; Source: NSO, CRISIL MI&A, IMF (World Economic Outlook – October 2024 update)

Repo rate remains unchanged, with phase of aggressive rate hikes behind us

The current fiscal began with unchanged repo rates by the RBI. Globally, major central banks are currently cautious about cutting rates, amid slower disinflation and strong growth. The Reserve Bank of India’s (“**RBI**”) MPC in its August 2024 meeting voted to keep the policy rates unchanged. The repo rates have increased by 250 basis points from fourth quarter of Fiscal 2022 to fourth quarter of Fiscal 2023 and remained at 6.50% in first quarter of Fiscal 2025. In October 2024 meeting, keeping in view the prevailing and expected inflation-growth dynamics, which are well balanced, the MPC decided to keep the repo rates unchanged, however, changed the

stance from withdrawal of accommodation to neutral and remain unambiguously focused on a durable alignment of inflation with the target, while supporting growth.

Repo rate in India (%)

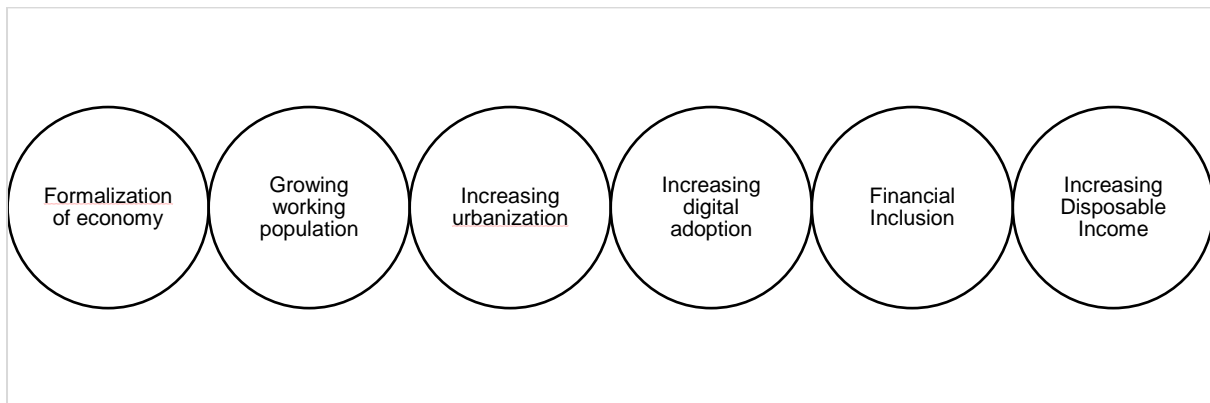


Source: RBI, CRISIL MI&A

Consumer Price Index (“CPI”) inflation to average at 4.5% in Fiscal 2025

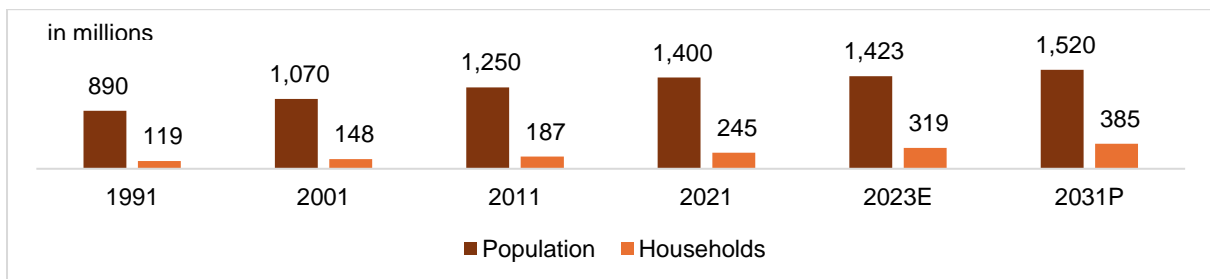
CPI inflation, after remaining steady at 3.6% during July and August 2024, increased to 5.5% in September 2024 and to 6.2% in October 2024. CRISIL MI&A expects the CPI inflation for fiscal 2025 to average 4.5%. It is expected that cooling domestic demand, normal monsoon along with a high base for food inflation should help moderate inflation in the remaining months of Fiscal 2025.

Key growth drivers



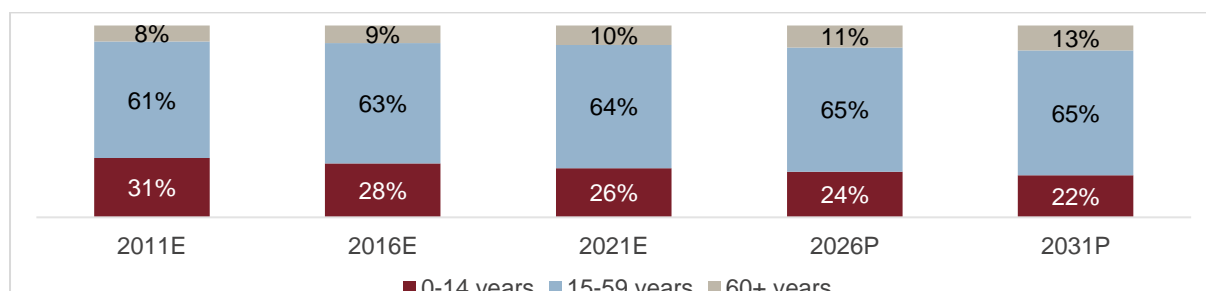
Favorable demographics

The population is expected to reach 1.5 billion by 2031, and the number of households is expected to reach approximately 385 million over the same period. With the largest population in the world, India stands as one of the largest and most promising market for any industry, offering immense potential for growth & innovation.



India has one of the world's largest youth populations, with a median age of 28 years. CRISIL MI&A expects that the large share of the working population, coupled with rapid urbanization and rising affluence, will propel growth in the economy.

India's demographic division (share of different age groups in population)



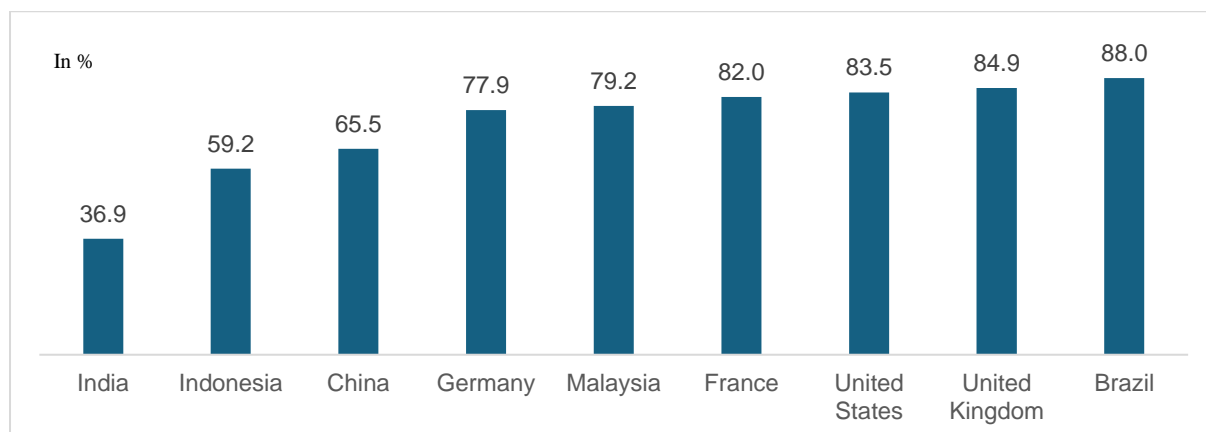
Note: P – Projected, E – Estimates

Source: Census of India 2011, Ministry of Health and Family Welfare, CRISIL MI&A

Rising Urbanization

India's urban population has been rising consistently over the decades, witnessing a CAGR of approximately 1.3% from 2000 to 2023. 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.

Comparison of urban population as a percentage of total population in India with other major global economies (2024E)



Note: E: Estimated; Source: United Nations World Urbanization Prospects: The 2018 Revision (UN)

Rural & Semi-Urban Population aspire for recognition and equal opportunities for growth

Rural and semi-urban areas continue to dominate India's population, with approximately over 63% of the country's people residing in these regions. As these communities increasingly aspire for recognition and equal opportunities for advancement, there is a growing demand for financial inclusion. NBFCs provide more flexible loan products, quicker disbursals, and easier documentation requirements compared to traditional banks. By incorporating local knowledge and fostering financial literacy, NBFCs ensure that rural and semi-urban populations not only gain access to credit but also utilize it effectively to achieve their aspirations for growth and recognition in society.

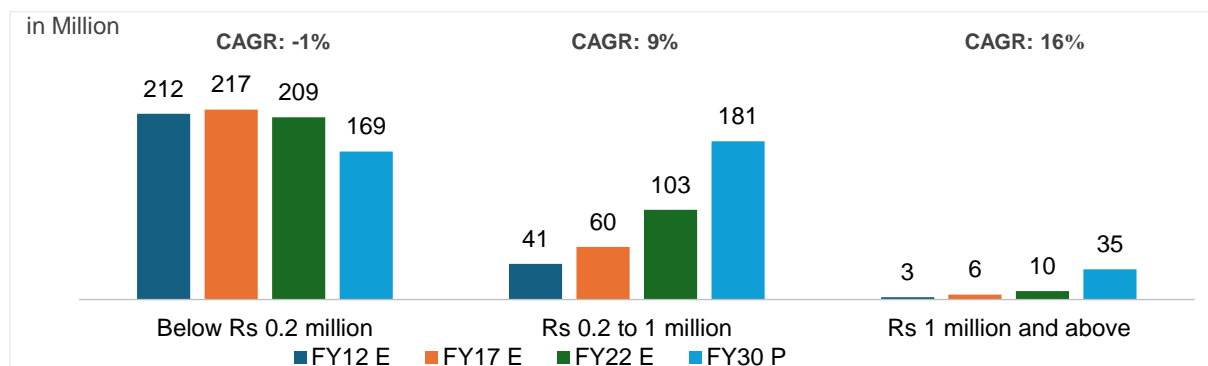
Increasing per capita GDP

India's per capita net national income at constant price expanded 7.4% in Fiscal 2024 to reach approximately ₹ 1,07,000, reflecting robust economic growth and the government's continued endeavour to make the country an upper middle-income economy. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 5% to 6% CAGR in real terms from Fiscal 2025 to Fiscal 2027.

Rising Middle India population to help sustain economic growth

The proportion of “Middle India” (defined as households with annual income of ₹ 0.2 million to ₹ 1.0 million) has been on the rise over the past decade and is expected to continue increasing with rising GDP and household incomes. CRISIL MI&A estimates there were 41 million middle-income households in India in Fiscal 2012 and by Fiscal 2030, expects it to increase to 181 million households. CRISIL MI&A believes that improvement in literacy levels, increasing access to information increase in the availability of necessities and improvement in road infrastructure have increased the aspirations of Middle India, which is likely to translate into increased demand for financial products and opportunities for providers of financial services.

Middle India households to witness high growth over Fiscal 2012 to Fiscal 2030



Note: E: Estimated, P: Projected; Source: CRISIL MI&A

Household savings expected to increase

In 2023, India’s gross domestic savings as a percentage of GDP rose to 29.2%, reflecting an upward trend from 2022 when it reached 28.4%, highlighting the economy’s recovery and improved income levels.

Digital Public infrastructure reforms by Government of India

Digitization improves the transparency and efficiency of government processes, and widespread digital transformations help governments and institutions with policy implementation and broad policy outreach. The key idea for Digital Public Infrastructure (“DPI”) is not the complete digitization of narrow public services but the establishment of a building block of digital modularity, which can be used modularly by both government and private players to create the specific digital infrastructure required. The India Stack is a collective name for a set of open APIs and public goods in digital form like DigiLocker, UPI, e-sign etc.

Open Credit Enablement Network (OCEN)

Open Credit Enablement Network (“OCEN”) was introduced as a step for promoting financial inclusion and democratization of credit in India. OCEN is set of open standards which facilitates interactions and collaborations among borrowers, lenders, lending service providers, and technology service providers. This will help various digital platforms in leveraging their position in delivery of credit and value addition in lending value chain. Moreover, OCEN will also promote innovation in distribution of credit, making loans accessible to MSMEs, small vendors and individuals, leading to financial inclusion.

Account Aggregators

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.

BBPS (Bharat Bill Payment System)

BBPS is a unified bill payment system introduced by the Reserve Bank of India (RBI) to facilitate bill payments across various categories. BBPS is designed to provide a seamless and efficient bill payment experience to customers, while also reducing the complexity and costs associated with bill payments.

ACH (Automated Clearing House)

ACH is an electronic payment system that enables the transfer of funds between banks. It is a batch processing system that allows for the exchange of payment instructions between banks, facilitating the transfer of funds between accounts. ACH is widely used for various types of transactions, including bill payments, salary payments, and vendor payments.

FINANCIAL INCLUSION

Financial penetration to rise with increase in awareness of financial products

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.

With increasing financial literacy, the demand for financial products, especially in smaller cities, has seen a major uptick in recent years. Going forward, CRISIL MI&A expects financial penetration to increase on account of increasing financial literacy.

Financial Inclusion on a fast path in India

According to the World Bank's Global Findex Database 2021, the global average percentage of adult population with an account opened with a bank, financial institution or mobile money provider, was approximately 78% in calendar year 2021. India's financial inclusion has improved significantly over calendar years 2014 to 2021 as adult population with bank accounts increased from 53% to 78% (Source: Global Findex Database) due to the Indian government's efforts to promote financial inclusion and the proliferation of supporting institutions.

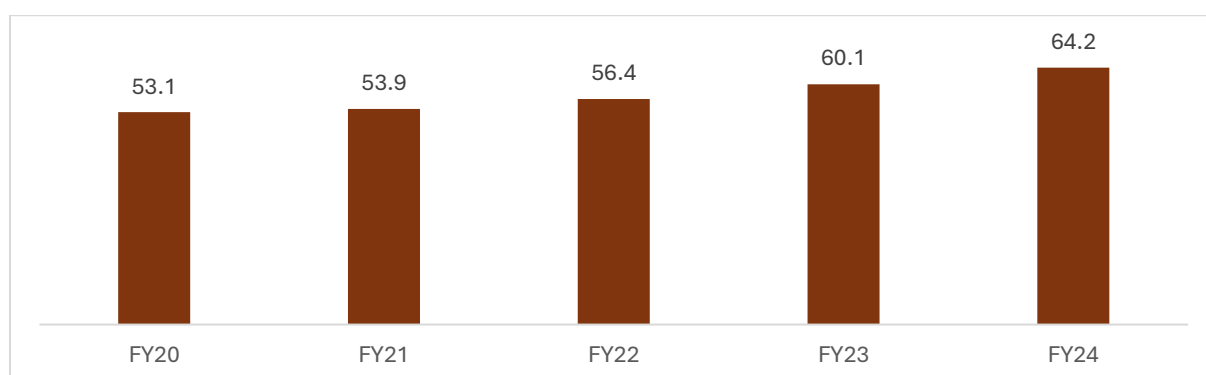
Financial inclusion index

The RBI has constructed a composite financial inclusion index (FI-Index) to capture the extent of financial inclusion across the country.

The FI-Index comprises of three broad parameters – Access (35%), Usage (45%) and Quality (20%) with each of these consisting of various dimensions which are computed based on number of indicators.

The value of FI Index for Fiscal 2024 stands at 64.2 as against 60.1 in Fiscal 2023, with growth witnessed across all the sub-indices.

Financial inclusion has improved over the years



Source: RBI, CRISIL MI&A Research

Role of NBFCs to achieve Financial Inclusion

While MFIs and SFBs are essential pillars of financial inclusion, NBFCs fill a critical gap by providing comprehensive financial products, catering to niche sectors like MSMEs, and extending services to the last mile. Their role in financial inclusion is complementary but equally vital, and with continued support, NBFCs can ensure that more underpenetrated populations have access to formal financial services.

- **Wider Reach and Product Diversity**

NBFCs have a strong presence in underbanked areas, particularly in Tier 2, 3, and 4 cities. Their regional focus allows them to serve areas where traditional banks and MFIs have limited access. NBFCs offer a broader range of financial products beyond micro finance loans, including vehicle loans, gold loans, consumer finance, and housing loans. These products cater to different segments of the population that are not always served by MFIs and SFBs

- **Credit to Niche Sectors (MSMEs and Agriculture)**

NBFCs have a strong foothold in lending to MSMEs, and agriculture-based businesses, which are crucial for the rural economy.

- **Customized Solutions for Diverse Needs**

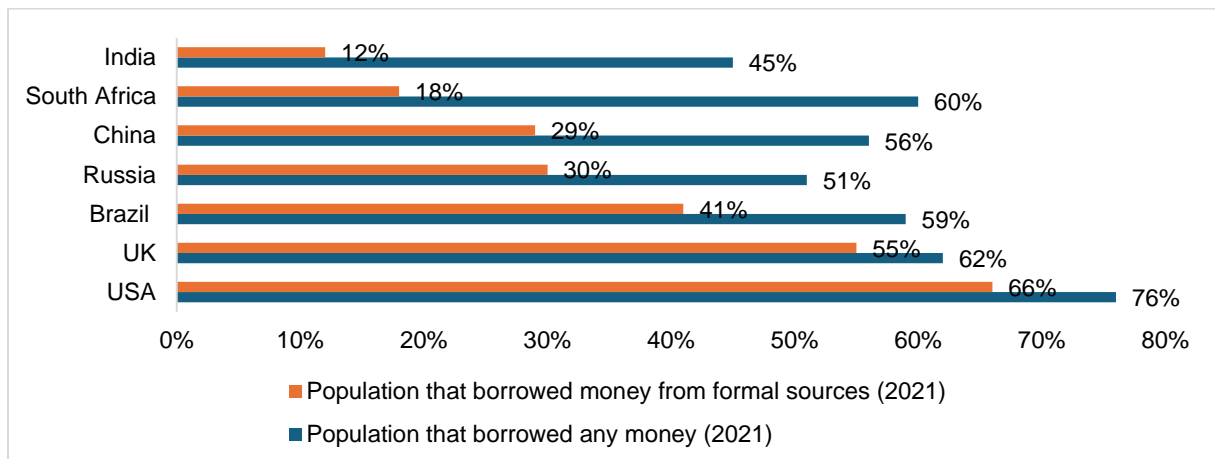
NBFCs are known for their flexibility in designing financial products, which are tailored to the specific needs of rural and semi-urban populations. This is critical in addressing the unique financial requirements of small businesses, farmers, and low-income households.

New-age NBFCs are overcoming the challenges of conventional lending

New-age NBFCs are revolutionizing the lending landscape by using technology to overcome the inefficiencies of conventional lending. Through automation, alternative data, personalized products, and secure digital platforms, they are making credit more accessible, efficient, and affordable.

New-age NBFCs use AI and machine learning algorithms to automate credit risk assessment. By analyzing vast amounts of data, including alternative data points (such as utility payments, mobile data, and social media activity), these NBFCs can quickly assess creditworthiness and approve loans within minutes or hours.

Only 12% of India’s population borrowed money from formal sources (2021)



Note: Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Data is for the population within the age group of 15+

Money borrowed from formal sources includes money borrowed from Banks, NBFCs and usage of credit card.

Source: World Bank – The Global Findex Database 2021, CRISIL MI&A

66% of the US Population borrowed money from formal sources such as Banks, NBFCs and credit card in 2021 followed by UK Population whose 55% of Population borrowed money from formal sources. Only 12% of India’s population borrowed money from formal sources. This implies that a significant majority, around 88%, relied on informal sources of credit, such as friends, family, or unorganized lenders. This is the lowest among the major economies. A significant portion of the population may not have the necessary documents, such as proof of income or identity, to access formal credit.

Rural sector supporting India growth story

India’s rural segment has been a key driver of the country’s consumption growth story in recent years. In the past decade, the rural segment in India has expanded at a rapid pace, driven by factors, such as rising disposable income, infrastructure development, and the proliferation of e-commerce.

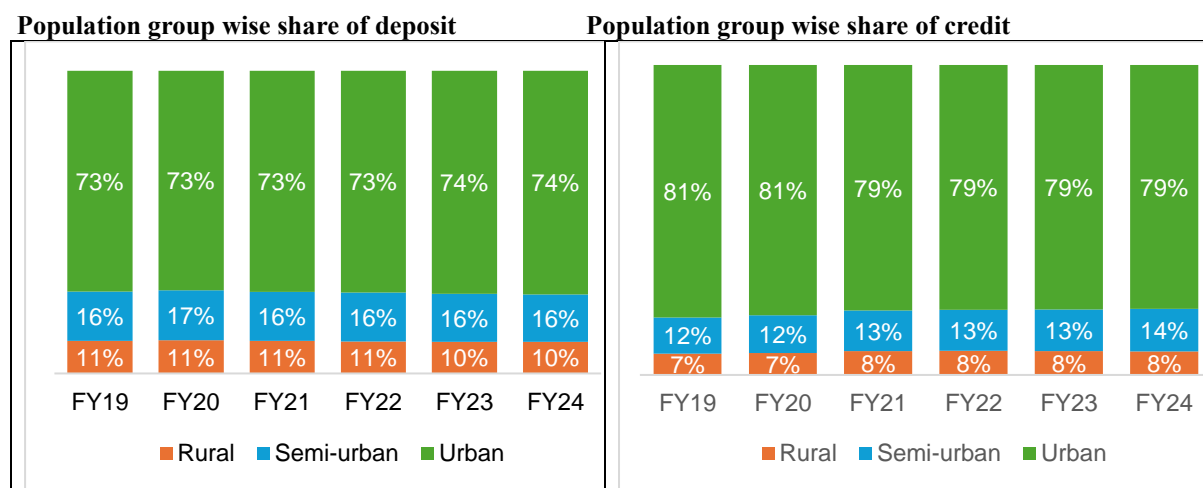
According to the Economic Survey (2023 to 2024), the government strategy has been that of an integrated and sustainable development of rural India. The government aims to fuel rural growth through decentralized planning,

better access to credit, skilling of youth, enhanced livelihood opportunities, empowerment of women, social security net provision, basic housing, education, health and sanitation facilities, etc.

Rural India accounts for about 47% of GDP, but only 10% of deposits and 8% of credit

Rural India has a crucial role to play, as almost 65% of the population resides in rural areas, as per 2021 data from the Economic Survey (January 2023) and as per the Census data of 2011, there are over 6.4 lakh villages in India. About 47% of India’s GDP comes from rural areas; however, their share is abysmally low at just 10% of total banking deposits and 8% of total banking credit as of March 2024. Lack of bank infrastructure, low level of financial literacy and investment habits, along with lack of formal identification, are some of the reasons for low penetration.

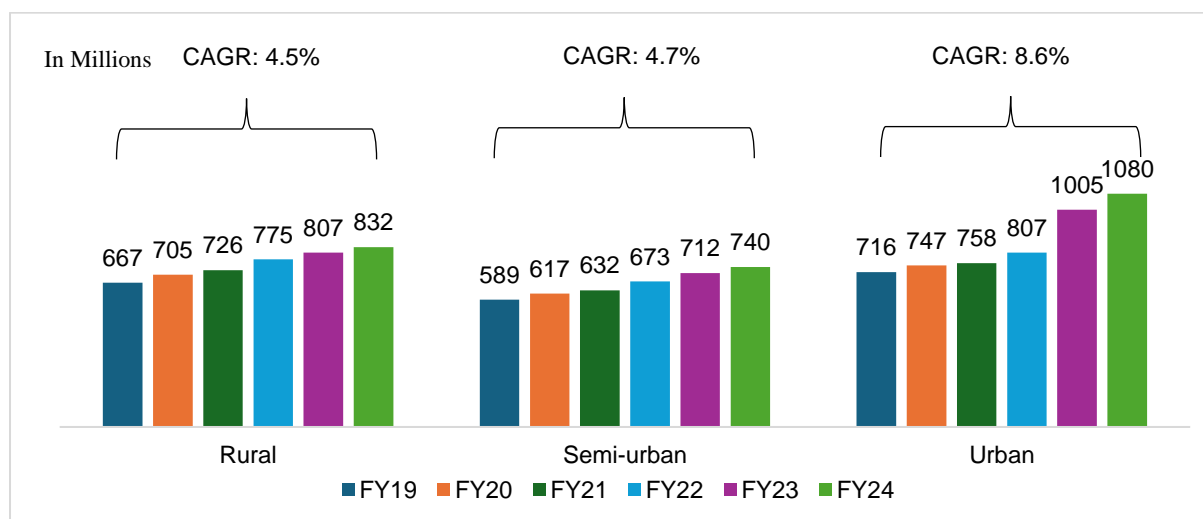
Share of bank credit and deposits shows low penetration in rural areas



Note: Urban includes data for urban and metropolitan areas, Above data represents indicators for scheduled commercial banks in India
Source: RBI, CRISIL MI&A

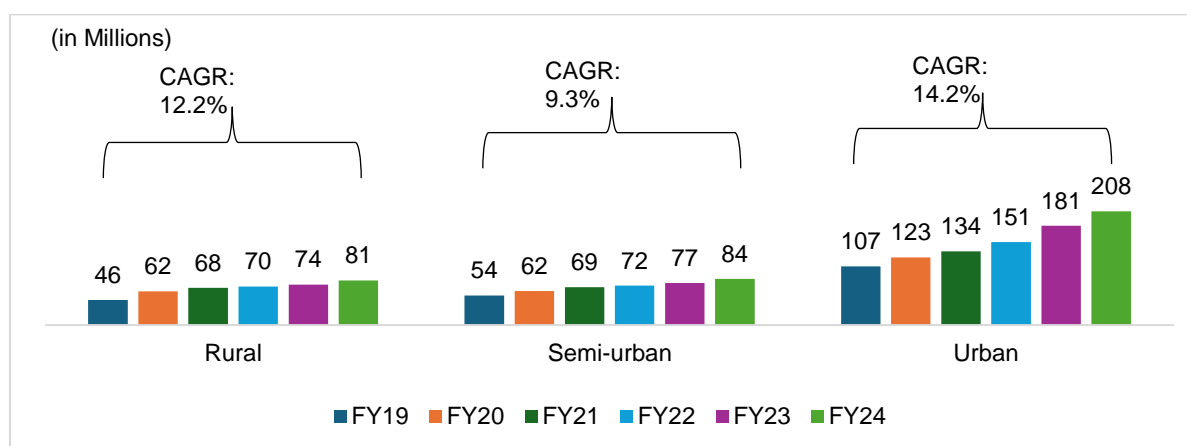
Financial inclusion is lower in rural areas than in urban areas in India. Hence, there are significant growth opportunities in this segment. Initiatives such as PMJDY and digital banking, along with increasing emphasis on financial literacy, have led to increasing financial inclusion in rural areas

Bank Deposit accounts in rural, semi-urban and urban areas



Note: Urban includes data for urban and metropolitan areas; numbers are as of the end of the fiscal year indicated. Data represents only bank deposit accounts. Above data represents indicators for scheduled commercial banks in India, Source: RBI, CRISIL MI&A

Bank Credit accounts in rural, semi-urban and urban areas



Note: Urban includes data for urban and metropolitan areas; numbers are as of the end of the fiscal year indicated. Data represents only bank credit accounts. Above data represents indicators for scheduled commercial banks in India, Source: RBI, CRISIL MI&A

Rural areas and small towns (Tier 3 and Tier 4) are becoming structurally far more resilient to shocks

According to Census 2011, there are about 640,000 villages in India, which are inhabited by about 893 million people. The rural and semi-urban economy is far more resilient today due to increased spending under PM-Kisan scheme, Mahatma Gandhi National Rural Employment Guarantee Act, 2005 and irrigation programs. Additionally, schemes such as direct benefit transfer (“DBT”), PM Ujjwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat scheme for healthcare are supporting growth in rural and semi-urban areas. To supplement this, there has been a continuous improvement in rural and semi-urban infrastructure such as electricity and roads. These government initiatives have led to lesser leakages and higher incomes in the hands of the rural and semi-urban populace, thereby enhancing their ability and willingness to spend on discretionary products and services. The structural changes, combined with a positive macro environment, are expected to improve rural and semi-urban business prospects, provide business opportunities for the banking and financial services sector and drive the long-term growth of the economy.

Despite increased efforts, rural and semi-urban areas remain underpenetrated when it comes to banking and financial services. With only a fraction of the population fully integrated into the formal financial system, significant opportunities exist for expanding credit access, insurance, and digital payments. Digital Infrastructure, rising smartphone penetration and increasing internet connectivity are creating opportunities for fintech and banking players to reach previously untapped rural and semi-urban markets, especially through initiatives like PM Jan Dhan Yojana and the use of Aadhaar-enabled payment systems.

Tier 3 and Tier 4 towns have economies driven by micro, small, and medium enterprises (MSMEs), which have shown greater adaptability to disruptions. Moreover, many residents engage in entrepreneurial or informal work, providing flexibility in times of economic shocks. Smaller towns are seeing upward mobility due to factors such as improved education facilities, access to e-commerce, and better transport infrastructure, allowing for a closer integration with larger urban economies

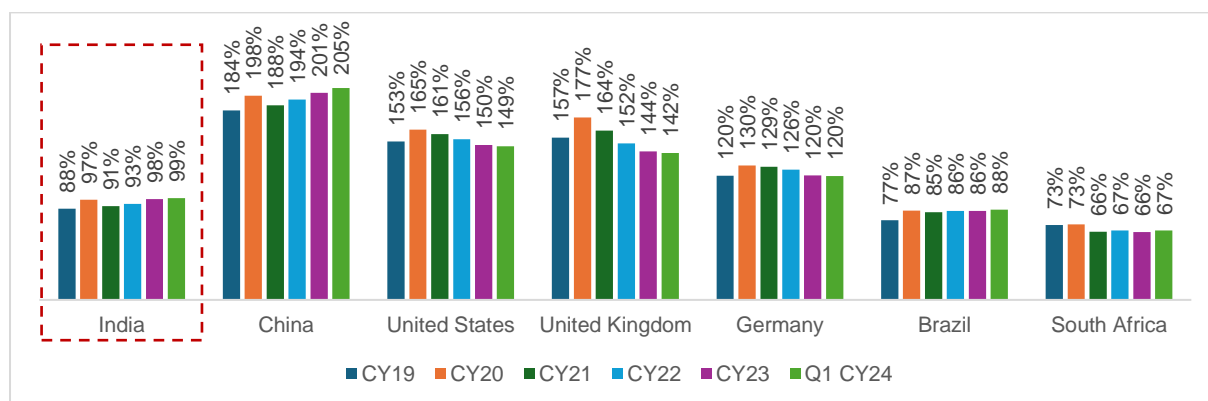
OVERVIEW OF CREDIT SCENARIO IN INDIA

Significant retail credit gap exists in India, as compared to other nations

Overall credit to GDP ratio in India stood at 99% in first quarter of 2024, which was significantly lower as compared to 142% for United Kingdom, 149% for United States and 205% for China, signalling significant room for credit penetration in the nation.

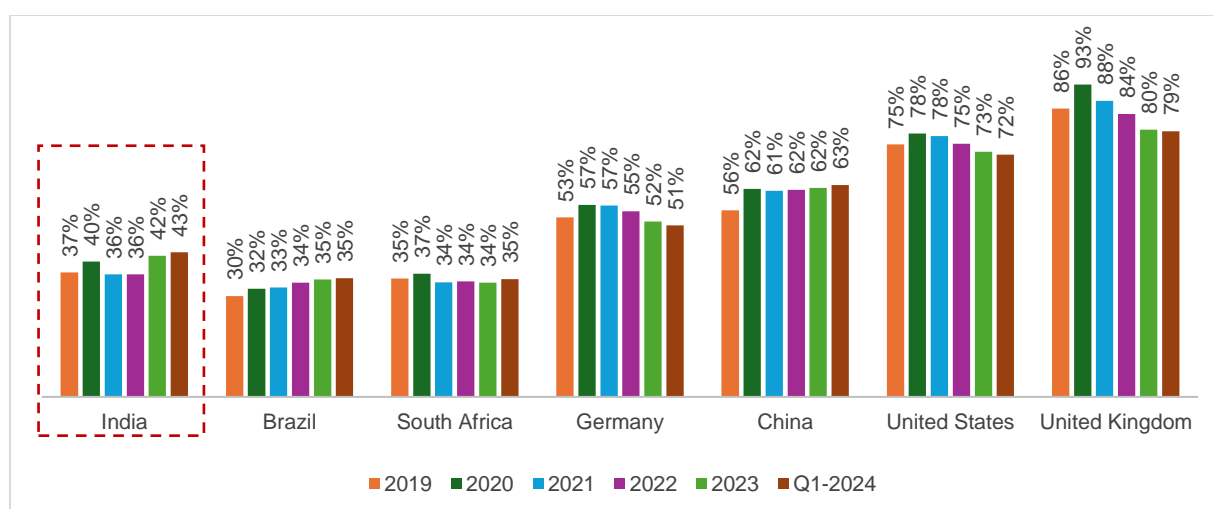
Significant retail credit gap exists in India, as evident by India’s household credit to GDP ratio of 43% in first quarter of 2024, as compared to 63%, 72% and 79% for China, United States and United Kingdom respectively. With rising financial awareness, government’s continuous efforts for financial inclusion and rising credit accessibility to the underserved population, credit penetration in India is expected to rise. The surge in credit penetration would be led by growth in retail credit.

Credit to GDP (%) from 2019 to first quarter of 2024



Source: Bank of International Settlements, CRISIL MI&A

Household credit to GDP ratio of India and peer countries (first quarter of 2024)



Source: Bank of International Settlements, CRISIL MI&A

State-wise retail credit penetration (Fiscal 2024)

State-wise retail credit penetration (Fiscal 2024) States	GSDP (In ₹. Billion)	Credit Fiscal 2024 (In ₹. Billion)	Credit CAGR growth (Fiscal 2019 to 2024)	Credit Penetration (2024)	Credit share in Rural	Credit share in Semi Urban	Credit share in Urban	Credit share in Metro
Maharashtra	24,109.0	14,820.8	15%	61%	5%	13%	15%	67%
Karnataka	14,232.3	7,817.4	17%	55%	9%	14%	16%	61%
Tamil Nadu	15,713.7	7,773.8	16%	49%	17%	36%	16%	32%
Gujarat*	14,660.0	6,429.5	17%	44%	8%	17%	18%	57%
Telangana	7,929.4	6,195.7	24%	78%	9%	15%	11%	66%
Uttar Pradesh	14,233.6	6,150.6	19%	43%	14%	17%	33%	35%
Rajasthan	8,451.2	4,314.5	20%	51%	19%	27%	22%	32%
Andhra Pradesh	8,208.9	4,161.7	21%	51%	17%	29%	34%	20%
Delhi	6,722.5	3,545.5	13%	53%	0%	0%	NA	99%
Kerala	6,351.4	3,257.5	16%	51%	3%	72%	25%	
Haryana	6,340.3	3,297.9	17%	52%	7%	18%	61%	13%
Madhya Pradesh	6,603.6	3,241.4	20%	49%	10%	29%	21%	39%
West Bengal	9,040.9	3,031.2	17%	34%	23%	12%	34%	32%
Punjab	4,958.8	2,101.9	17%	42%	13%	33%	28%	25%
Bihar	4,645.4	1,796.1	24%	39%	27%	34%	21%	18%
Odisha	5,209.1	1,440.2	21%	28%	39%	25%	36%	NA

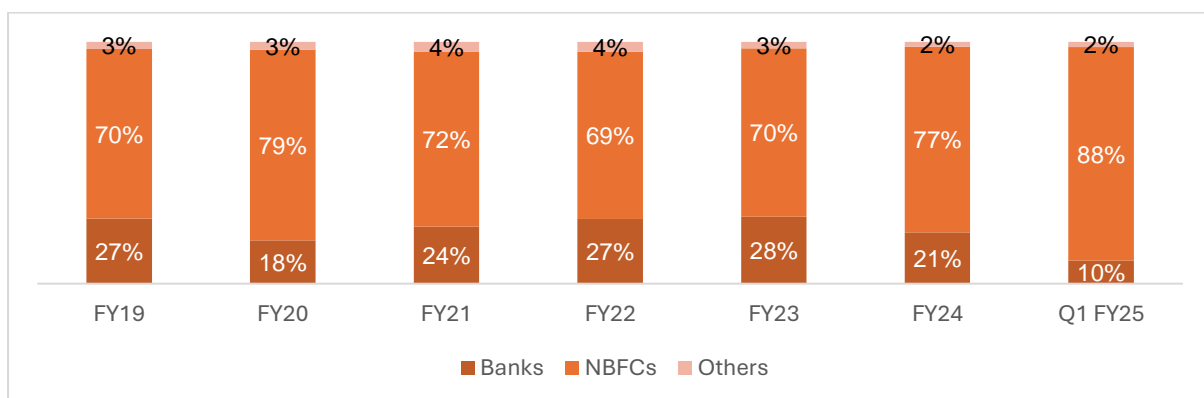
State-wise retail credit penetration (Fiscal 2024) States	GSDP (In ₹. Billion)	Credit Fiscal 2024 (In ₹. Billion)	Credit CAGR growth (Fiscal 2019 to 2024)	Credit Penetration (2024)	Credit share in Rural	Credit share in Semi Urban	Credit share in Urban	Credit share in Metro
Chhattisgarh	3,219.4	1,159.6	19%	36%	18%	23%	33%	26%
Assam	3,185.6	1,046.1	21%	33%	37%	30%	33%	NA
Jharkhand	2,850.7	891.4	19%	31%	21%	28%	24%	28%
Uttarakhand	2,133.8	727.5	18%	34%	17%	21%	62%	NA
Jammu & Kashmir	1,384.2	559.2	21%	40%	28%	34%	24%	14%
Himachal Pradesh	1,428.0	378.6	17%	27%	62%	29%	9%	NA
Chandigarh*	338.4	253.3	14%	75%	1%	1%	97%	NA
Goa*	544.4	217.7	13%	40%	28%	72%		NA
Pondicherry	267.7	127.3	15%	48%	15%	14%	71%	NA
Tripura	464.6	112.0	28%	24%	37%	23%	40%	NA
Meghalaya	283.4	94.9	20%	33%	38%	32%	30%	NA
Sikkim	249.0	61.4	19%	25%	41%	14%	46%	NA
Manipur*	222.6	109.2	23%	49%	51%	23%	26%	NA
Mizoram*	201.7	70.2	34%	35%	11%	34%	55%	NA
Arunachal Pradesh*	187.9	81.4	25%	43%	34%	66%	NA	NA
Nagaland*	201.5	85.5	25%	42%	13%	52%	35%	NA
Andaman & Nicobar Islands*	76.2	31.1	17%	41%	21%	19%	60%	NA

Note: Credit include education, housing, property, secured business, commercial vehicle, Tractor, 2W, Used car, Auto, unsecured business, general business, consumer and personal loan, Credit penetration is calculated as credit to states as of March 2024 divided by state GSDP (at constant prices) as of Fiscal 2024, (*) GSDP as of Fiscal 2023

Source: MOSPI, CIBIL, CRISIL MI&A

NBFCs remain the market leader in terms of volume, providing credit to new-to-credit (NTC) customers

While Banks reduced their share in catering to new to credit (“NTC”) customers to 10% in first quarter of Fiscal 2025, NBFCs continued to cater to these new to credit customers which can be attributed to its share, which increased from 70% to 88% from Fiscal 2019 to first quarter of Fiscal 2025.

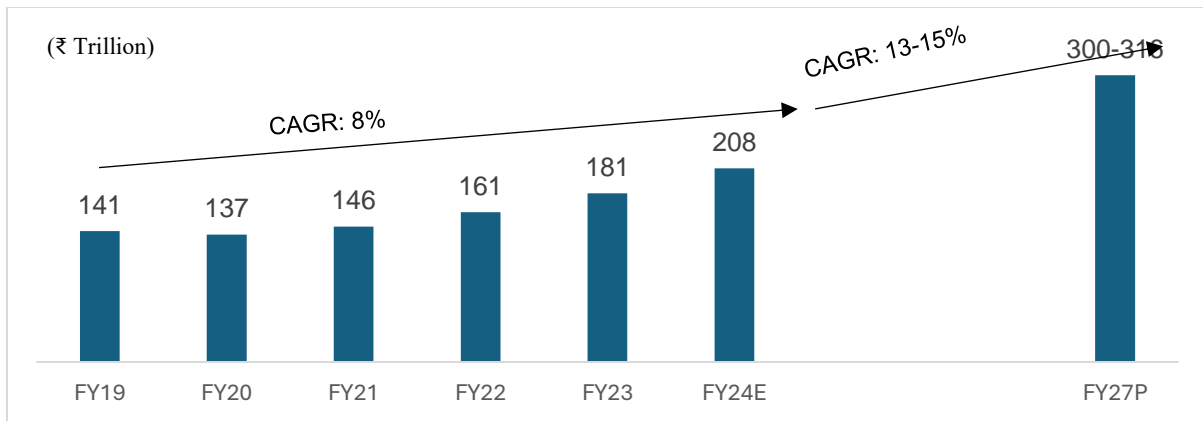


Note: Others include Co-op Banks, SFBs and other small lenders, Credit include business loan, construction equipment loan, consumer loan, education loan, housing loan, personal loan, property loan, and vehicle loan, Market share basis number of loans disbursed, Source: CIBIL, CRISIL MI&A

Overall Systemic Credit

Systemic credit in India grew at a 5-year CAGR of 8% over Fiscals 2019 and Fiscal 2024. Retail credit continues to lead the systemic credit growth in Fiscal 2024, supported by the focused approach of banks and NBFCs in increasing the retail portfolio. Going ahead, CRISIL MI&A projects systemic credit to grow at 13% to 15% CAGR between Fiscal 2024 and Fiscal 2027.

Systemic Credit to grow by 13% to 15% between Fiscal 2024 and Fiscal 2027

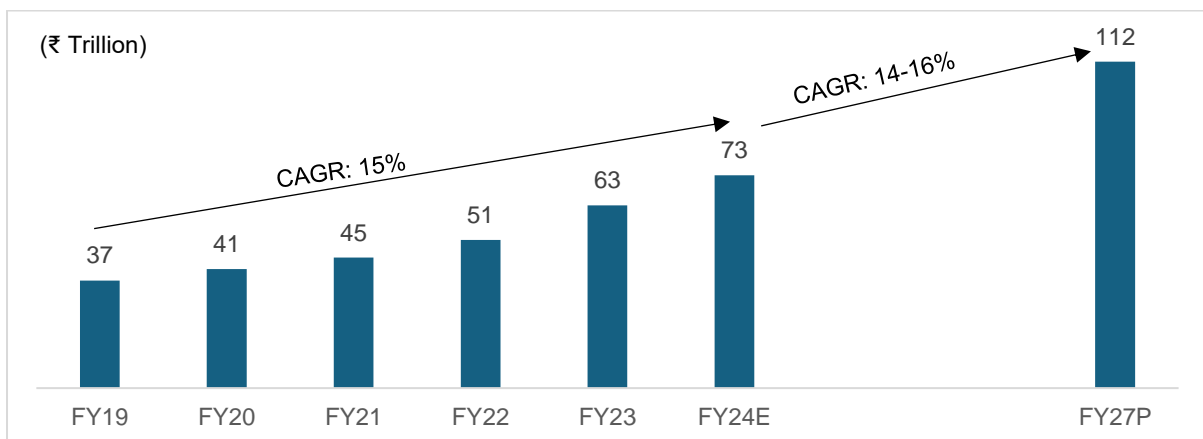


Note: E: Estimated, P: Projected; systemic credit includes domestic banking credit (after deduction of bank lending to NBFC), NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by banks and NBFCs; Source: RBI, company reports, CRISIL MI&A

Retail credit growth is projected to grow on a strong footing, expected to witness a CAGR of 14% to 16% between Fiscal 2024 and Fiscal 2027

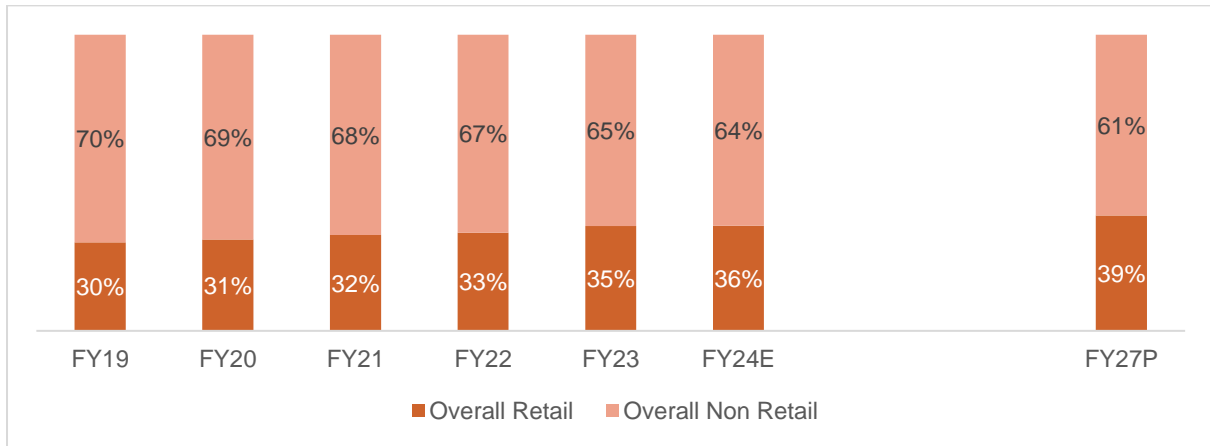
Retail credit (includes Microfinance, Housing finance, Vehicle Financing, Gold Loans, Education Loans, Consumer Durables, Personal loans, credit cards, and secured and unsecured business loans) in India stood at ₹ 73 trillion, as of Fiscal 2024 which rapidly grew at a CAGR of 15% between Fiscal 2019 to Fiscal 2024. In Fiscal 2023, retail credit grew at approximately 24% on a year-on-year basis due to strong growth in retail book of private banks as compared to public banks. Retail credit grew at 16% in Fiscal 2024 supported by steady demand in underlying assets like housing, auto and growth in personal loans, microfinancing and small business loans driven by penetration of credit to the bottom of the economic pyramid. The Indian retail credit market has grown at a strong pace over the last few years and is expected to grow further at 14% to 16% between Fiscal 2024 and Fiscal 2027, with risks evenly balanced. Moreover, the increasing demand and positive sentiments in the Indian retail credit market, presents an opportunity for both banks and NBFCs to broaden their investor base. However, RBI's risk weight circular, sustained inflation and increase in lending rates pose a downside risk to the retail credit growth.

Retail credit growth is projected to grow on a strong footing from Fiscal 2024 to Fiscal 2027



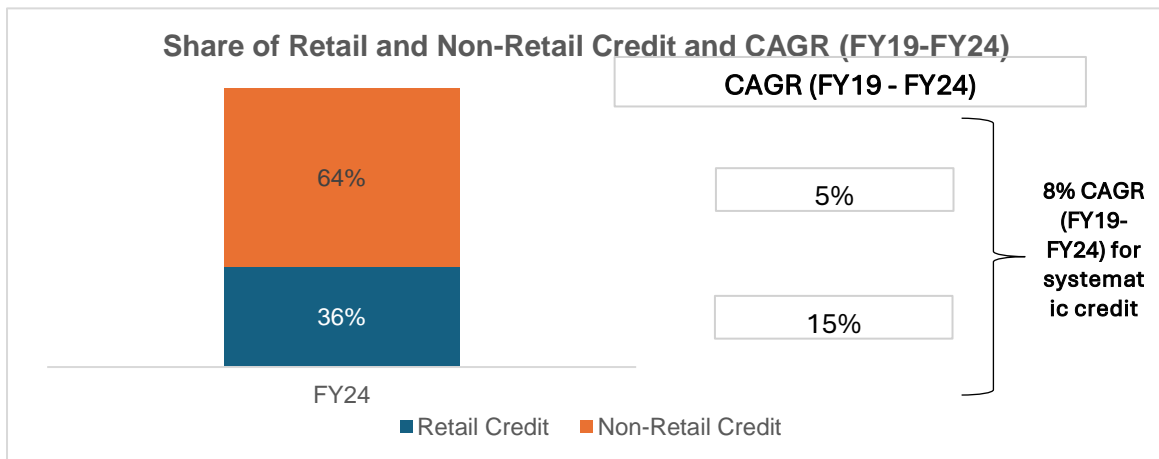
Note: E: Estimated, P: Projected, Source: RBI, CRISIL MI&A

Retail segment is expected to account for approximately 39% of overall systemic credit as of Fiscal 2027



Note: E- Estimated, P- Projected, Source: Company Reports, RBI, CRISIL MI&A

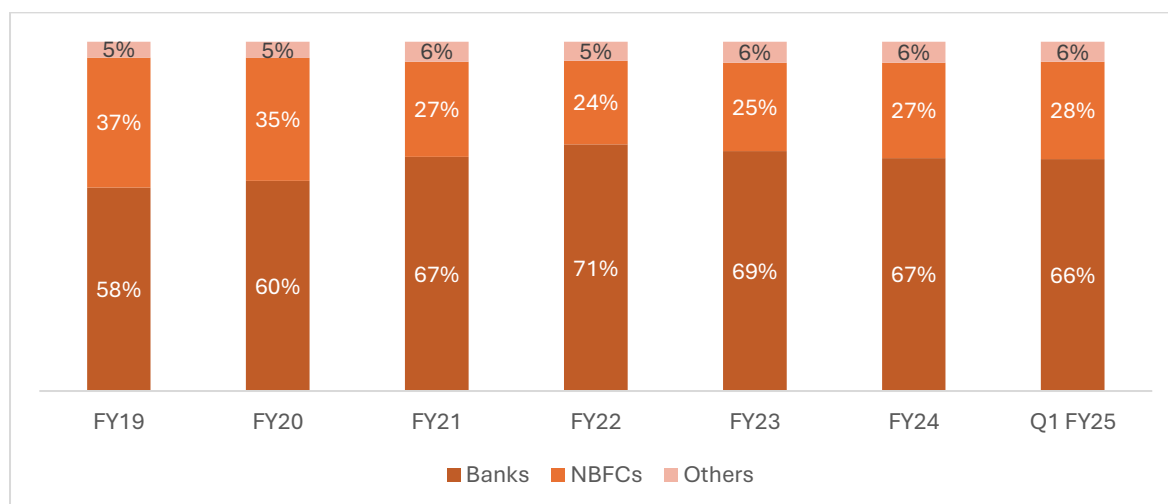
Retail and Non-Retail Credit have seen 15% and 5% CAGR between Fiscal 2019 and Fiscal 2024 respectively



Source: RBI, company reports, CRISIL MI&A

As of first quarter of Fiscal 2025, Banks held market share of 66%, followed by NBFCs at 28% and other lenders at 6%.

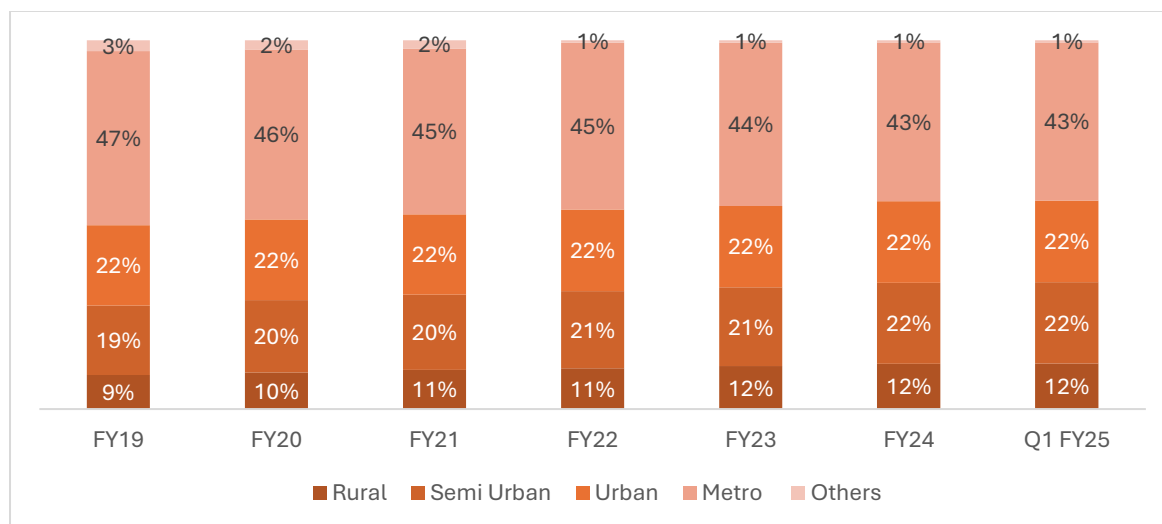
Banks continue to hold highest market share in retail credit



Note: Credit include Education, Housing, Property, secured business, commercial vehicle, Tractor, 2W, Used car, Auto, Unsecured business, general business, consumer and personal loan, Others include Co-op Banks, SFBs and other small lenders, Source: CIBIL, CRISIL MI&A

Metro cities continue to hold the largest share of retail credit, at 43% in Fiscal 2024, followed by urban and semi urban at 22% each and rural at 12%. However in terms of growth, Rural has witnessed the highest CAGR growth at 24% during Fiscal 2019 and Fiscal 2024, followed by Semi Urban (21%), Urban (17%) and Metro (15%).

Rural and Semi Urban’s share in credit showed the fastest growth from Fiscal 2019 to Fiscal 2024

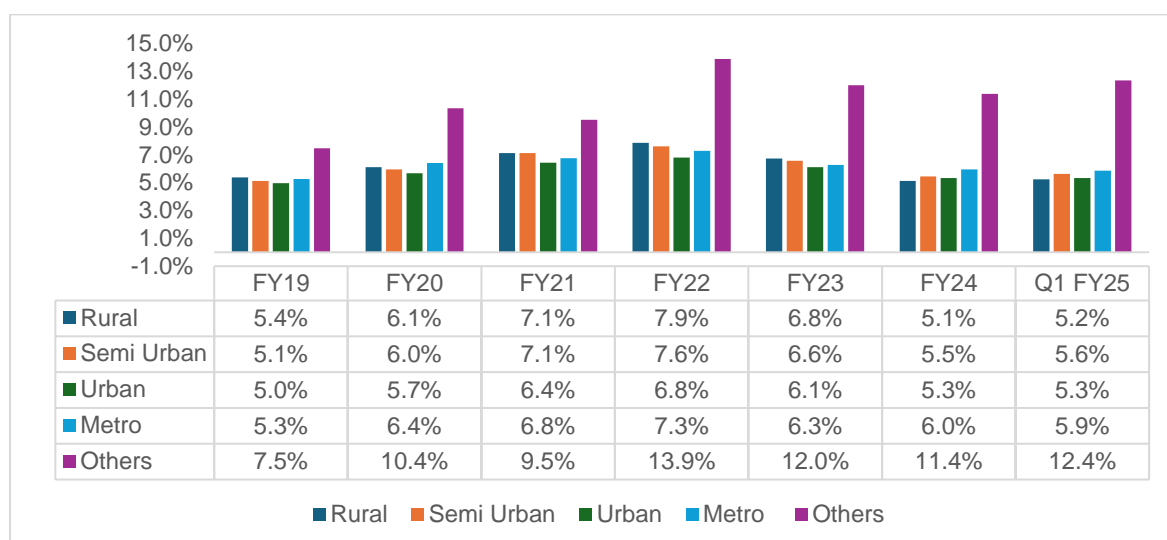


Note: Credit include Education, Housing, Property, secured business, commercial vehicle, Tractor, 2W, Used car, Auto, Unsecured business, general business, consumer and personal loan, Source: CIBIL, CRISIL MI&A

In terms of asset quality, the Metro region reported the weakest performance, with a gross non-performing asset (“GNPA”) ratio of 6.0% in Fiscal 2024. Semi-Urban areas followed closely, with a GNPA ratio of 5.5% in Fiscal 2024.

In contrast, the Rural segment demonstrated remarkable resilience, with its GNPA ratio improving from 5.4% in Fiscal 2019 to 5.1% in Fiscal 2024. This improvement is notable, especially when compared to the deterioration in asset quality observed in other regions.

Asset Quality Trends: Rural Shows Resilience, Metro and Semi-Urban Weaken



Note: Credit include Education, Housing, Property, secured business, commercial vehicle, Tractor, 2W, Used car, Auto, Unsecured business, general business, consumer and personal loan, Source: CIBIL, CRISIL MI&A

The rural market has traditionally been avoided by banks due to the lower ticket value loan requirements and the perceived riskier profile of borrowers. However, NBFCs have been able to successfully cater to this market by leveraging their unconventional underwriting and lending approaches. By providing last-mile connectivity and customized product offerings, NBFCs have been able to bridge the financial inclusion gap in rural areas.

NBFCs' ability to innovate and adapt to the unique needs of rural and semi-urban customers has enabled them to thrive in this underserved market. Their willingness to take on risk and invest in untraditional lending models allows them to increase their market share and provide much-needed financial services to rural communities.

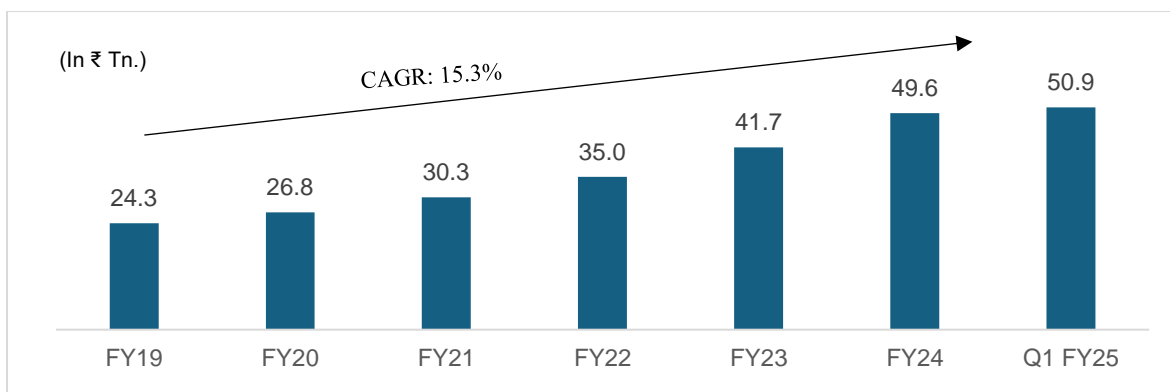
NBFCs regained momentum in rural and semi urban areas, with market share increasing 5% each from Fiscal 2022 to first quarter of Fiscal 2025

Lenders	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Rural							
Banks	57%	57%	61%	64%	62%	58%	58%
NBFCs	38%	37%	32%	30%	32%	35%	35%
Others	5%	5%	6%	6%	7%	7%	7%
Semi Urban							
Banks	60%	61%	65%	68%	65%	63%	62%
NBFCs	35%	34%	28%	25%	27%	30%	30%
Others	4%	5%	7%	7%	8%	8%	7%
Urban							
Banks	62%	63%	70%	74%	72%	71%	70%
NBFCs	35%	33%	25%	22%	22%	24%	24%
Others	3%	4%	5%	5%	5%	5%	5%
Metro							
Banks	56%	59%	68%	72%	70%	69%	69%
NBFCs	39%	36%	27%	23%	24%	25%	26%
Others	5%	5%	5%	5%	6%	6%	5%

Note: Credit include Education, Housing, Property, secured business, commercial vehicle, Tractor, 2W, Used car, Auto, Unsecured business, general business, consumer and personal loan, Others include Co-op Banks, SFBs and other small lenders, Source: CIBIL, CRISIL MI&A

Secured retail loan witnessed growth at a 15% CAGR between Fiscal 2019 and Fiscal 2024

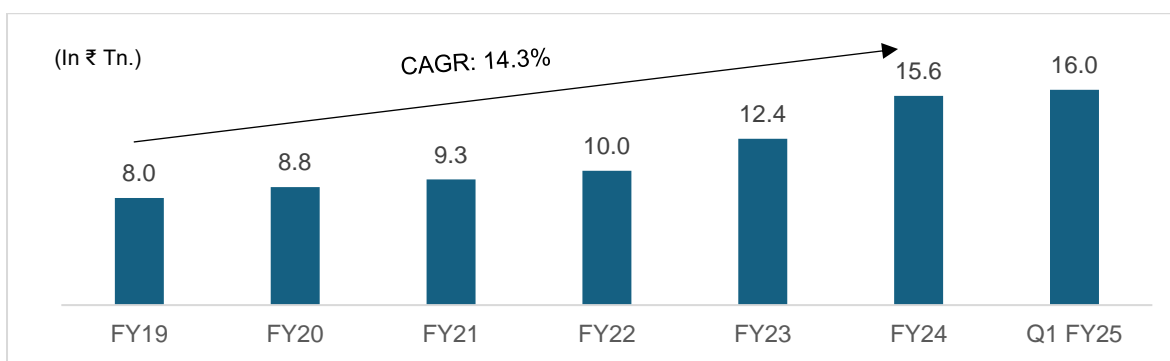
As of Fiscal 2024, secured retail loans reached ₹ 49.6 trillion and ₹ 50.9 trillion in first quarter of Fiscal 2025. It is growing at a CAGR of 15% from Fiscal 2019 to Fiscal 2024.



Note: Secured retail loan includes education loan, housing loan, property loan, and secured property business loan, Source: CIBIL, CRISIL MI&A

Secured hypothecation retail loan grew at a CAGR of 14% between Fiscal 2019 and Fiscal 2024

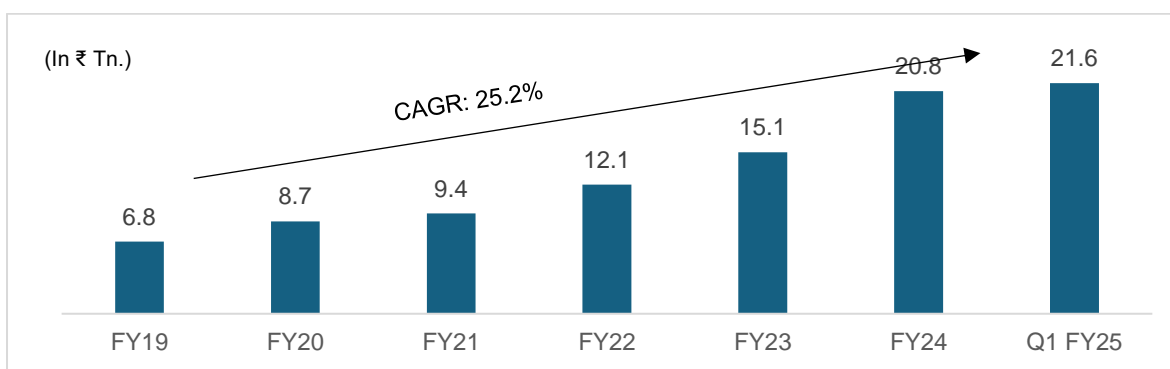
As of Fiscal 2024, secured hypothecation loans reached ₹ 15.6 trillion and ₹ 16 trillion in first quarter of Fiscal 2025. It exhibited CAGR of 14% from Fiscal 2019 to Fiscal 2024.



Note: Secured Hypothecation retail loan include secured business loans and Commercial vehicle loan, Tractor loan, 2-Wheeler loan, used car loan, and auto loan, Source: CIBIL, CRISIL MI&A

Unsecured retail loan reported 25% CAGR between Fiscal 2019 and Fiscal 2024

As of Fiscal 2024, unsecured retail loans reached ₹ 20.8 trillion and ₹ 21.6 trillion in first quarter of Fiscal 2025. It reported CAGR of 25% from Fiscal 2019 to Fiscal 2024. A significant driver of this growth has been the personal loan category, which experienced a substantial increase of 25% during the same period, serving as a key catalyst behind the segment's expansion.



Note: Unsecured retail loan includes unsecured business loan, general business loan, consumer loan, and personal loan, Source: CIBIL, CRISIL MI&A

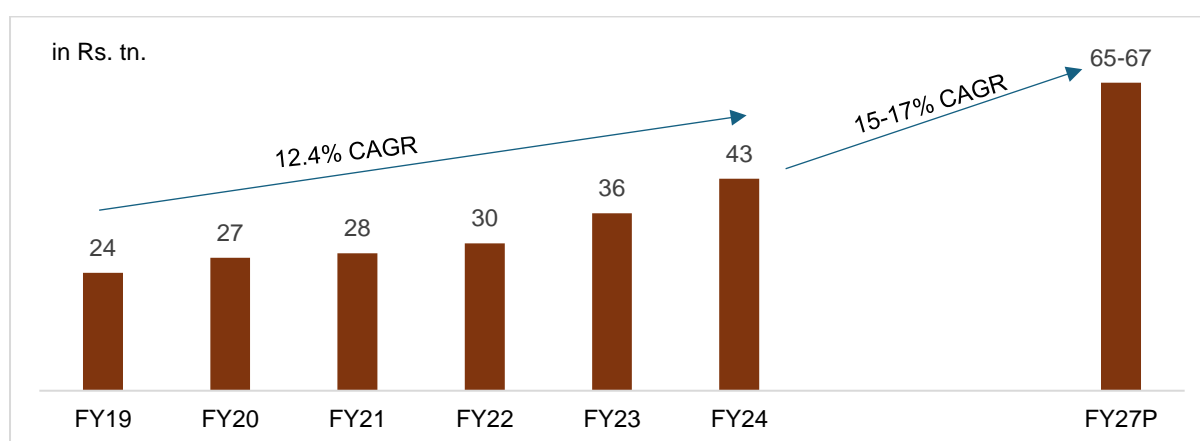
NBFC CREDIT LANDSCAPE

NBFC Credit is expected to grow faster than overall systemic credit between Fiscal 2024 and Fiscal 2027, witnessing a CAGR of 15% to 17%

The credit growth of NBFCs which has trended above India's GDP growth historically, is expected to continue to rise at a faster pace. NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem, during fiscals 2019 to 2024, NBFC credit is estimated to have witnessed a growth at CAGR approximately 12%. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2025, leading to healthy growth in NBFCs.

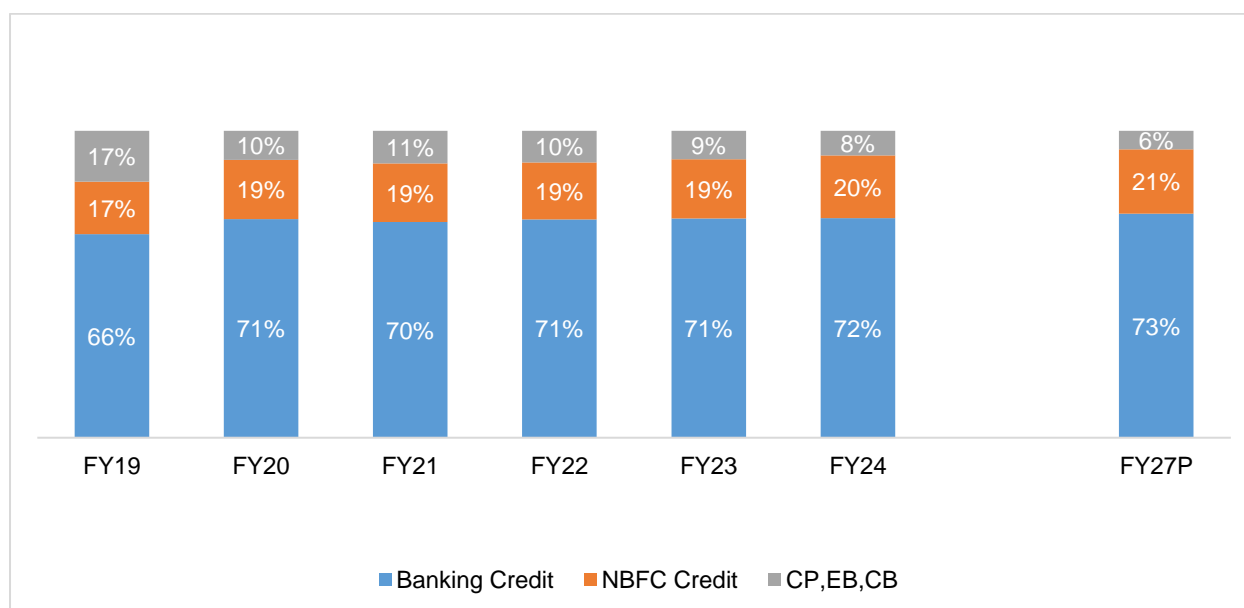
Going forward, CRISIL MI&A expects NBFC credit to grow at 15% to 17% between Fiscal 2024 and Fiscal 2027, driven by growth in retail segment, and MSME loans in the wholesale segment continuing to be the primary drivers.

NBFC Credit is expected to grow at a CAGR of 15% to 17% between Fiscal 2024 and Fiscal 2027



Note: P = Projected, Source: RBI, Company reports, CRISIL MI&A

Share of NBFC credit in overall systemic credit is projected to reach 21% in Fiscal 2027



Note: P: Projected; Systemic credit includes domestic banking credit, NBFC credit, commercial papers (CP), external borrowings (EB), corporate bonds (CB) excluding those issued by Banks and NBFC; Source: RBI, Company Reports, CRISIL MI&A

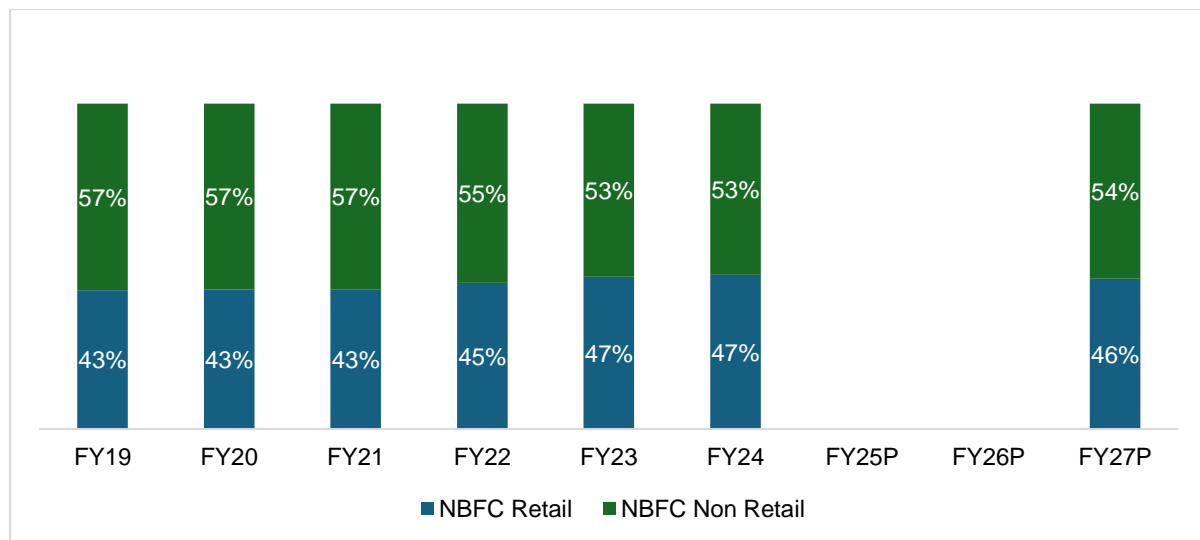
NBFC's share in systemic credit is estimated to have increased from 17% in Fiscal 2019 to 20% in Fiscal 2024.

CRISIL MI&A believes that NBFCs will remain a force to reckon within the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customer segments not conventionally targeted by the Banks. Going forward, NBFCs are expected to continue to gain market share over banks due to their ability to provide flexible lending solutions and tailored services, focused approach to tap under-served and niche customer segments, ability to penetrate deeper into geographies, leveraging technology to reimagine the lending process, strong origination skills and shorter turnaround time.

NBFCs are driving financial inclusion

NBFC credit to retail segment forms more than 47% as of Fiscal 2024 of its portfolio indicating larger focus on retail customers. Rural and semi urban areas, presents vast market opportunity for NBFCs. NBFCs have played a major role in meeting this need, complementing banks and other financial institutions. NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked and underbanked masses in rural and semi-urban India and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realize the mission of financial inclusion. MSME often lack easy access to formal credit from banks due to limited credit history, insufficient collateral or lack of financial documentation. NBFCs bridge the gap by offering customized solutions. NBFCs stronger presence in rural and semi urban areas where MSMEs are prominent help them to serve the under-penetrated segments driving financial inclusion.;

NBFC Retail and NBFC Non- Retail

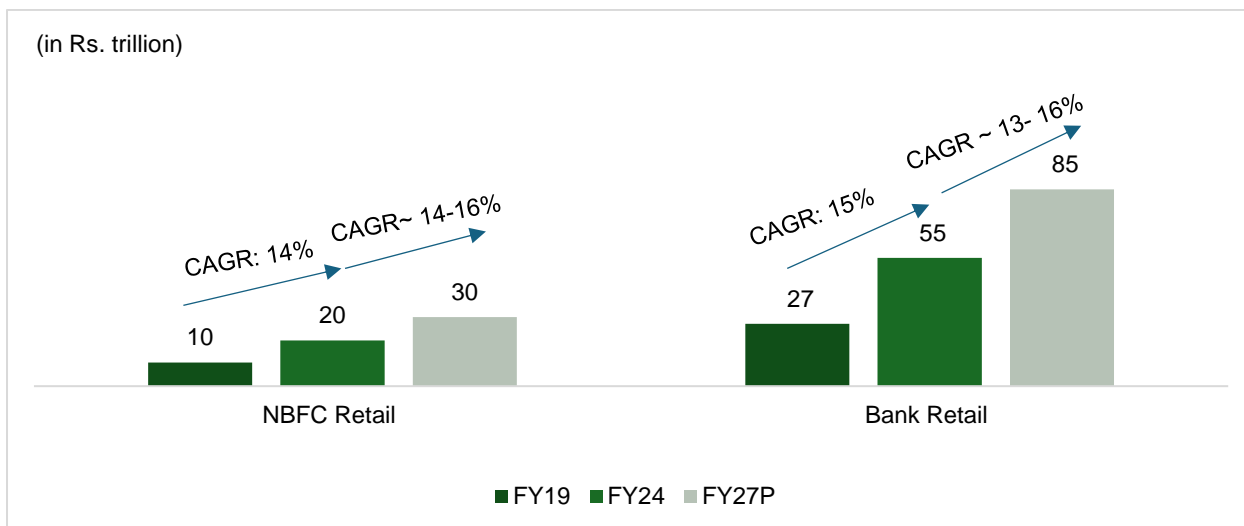


Note: P = Projected, Source: RBI, Company reports, CRISIL MI&A

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 has grown significantly, with a number of players with heterogeneous business models starting operations. The increasing penetration of neo-banking, digital authentication, and mobile phone usage as well as mobile internet has resulted in the democratisation of financial services, particularly credit. Overall NBFC credit during fiscals 2019 to 2024, is estimated to have witnessed a CAGR of approximately 12% which was majorly led by retail segment which is estimated to have witnessed a CAGR of approximately 14%, while NBFC non-retail credit is estimated to have witnessed a growth of approximately 9% during the same time period.

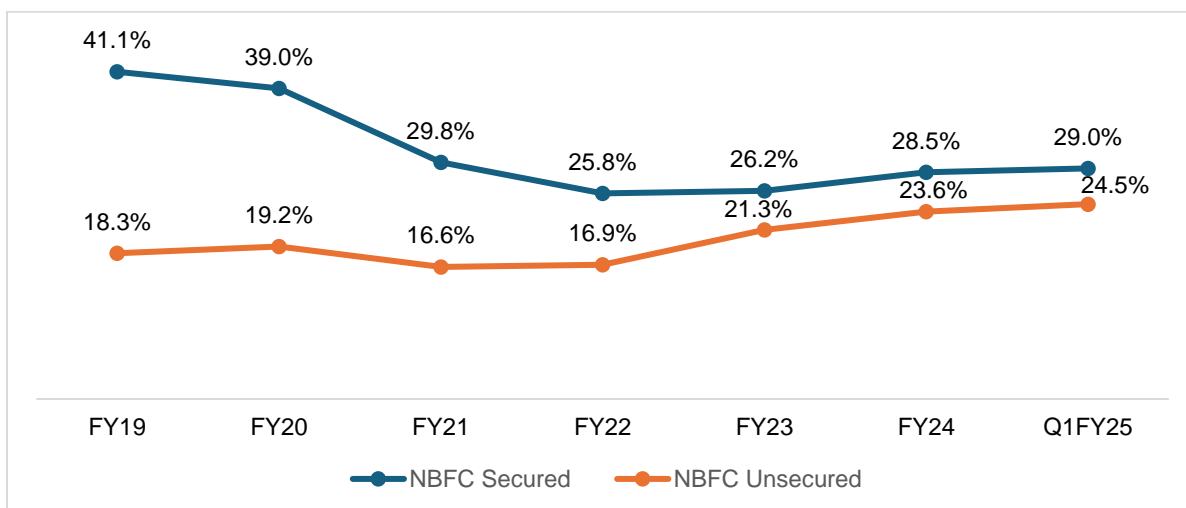
Going forward, growth in the NBFC retail segment is expected at 14-16% from Fiscal 2024 to Fiscal 2027 which will support overall NBFC credit growth, with continued focus on the retail segment.

NBFC Retail Credit is expected to grow at a CAGR of 14% to 16% between Fiscal 2024 and Fiscal 2027



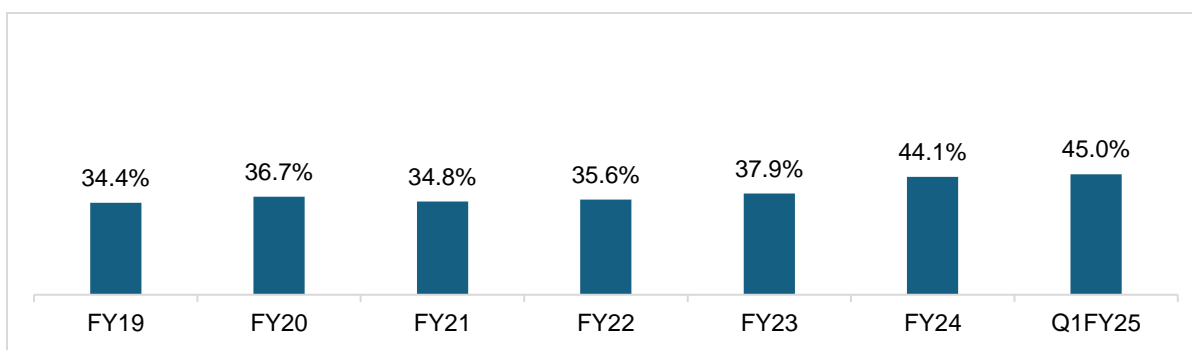
Note: P = Projected; Retail credit above includes housing finance, vehicle finance, microfinance, gold loans, construction equipment finance, consumer durable finance and education loans; Source: Company reports, RBI, CRISIL MI&A

Share of NBFCs in Secured and Unsecured credit asset classes



Note: For computation of share of NBFC Secured, loans considered were Auto loan, Business loan secured, commercial vehicle loans, education loan, housing loan, loan against property, tractor loan, two-wheeler loan and used car loan. For computation of share of NBFC Unsecured loans, loans considered were business loan general, business loan unsecured, consumer loan and personal loan. Source: CIBIL, CRISIL MI&A

NBFCs' share in small ticket (upto ₹ 0.5 million) loans

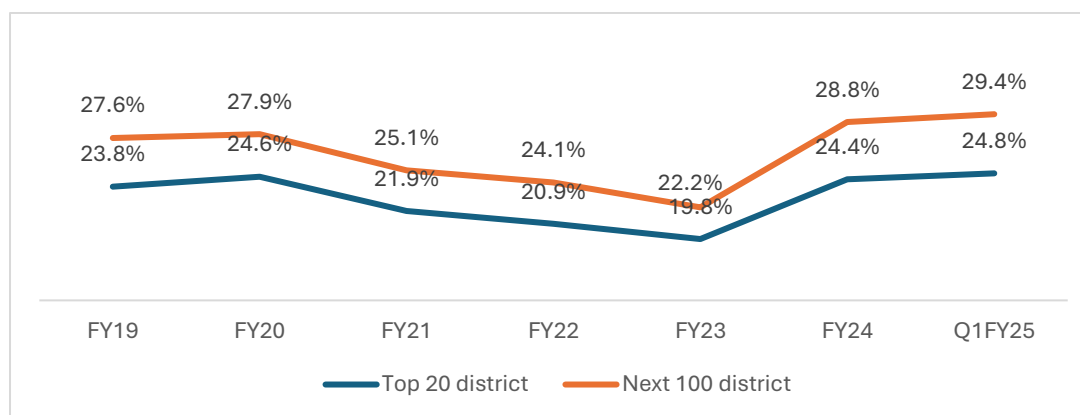


Note: Asset class considered were Auto loan, Business loan general, Business loan secured, business loan unsecured, commercial vehicle loan, consumer loan, education loan, housing loan, personal loan, property loan, tractor loan, two-wheeler loan, used car loan

Source: CIBIL, CRISIL MI&A

NBFC Share in small ticket loans (upto 0.5 million) has increased from 34.4% in Fiscal 2019 to 45.0% in first quarter of Fiscal 2025. NBFCs have a significant presence in tier 2 and tier 3 cities as well as rural areas where traditional banking penetration is lower which makes them favourable for small ticket loans specifically in smaller cities and districts.

NBFCs' share of lending in small ticket loans (Upto ₹ 0.5 million) in top 20 districts and in next 100 districts



Note: Top 20 and next 100 districts are considered based on portfolio outstanding of Auto loan, Business loan general, Business loan secured, business loan unsecured, commercial vehicle loan, consumer loan, education loan, housing loan, personal loan, property loan, tractor loan, two-wheeler loan, used car loan

Source: CIBIL, CRISIL MI&A

Loan segments driving NBFC growth

NBFCs in India have demonstrated remarkable growth, driven by an increased focus on diversified loan segments catering to both individual and business needs. NBFCs have strategically expanded their portfolios across various segments, including auto loans, commercial vehicle loans, education loans, housing loans, personal loans, loans against property, tractor loans, two-wheeler loans, used car loans, and general as well as secured and unsecured business loans.

NBFC non retail segment consists of secured MSME, Hypothecation MSME and unsecured MSME loans. This portfolio is growing at a moderate CAGR between 8.4% to 11.8% between Fiscal 2019 and Fiscal 2024. In NBFC retail, the secured business loan segment stands out as the fastest-growing segment, with a CAGR of 54.8%. This surge can be attributed to the rising need for capital among MSMEs and an increased willingness among NBFCs to fund businesses that provide collateral. Unsecured business loans have witnessed a 28.7% CAGR benefitting from a huge credit gap and underscoring NBFCs' role in addressing this financing gap for enterprises lacking sufficient assets for collateral.

NBFC – Segment Wise Credit (portfolio outstanding) across asset class

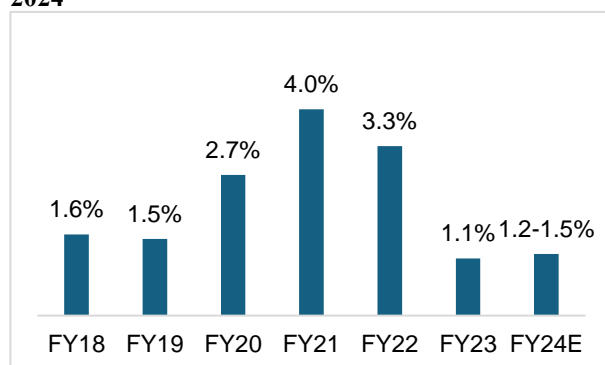
Segment (₹ Trillion)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025	CAGR Fiscal 2019 to Fiscal 2024
Secured MSME	3.1	3.9	4.1	4.7	4.4	5.1	5.8	10.4%
Unsecured MSME	1.6	1.6	1.9	2.3	2.7	2.8	3.1	11.8%
Hypothecation MSME	0.8	0.8	0.8	0.9	1.0	1.2	1.2	8.4%
Vehicle Finance	3.4	3.9	3.9	4.0	4.9	6.6	6.8	14.0%
Personal Loans	0.7	1.0	1.0	1.4	4.5	3.1	3.3	34.7%
LAP	2.3	2.1	2.2	2.2	2.8	3.8	4.0	10.4%
Business loan – Unsecured	0.4	0.5	0.4	0.4	0.8	1.3	1.4	28.7%
Business loan – Secured	0.1	0.1	0.2	0.2	0.4	0.7	0.8	54.8%
Housing Loan	7.4	7.8	5.4	5.1	5.9	7.0	7.3	-1.0%
Consumer Loan	0.2	0.2	0.2	0.3	0.4	0.5	0.6	24.5%
Education Loan	0.1	0.1	0.1	0.1	0.2	0.4	0.5	41.4%

Note: Vehicle Finance includes auto loan, commercial vehicle loan, tractor loan, two-wheeler loan and used car loan.

Source: CIBIL, CRISIL MI&A

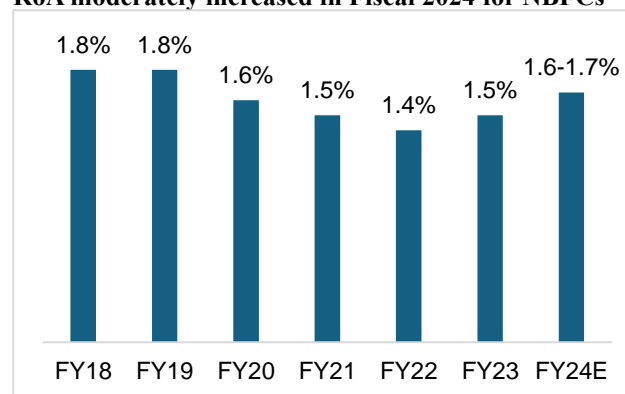
Key ratios of NBFCs

Credit costs for NBFCs moderately declined in Fiscal 2024



Note: E = Estimated
Source: CRISIL MI&A

RoA moderately increased in Fiscal 2024 for NBFCs



Note: E = Estimated
Source: CRISIL MI&A

ROA Tree for NBFCs across asset classes

Asset Class	Financial Metric	Fiscal 2022	Fiscal 2023	Fiscal 2024E and Fiscal 2025P
MSME Loans	Interest income to average assets	14.5%	15.5%	15.5-16%
	Interest expense to average assets	5.6%	5.7%	5.8-6.2%
	Credit Cost	1.2%	1.3%	1.3-1.5%
	Opex	4.2%	3.6%	3.4-3.6%
	ROA	3.3%	3.7%	3.6-3.9%
Auto Loans	Interest income to average assets	12.0%	12.4%	13.2-13.4%
	Interest expense to average assets	6.0%	5.8%	6.9-7.1%
	Credit Cost	2.5%	1.8%	1.6-1.8%
	Opex	1.6%	2.5%	2.0-2.2%
	ROA	1.9%	2.3%	2.4-2.6%
Housing Loans	Interest income to average assets	8.7%	9.2%	9.5-9.7%
	Interest expense to average assets	5.7%	5.9%	6.2-6.4%
	Credit Cost	0.6%	0.5%	0.3-0.5%
	Opex	0.9%	0.9%	0.8-1.0%
	ROA	1.5%	1.9%	1.9-2.1%
Affordable Housing Loans	Interest income to average assets	9.9%	10.3%	10.8-11.0%
	Interest expense to average assets	5.4%	5.4%	5.8-6.0%
	Credit Cost	0.7%	0.4%	0.2-0.4%
	Opex	1.5%	1.7%	1.7-1.9%
	ROA	2.3%	2.8%	2.8-3.0%
Personal Loans	Interest income to average assets	16.4%	16.8%	16.6-17.0%
	Interest expense to average assets	6.5%	6.7%	6.6-6.8%
	Credit Cost	3.6%	3.2%	2.8-3.2%
	Opex	4.5%	4.4%	4.2-4.4%
	ROA	3.6%	3.2%	2.8-3.2%

Source: CRISIL MI&A, Company Documents, Note: Ratios on average total assets

MSME loans have the highest Return on Assets (“ROA”) OF 3.7% in Fiscal 2023 compared 3.2% for personal loans. ROA for housing loans is lowest in Fiscal 2023 with a ratio of 1.9% in Fiscal 2023. MSME loans have the second lowest interest expense to average assets with a ratio of 5.7% in Fiscal 2023. Affordable housing loans have the lowest credit cost of 0.4% in Fiscal 2023 compared to MSME loans with a credit cost of 1.3% in Fiscal 2023. Housing loans have the lowest operating expenses of 0.9% in Fiscal 2023 compared to MSME loans with an operating expenses of 3.6% in Fiscal 2023.

Profitability of NBFC Players present in the Unsecured Business Loan Segment

NBFCs in the Unsecured Business Loan segment operate with yield in the range of 23% to 25%, on average. With average cost of funds being in the range of 12% to 13%, net interest margins (NIMs) for this segment are in the range of 12% to 14%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2024

owing to improving credit costs and increase in interest yields. Going forward, profitability to improve on the back of growth in loan book and increasing operating efficiency.

Competitive Scenario in the Unsecured Business Loan Segment

Parameter	Fiscal 2022	Fiscal 2023	Fiscal 2024
Yield on advances	25.7%	24.4%	24.6%
Cost of Borrowings	12.4%	12.2%	12.2%
Net Interest Margins	12.5%	14.2%	16.9%
Return on Assets	(3.2)%	2.4%	2.9%
ROE	(11.8)%	9.5%	11.7%

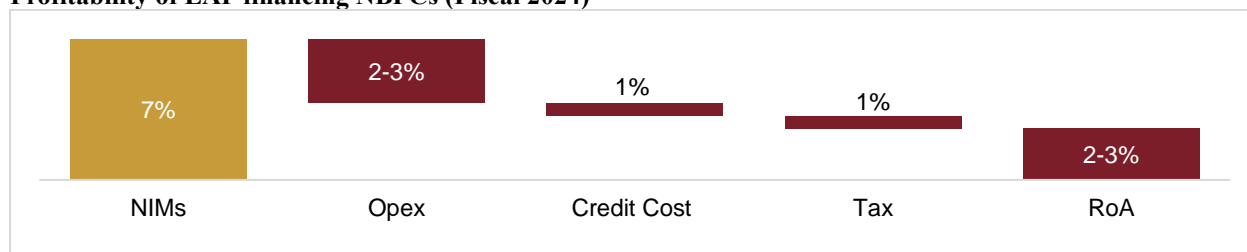
Sources: Company Reports, CRISIL MI&A

NBFCs operating in the Unsecured Business Loan Segment have been able to command higher margins (approximately 16.9%) due to higher yield on advances (24.6%), with cost of borrowings at approximately 12.2%. leading to return on assets at 2.9% for Fiscal 2024, rising from 2.4% in Fiscal 2023, their return on equity stood at 11.7% in Fiscal 2024, rising from 9.5% in Fiscal 2023.

NBFC/HFCs Profitability in LAP (secured business loans) improved in Fiscal 2024

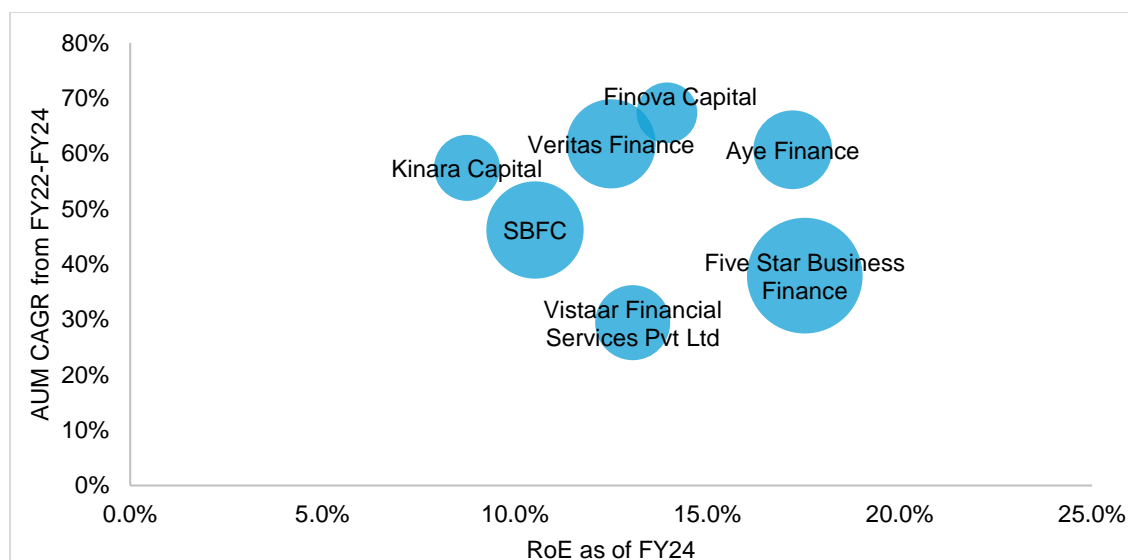
NBFCs in LAP segment operate with yield in the range of 15% to 16%, on an average. With average cost of funds being in the range of 9-10%, net interest margins (NIMs) for this segment are in the range of 5% to 7%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2024 owing to improving credit costs and improved asset quality.

Profitability of LAP financing NBFCs (Fiscal 2024)



Source: CRISIL MI&A; Profitability estimated for Fiscal 2024

Comparison of various players based on MSME portfolio size, portfolio growth (Fiscal 2022 to Fiscal 2024) and RoE (Fiscal 2024)



Note: Size of the bubble denotes relative size of the MSME loan portfolio as of March 2024, Source: Company Reports, CRISIL MI&A

MSME CREDIT IN INDIA

Overview of MSME Sector in India

India has over 63.4 million MSMEs, of which 63 million MSMEs are classified as micro enterprises as per NSO survey conducted in 2016-17 and mentioned in the Ministry of MSME annual report. The estimated number of MSMEs in India is around 70 million as of Fiscal 2022. 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. MSMEs in India contribute approximately 29.20% to the national GDP and faces a substantial unmet credit demand estimated at ₹ 103.00 trillion. The Government expects that MSMEs' contribution to GDP to increase from 29.2% in Fiscal 2022 to 40% to 50% by Fiscal 2030.

As of 11th November 2024, micro enterprises accounted 97.4% of total registered MSMEs in India. Small and medium enterprises accounted for 2.4% and 0.2%, respectively of the total registered MSMEs. Maharashtra, Tamil Nadu and Uttar Pradesh account for the highest number of registered MSMEs in the country, with Maharashtra accounting for 16%, followed by Tamil Nadu and Uttar Pradesh accounting for 10% each.

Behavioural shift in MSMEs

Due to various initiatives and schemes by the Government, MSMEs have witnessed a behavioural shift which is expected to help them in gaining more access to credit. Few examples of behavioural shifts are:

Formalization of MSMEs – Around 38% of total estimated number of MSMEs in India are registered under Udyam System

There has been a large push for formalization of MSMEs in recent years. As of 11th November 2024, close to 30.8 million MSMEs (approximately 44% of estimated number of total MSMEs in India) are registered on Udyam.

Year-wise and MSME category-wise registration of MSMEs

Year / Category	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021*	Fiscal 2022^	Fiscal 2023\$	Fiscal 2024	Fiscal 2025^^
Micro	21,47,908	13,44,612	18,70,932	22,48,730	35,95,577	49,75,082	1,26,17,959	2,62,34,956	3,01,53,648
Small	216,558	166,259	241,187	302,299	400,525	172,432	435,885	708,216	727,208
Medium	8,592	6,584	9,426	11,229	35,541	11,294	39,854	67,481	68,660
Total	2,373,058	1,517,455	2,121,545	2,562,258	4,031,643	5,158,808	13,093,698	27,010,590	31,005,936

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 to 2023; ^^ as of November 18, 2024. Source: Development Commissioner Ministry of Micro, Small & Medium Enterprises (DCMSME), Udyam Registrations, CRISIL MI&A

MSME Credit Gap

High risk perception and prohibitive cost of delivering services physically have constrained formal lending to MSMEs. The emerging self-employed individuals and micro, small and medium enterprise segment is largely unaddressed by lending institutions in India.

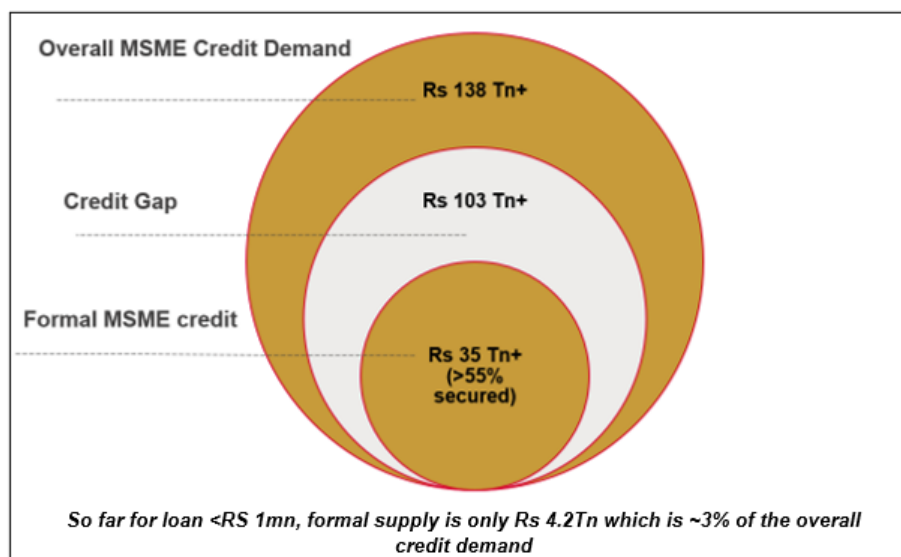
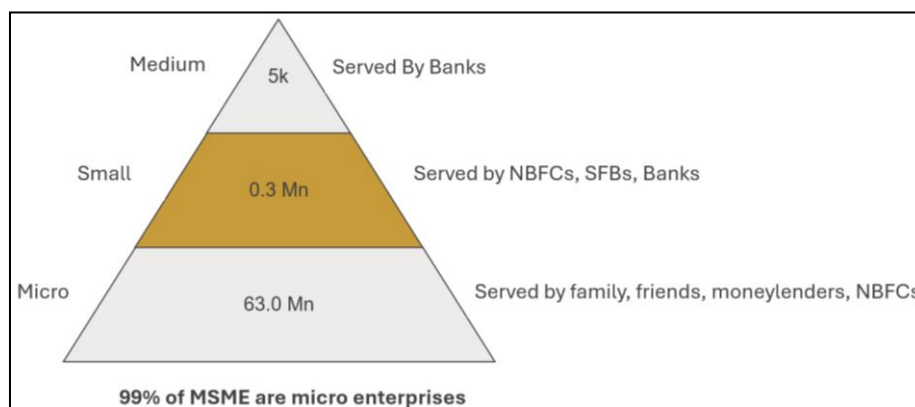
An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at ₹ 69.3 trillion in Fiscal 2017 and the MSME credit gap (defined as the gap between the demand for funds amongst MSMEs and the supply from formal financiers) was estimated at ₹ 58.4 trillion.

The addressable credit demand was at ₹ 36.7 trillion after removing demand from new MSMEs, commercially unviable MSMEs and micro MSMEs that do not seek formal financing as these types of MSMEs voluntarily go for informal source of credit including moneylenders, chit funds and personal sources from friends and relatives. The interest rate for these sources generally ranges between 36% to 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.

As of Fiscal 2024, the MSME credit demand is estimated to be around ₹ 138 trillion, of which around 25.00% of demand is met through formal financing. Assuming an increase of around 10% annually in the demand for credit and the availability of credit from formal sources, CRISIL MI&A estimates the credit gap to have increased to ₹ 103.00 trillion as of Fiscal 2024.

CRISIL MI&A estimates the total addressable credit demand at ₹ 67.5 trillion out of which current formal financing stands at around ₹ 35 trillion taking the total potentially addressable MSME credit gap to ₹ 32.5 trillion which needs to be met by Financial Institutions. CRISIL MI&A expects total addressable credit demand to have increased on account of, favourable government policies and increased lenders' focus with tailored products and technological advancements. Technology and use of various data sources are helping lenders analyse cash flow for NTC (New to Credit) MSME customers faster and bring many MSMEs into the formal financing network. Further, this demand is expected to grow as the Government expects MSMEs' contribution to GDP to increase in the coming years.



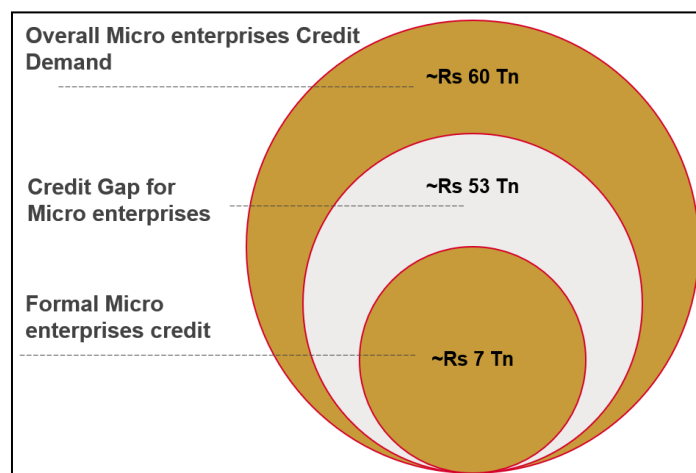
Source: UDYAM, CIBIL, CRISIL MI&A

Credit gap for Micro Businesses is estimated to have increased to around ₹ 53 trillion as of Fiscal 2024

In India, as per UDYAM registrations, more than 97.13% of MSMEs are classified as micro enterprises, highlighting a substantial total addressable market (“TAM”) for financial services. These micro enterprises are credit starved and have limited access to formal credit and constitute only around 18.16% of formal credit availability. They typically need small business loans with a ticket size of less than ₹ 0.5 million.

Further, while a large proportion of this TAM might own a property (in the form of their home or business premises), most of these micro enterprises require a hypothecation loan below ₹ 0.5 million, while some of them would be willing to mortgage their property for a larger ticket size business loan ranging between ₹ 0.30 million to ₹ 1.00 million.

The aforesaid IFC report of November 2018 reported the credit demand for micro businesses at ₹ 30.4 trillion in Fiscal 2017 with credit gap for micro businesses estimated to be around ₹ 27 trillion. As of fiscal 2024, the credit demand for micro business is estimated to have increased to ₹ 59.00 trillion to ₹ 60.00 trillion and the credit gap for micro businesses is estimated to have increased to ₹ 53.00 trillion to ₹ 55.00 trillion as of Fiscal 2024.

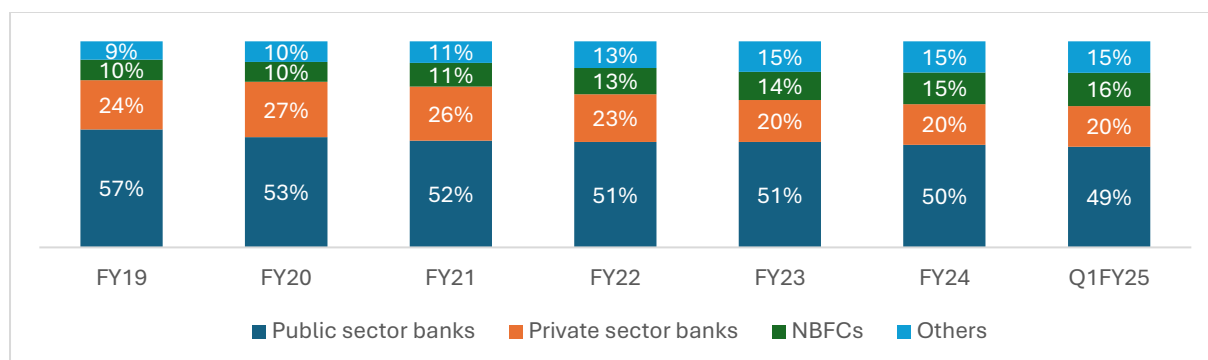


Source: UDYAM, CIBIL, CRISIL MI&A

Sources of finance for MSMEs with credit requirements of ₹ 0.1 million to ₹ 0.5 million

Banks have remained the major source of finance for MSMEs with credit requirements of ₹ 0.1 million to ₹ 0.5 million. However, the share of NBFCs has increased from 9.88% in fiscal 2019 to 15.45% in fiscal 2024 whereas public sector banks and private sector banks have witnessed decline in their share. Going forward, the share of NBFCs in MSME credit with ticket size of ₹ 0.1 million to ₹ 0.5 million is expected to rise further as NBFCs have been intensifying their focus on the segment.

Share of NBFCs in MSME credit (Ticket size between ₹ 0.1 Million to ₹ 0.5 Million) increased to 16% in first quarter of Fiscal 2025



Source: TransUnion CIBIL, CRISIL MI&A

Overview of overall MSME credit in India

Modes of funding for MSMEs

MSMEs need credit for various purposes including term loan for expansion of business and working capital for daily operational activities. These credit needs are being fulfilled by banks and NBFCs (including Fintech companies).

Banks and NBFCs offer various credit products based on the need of MSMEs. Such products include Loan against property, Supply chain financing, Inventory funding, Unsecured business loans, etc.

- **Loan against property:** It is a secured business loans which is disbursed by financial institutions against the mortgage of property. The property act as collateral / security and therefore the financial institution charges comparatively lesser interest rates than unsecured loans.
- **Secured Hypothecation:** These loans are backed by collateral in the form of movable/working assets such as inventory, machinery, vehicle or accounts receivables, which remains in the possession of the borrower but are hypothecated to the lender.
- **Inventory funding:** Inventory acts as one of the most important factors for running business smoothly. Inventory financing facilitate MSMEs to buy adequate inventories which could act as collateral for the loan. It helps MSMEs in maintaining optimal stock levels without impacting their cash flows.
- **Supply chain finance (SCF):** SCF consists of financing MSMEs against invoices and receivables as intermittent collaterals. It includes providing cash to suppliers against receivables from buyers.
- **Unsecured Retail:** These loans rely on the creditworthiness of borrower, business cash flow, alternative data rather than physical asset as security. These are typically used for working capital, expansion, and operational needs. These loans have shorter approval times, higher interest rates, and are offered in smaller amounts compared to secured loans.

Note: CRISIL has classified overall MSME loans into three categories – Secured MSME loans, Unsecured MSME loans and MSME Hypothecation loans. The credit portfolio and other related data of MSME loans which are reported to commercial bureau are considered while providing analysis.

Further, CRISIL considers Loan against Property (LAP) as also secured MSME loans as majority of the loans in this category is obtained by MSMEs for commercial use. The data pertaining to LAP which are reported to Consumer bureau are considered while providing analysis.

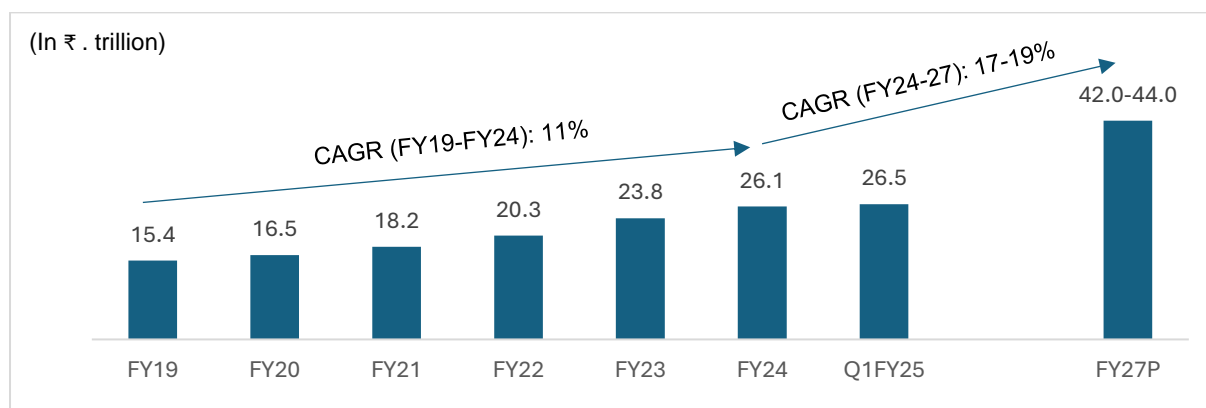
Formal Source of Funding being preferred by borrowers

Formal financial institutions such as banks and non-banking financial companies (NBFCs) generally offer lower interest rates than informal lenders, making formal credit more affordable for MSMEs. Formal loans often come with longer repayment periods, which eases the cash flow burden on MSMEs and allows them to allocate resources to business expansion and other needs. Formal loans are regulated by government bodies, ensuring transparency, fairness, and adherence to structured processes, which builds trust among MSMEs. Borrowing from formal sources contributes to the borrower's credit history, which is crucial for accessing future financing at better terms. A good credit score opens opportunities for larger loans or credit lines. Many formal financial institutions are tied to government schemes like the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and Priority Sector Lending (PSL), which offer benefits such as reduced collateral requirements or subsidized interest rates. Hence, MSME prefer formal source of funding rather than informal source.

Overall MSME Credit Outstanding

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 ₹ 26 trillion as of March 2024 and ₹ 27 trillion as of June 2024. 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.

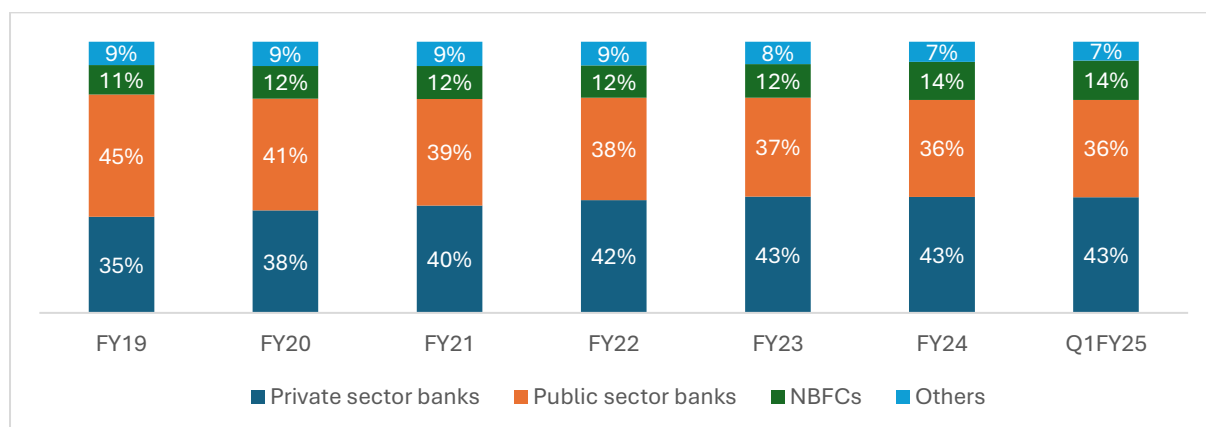
Overall MSME portfolio outstanding to grow at 17% to 19% CAGR between Fiscal 2024 and Fiscal 2027



Source: TransUnion CIBIL, CRISIL MI&A

Private sector banks and NBFCs have grown their market share in overall MSME portfolio

As of first quarter of Fiscal 2025, private sector banks have the largest share in overall MSME portfolio at 43% whereas public sector banks have 36% share. The share of NBFCs in overall MSME portfolio has increased from 11% as of fiscal 2019 to 14% as of first quarter of Fiscal 2025. Going forward, NBFCs are expected to drive the growth of MSME lending and increase its share in overall MSME credit, with banks following closely.



Source: TransUnion CIBIL, CRISIL MI&A

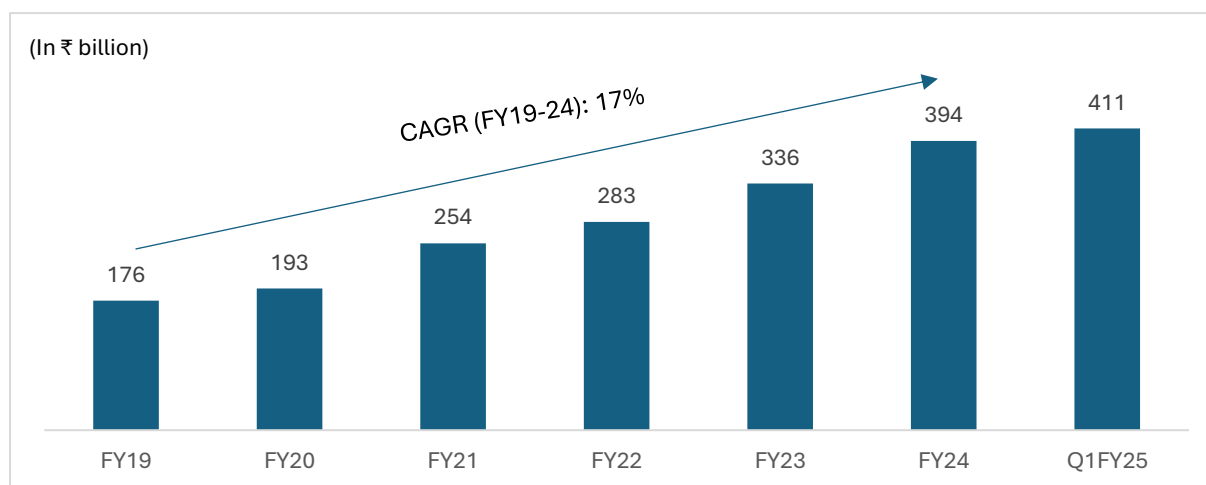
MSME credit for NBFCs with smaller ticket size of less than ₹ 1.0 Million reached ₹ 411 billion as of first quarter of Fiscal 2025

The majority of micro scale businesses require loans with a ticket size of less than ₹ 1.0 million representing 11% of overall MSME credit outstanding (reported to Commercial bureau), highlighting a significant gap in addressing the needs of this segment.

Despite the large demand, only a very limited number of organized NBFCs or banks serve these customers. Barriers to entry in this market include high operational costs for servicing small-ticket loans, nuanced underwriting owing to limited or no available credit histories of borrowers, limited availability of data for underwriting and stringent regulatory requirements, which make it challenging for new entrants to effectively cater to this underserved segment. These discrepancies present a significant opportunity for financial institutions to address the unmet needs of this sector.

MSME loans for NBFCs with ticket size less than ₹ 1.0 million witnessed robust CAGR of 17% between fiscal 2019 and 2024 and reached ₹ 411 billion as of first quarter of Fiscal 2025. The growth was on account of NBFCs shifting their focus more towards smaller ticket size MSME loans. Going forward, NBFCs are expected to continue driving the growth of smaller ticket size MSME credit.

MSME loans for NBFCs having ticket size less than ₹ 1.0 million grew at a CAGR of 17% between Fiscal 2019 and Fiscal 2024

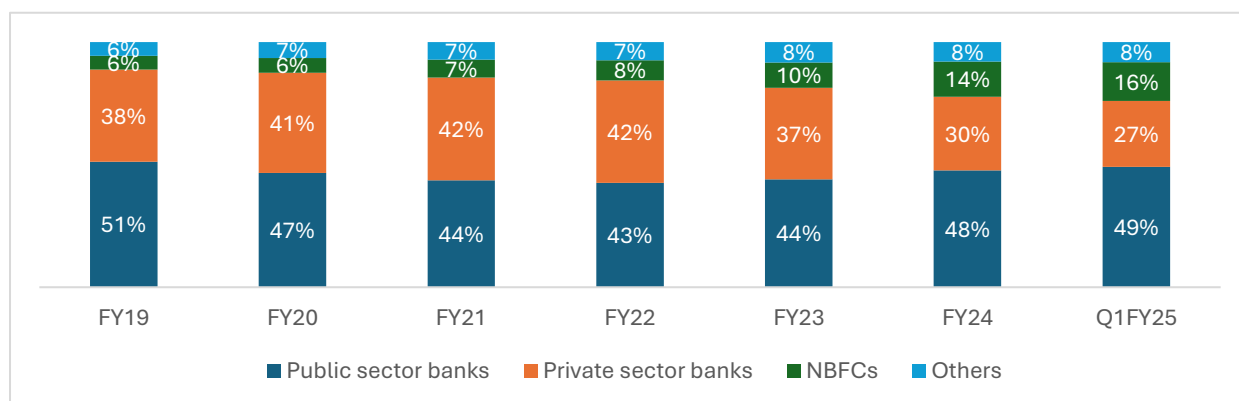


Source: TransUnion CIBIL, CRISIL MI&A

NBFCs’ share witnessed a rise in MSME loans portfolio of ticket size less than ₹ 1.0 million

The share of banks in MSME loans portfolio of ticket size less than ₹ 1.0 million declined from 89% as of fiscal 2019 to 76% as of first quarter of Fiscal 2025 as private sector banks shifted their focus towards larger ticket size MSME loans. However, this has led to more opportunities opening for NBFCs in small ticket size MSME loans with market share of NBFCs in MSME loans portfolio of ticket size less than ₹ 1.0 million increasing from 6% as of Fiscal 2019 to 16% as of first quarter of Fiscal 2025.

Share of NBFCs in MSME loans (Ticket size less than ₹ 1.0 million) increased to 16% as of first quarter of Fiscal 2025



Source: TransUnion CIBIL, CRISIL MI&A

Semi-urban and rural region have cumulative market share of 29% in overall MSME credit as of first quarter of Fiscal 2025 (In ₹ Billion)

In the under 0.5 million ticket size, the cumulative market share of semi-urban and rural region in overall MSME credit was 29% as of first quarter of Fiscal 2025.

Region-wise MSME credit in various ticket sizes as of first quarter of Fiscal 2025

Region	Under 0.5 million	0.5 million to 1 million	1.0 million to 1.5 million	1.5 million to 2.5 million	Over 2.5 million	Total
Metro	488	339	335	671	9,700	11,534
Urban	280	276	249	417	5,204	6,425
Semi-Urban	293	355	273	411	3,915	5,248
Rural	154	220	145	197	1,614	2,328

Region	Under 0.5 million	0.5 million to 1 million	1.0 million to 1.5 million	1.5 million to 2.5 million	Over 2.5 million	Total
Not reported	103	82	56	73	691	1,007
Total	1,319	1,272	1,058	1,769	21,124	26,542

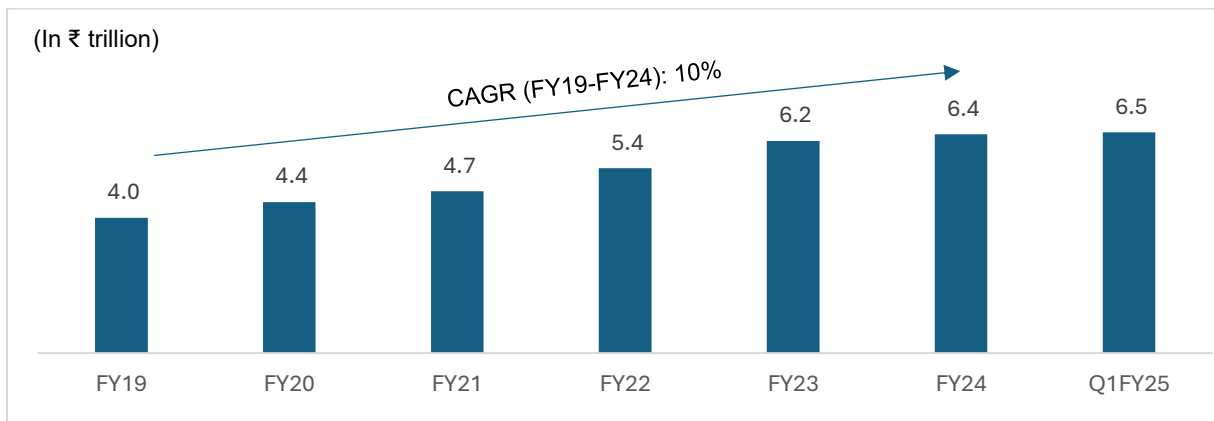
Note: Above figures are in ₹ Billion as of first quarter of Fiscal 2025
Source: TransUnion CIBIL, CRISIL MI&A

Secured MSME loans

Secured MSME loans (Commercial) reached ₹ 6.4 trillion as of first quarter of Fiscal 2025

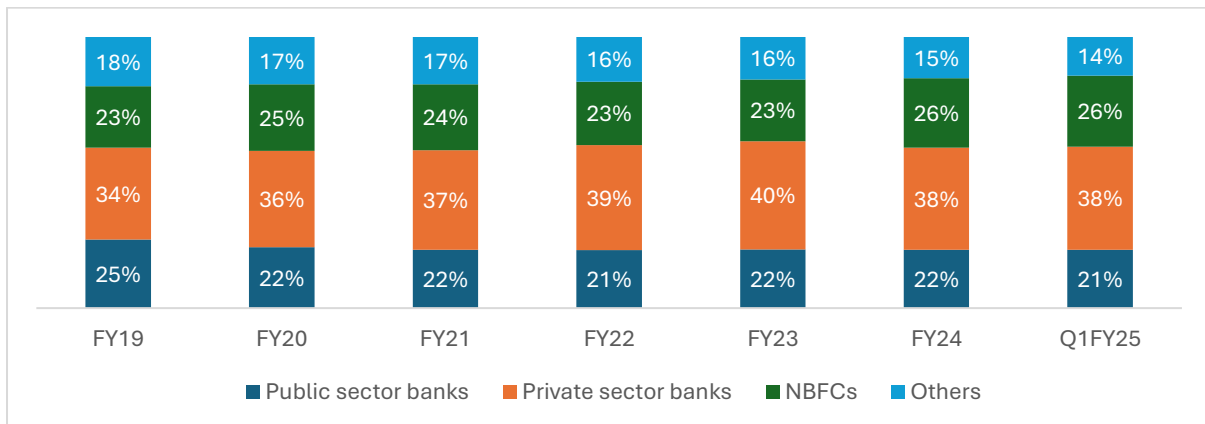
Secured MSME loans portfolio increased from ₹ 4.0 trillion as of Fiscal 2019 to ₹ 6.4 trillion as of Fiscal 2024 thereby reporting a CAGR of 10% during the same period. As of first quarter of Fiscal 2025, Secured MSME loans portfolio has reached ₹ 6.5 trillion. The growth in Overall Secured MSME loans portfolio was driven by growth in loan term loans and property loans.

Secured MSME loans grew at CAGR of 10% between Fiscal 2019 and Fiscal 2024



Note: Above data includes secured MSME loans reported by lenders to the commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

NBFCs' share in Secured MSME Credit (Commercial) has increased to 26% as of first quarter of Fiscal 2025



Note: Above data includes secured MSME loans reported by lenders to the commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Private Sector Banks and NBFCs have lowest GNPA% in Secured MSME Credit (Commercial) as of first quarter of Fiscal 2025

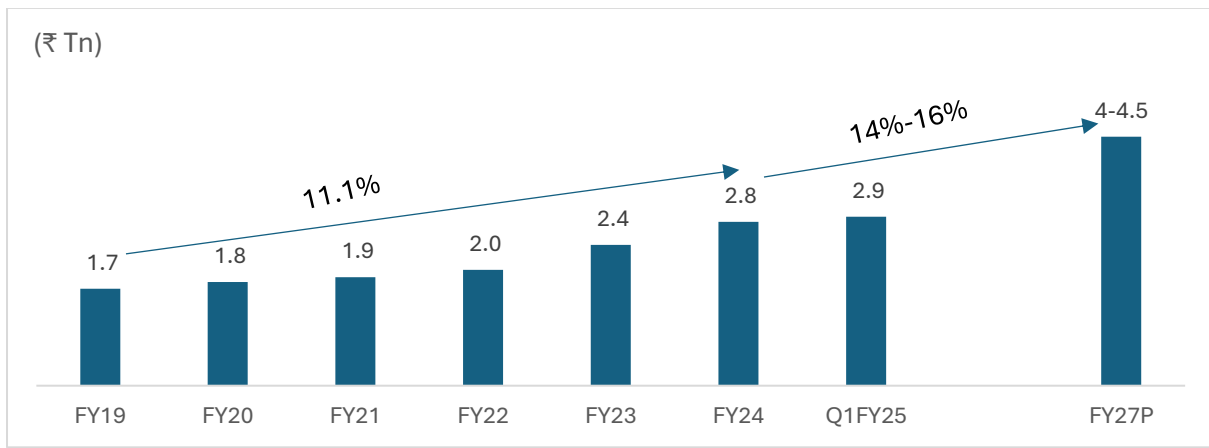
Row Labels	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Public Sector Banks	19%	20%	19%	19%	17%	15%	16%
Private Sector Banks	4%	4%	4%	4%	4%	4%	3%
NBFCs	4%	7%	9%	10%	7%	5%	5%
Others	21%	21%	21%	22%	20%	19%	21%
Industry	11%	11%	12%	11%	10%	9%	9%

Note: Above data includes secured MSME loans reported by lenders to the commercial bureau.

Source: TransUnion CIBIL, CRISIL MI&A

MSME Hypothecation loan

MSME Hypothecation Loans witnessed a CAGR of approximately 11.1% between Fiscal 2019 to Fiscal 2024



Note: MSME hypothecation loan portfolio includes Hypothecated credit products provided to MSMEs and reported to Commercial bureau.

Source: TransUnion CIBIL, CRISIL MI&A

MSME Hypothecation Loan segment stood at ₹ 2.8 trillion as of Fiscal 2024, witnessing a CAGR of 11.1% from Fiscal 2019. As of first quarter of Fiscal 20 25, overall Hypothecation Loan segment stands at ₹ 2.9 trillion.

Private Sector Banks witnessed the fastest growth among lenders from Fiscal 2019 to Fiscal 2024, while accounting for the highest share in MSME Hypothecation Loan Segment

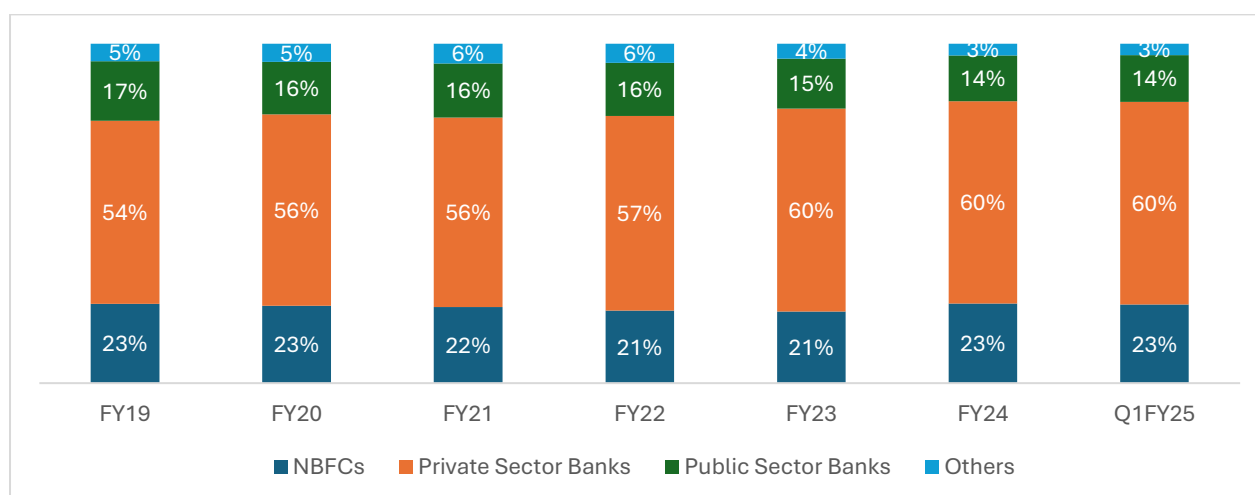
Among lenders, private sector banks witnessed the fastest growth during Fiscal 2019 to Fiscal 2024, growing at a CAGR of approximately 13.3% in the MSME Hypothecation Loan segment which was followed by NBFCs witnessing a CAGR of approximately 11.1%. As of first quarter of Fiscal 2025, among lenders, Private Sector banks accounted for the highest share in credit outstanding with a share of approximately 60% followed by NBFCs accounting for approximately 23% share.

Portfolio Outstanding (₹ Trillion)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025	CAGR Fiscal 2019-Fiscal 2024
NBFCs	0.39	0.41	0.42	0.43	0.51	0.66	0.68	11.1%
Private Sector Banks	0.91	1.01	1.05	1.15	1.46	1.69	1.75	13.3%
Public Sector Banks	0.29	0.28	0.30	0.31	0.36	0.38	0.40	5.5%
Others	0.09	0.10	0.11	0.11	0.11	0.10	0.10	2.3%

Note: MSME hypothecation loan portfolio includes Hypothecated credit products provided to MSMEs and reported to Commercial bureau.

Source: TransUnion CIBIL, CRISIL MI&A

Lender-wise share



Note: MSME hypothecation loan portfolio includes Hypothecated credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Among lenders, Private Banks had the best asset quality in MSME Hypothecation Loan Segment as of Fiscal 2024

Among lenders, Private had the best asset quality in the MSME Hypothecation Loan segment with 90+ DPD at 2.9% as of Fiscal 2024 and they dominate the market share for these loans as depicted in the previous chart. NBFCs' 90+ DPD stands at 9.6% as of Fiscal 2024. Further, Public sector banks have a small market share in these loans and their asset quality is the lowest among lenders.

Among lenders, Private Banks had the best asset quality in MSME Hypothecation Loan Segment as of Fiscal 2024 (GNPA – 90+DPD)

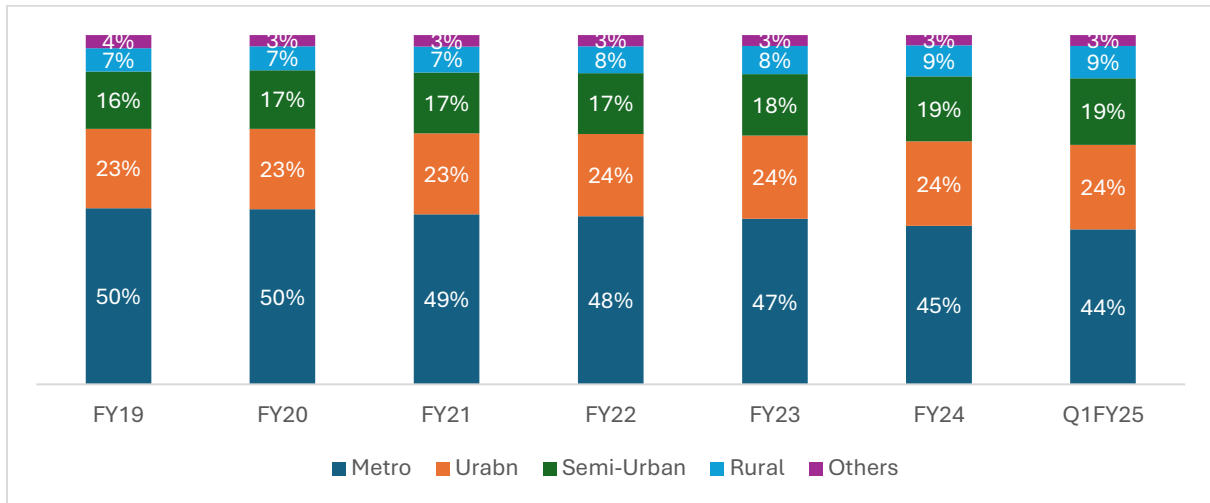
Lender	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
NBFCs	5.1%	8.9%	10.1%	11.6%	9.9%	9.6%	13.0%
Private Sector Banks	3.4%	3.8%	4.7%	4.2%	3.3%	2.9%	2.9%
Public Sector Banks	18.1%	21.2%	19.5%	31.7%	29.8%	23.8%	23.8%
Others	16.6%	18.4%	17.2%	18.4%	14.6%	12.4%	12.8%
Industry	7.1%	8.4%	9.0%	10.9%	9.1%	7.6%	8.4%

Note: MSME hypothecation loan portfolio includes Hypothecated credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Semi-Urban and Rural regions held a total share of 23% in Fiscal 2019 which has grown to 28% as of Fiscal 2024 in MSME Hypothecation Loan Segment

Metro regions accounted for the highest share in MSME Hypothecation Loan Segment, accounting for approximately 45% market share followed by Urban regions accounting for approximately 24% share and semi-urban regions accounting for approximately 19% market share.

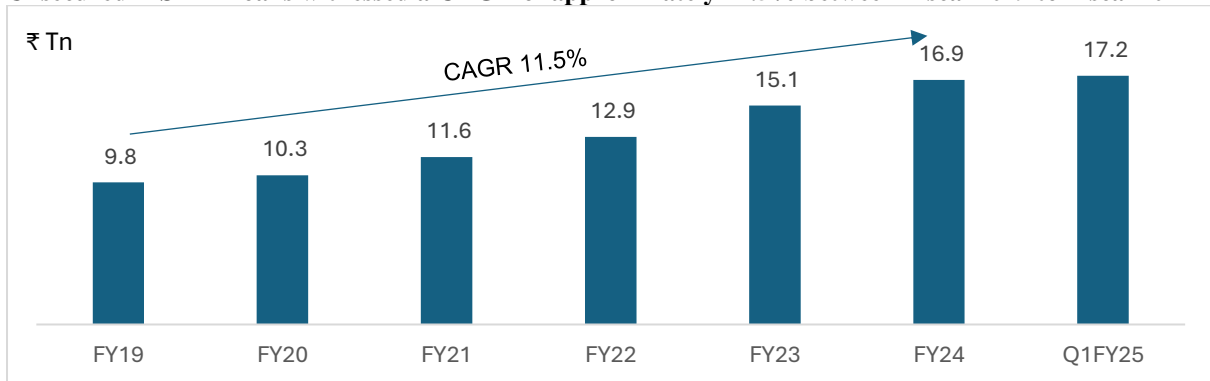
Semi-Urban and Rural Regions accounted for 28% share in MSME Hypothecation Loan Segment as of Fiscal 2024



Note: MSME hypothecation loan portfolio includes Hypothecated credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Unsecured MSME loan

Unsecured MSME Loans witnessed a CAGR of approximately 11.5% between Fiscal 2019 to Fiscal 2024



Note: Unsecured MSME loan portfolio includes unsecured credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Overall Unsecured MSME Loan segment in India, stood at ₹ 16.9 trillion as of Fiscal 2024, witnessing a CAGR of 11.5% from Fiscal 2019. As of first quarter of Fiscal 2025, overall Unsecured MSME Loan segment stands at ₹ 17.2 trillion.

NBFCs witnessed the fastest growth among lenders from Fiscal 2019 to Fiscal 2024, while public banks accounted for the highest share in overall Unsecured MSME Loan Segment

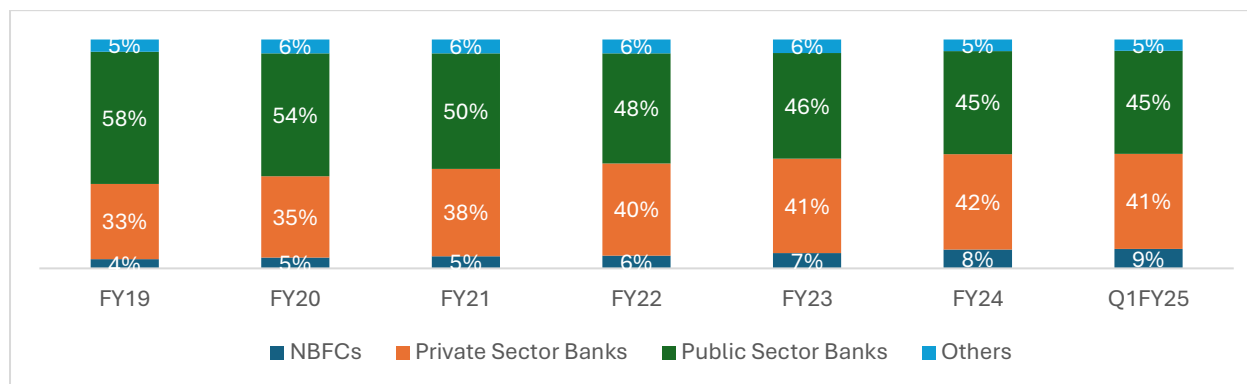
As of first quarter of Fiscal 2025, among lenders, Public Sector banks accounted for the highest share in credit outstanding with a share of approximately 45% followed by Private Sector banks accounting for approximately 41% share. NBFCs have increased their share from 4% in Fiscal 2019 to 9% in first quarter of Fiscal 2025.

NBFCs witnessed the fastest growth among lenders from Fiscal 2019 to Fiscal 2024

Portfolio Outstanding (₹ Trillion)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025	CAGR Fiscal 2019 to Fiscal 2024
NBFCs	0.39	0.49	0.62	0.72	1.01	1.38	1.47	28.5%
Private Sector Banks	3.23	3.65	4.40	5.21	6.24	7.05	7.12	16.9%
Public Sector Banks	5.66	5.54	5.84	6.22	6.98	7.59	7.74	6.0%
Others	0.52	0.62	0.70	0.79	0.88	0.85	0.84	10.4%

Note: Unsecured MSME loan portfolio includes unsecured credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Trend of Lender-wise share



Note: Unsecured MSME loan portfolio includes unsecured credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Among lenders, Private Banks had the best asset quality in Unsecured MSME Loan Segment as of Fiscal 2024

Among lenders, Private Banks had the best asset quality in the Unsecured MSME Loan segment with 90+ DPD at 5.6% as of Fiscal 2024, this was followed by NBFCs with 90+ DPD at 7.2%.

Among lenders, Private Banks had the best asset quality (90+ DPD) in Unsecured MSME Loan Segment as of Fiscal 2024

Lender	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
NBFCs	5.8%	7.2%	7.9%	9.9%	8.4%	7.2%	7.4%
Private Sector Banks	6.0%	6.6%	7.2%	6.4%	5.6%	5.6%	5.8%
Public Sector Banks	13.4%	15.0%	15.3%	16.9%	15.8%	13.9%	14.2%
Others	9.6%	11.4%	11.6%	10.6%	9.8%	10.5%	11.4%
Industry	10.5%	11.4%	11.6%	11.9%	10.7%	9.7%	10.0%

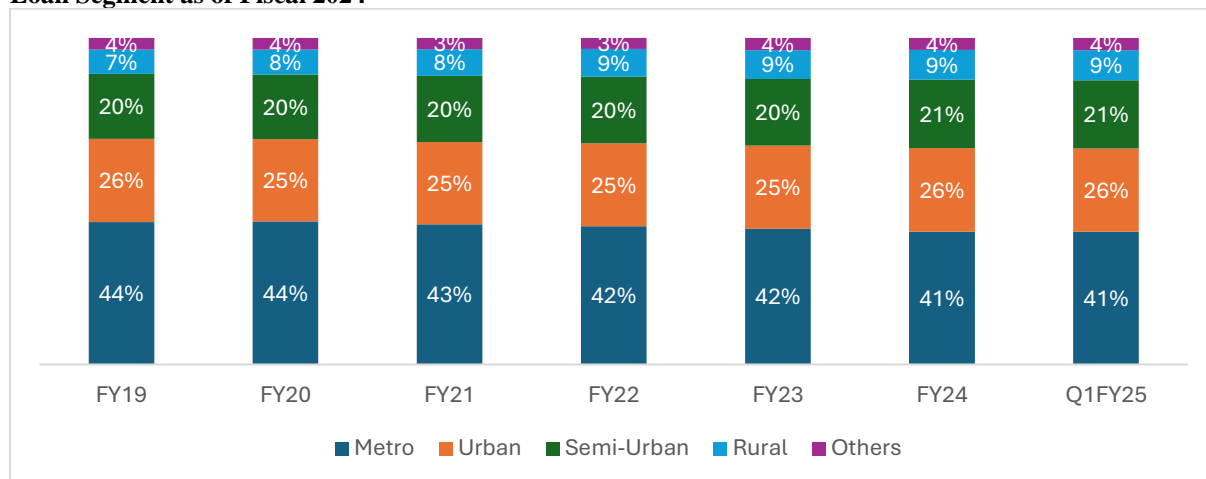
Note: Unsecured MSME loan portfolio includes unsecured credit products provided to MSMEs and reported to Commercial bureau.

Source: TransUnion CIBIL, CRISIL MI&A

Semi-Urban and Rural Regions accounted for 30% share in Unsecured MSME Loan Segment as of Fiscal 2024

Metro regions accounted for the highest share in Unsecured MSME Loan Segment, accounting for approximately 41% market share followed by Urban regions accounting for approximately 26% share and semi-urban regions accounting for approximately 21% market share.

Semi-Urban and Rural Regions grew from 27% share in Fiscal 2019 to 30% share in Unsecured MSME Loan Segment as of Fiscal 2024



Note: Unsecured MSME loan portfolio includes unsecured credit products provided to MSMEs and reported to Commercial bureau.
Source: TransUnion CIBIL, CRISIL MI&A

GROWTH DRIVERS FOR MSME CREDIT

Large and increasing credit gap in the MSME segment

As per estimates, 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) and is estimated to have widened further to around ₹ 103 trillion as of Fiscal 2024.

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. This 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. Demonetisation and GST have further accelerated formalization of the Indian economy.

Advanced underwriting models powered by technology enabling lenders to serve MSMEs through unsecured loans

Underwriting and technology have become essential growth drivers for unsecured retail loans in MSME sector, fundamentally changing the way lenders assess risk and streamline processes. Modern underwriting models with data analytics leverage alternative data sources such as GST records, bank transaction history, e-commerce sales, digital payment history, utility bills, etc. This wider data set allows lenders to gauge financial health of the borrower without formal credit history. Machine learning algorithms analyse patterns with alternative data to predict default risk, enabling more accurate risk assessments which enables lenders to provide loans to self-employed individuals without collateral. Moreover, new-age credit scoring models integrate data from multiple

sources, enabling quick assessment without traditional collateral. These dynamic credit scoring models are particularly beneficial for unsecured lending, where the focus shifts from collateral to creditworthiness.

With the adoption of artificial intelligence and machine learning, lenders are deploying models that continuously adapt from new data, improving their accuracy in predicting borrower behaviour. AI-powered early warning systems help lenders detect sign of potential defaults by continuously monitoring loan portfolios. Moreover, real-time monitoring and post-loan management systems are also enabling lenders to keep a real-time check on the ongoing financial health of the borrower post-disbursal analysing bank account activity, payment transactions, and other digital data. This is helping lenders to stay aware of changes in borrower's financial stability and manage the risk of unsecured loans.

With advanced underwriting models and adoption of technology, lenders have been able to better serve the self-employed with unsecured loans with greater efficiency, accuracy and reach. The ability to assess risk quickly and accurately without collateral has been transformative for MSME financing, helping fill a crucial gap in access to capital and fuelling growth in this segment.

Increasing access and faster TAT

Due to availability of multiple data points and technology solutions, the lending process involving documentation, verification and processing of the transactions has evolved and now takes much lesser time. Technology led enhancements such as use of big data analytics and social media campaigns to acquire customers, use of direct and derived variables for underwriting, automated processes, minimum documentations, Aadhar based e-KYC, Account aggregators, flexible repayment options due to simplified real-time digital payments system, have helped in reducing hassles, increasing access to credit for borrowers and faster TAT.

Growth in branch network of players offering MSME loans

Over past few years, players offering MSME loans have expanded their branch network with the intent to serve a larger customer base. Share of borrowers from top cities in India has been on a declining trend indicating that lenders are shifting their focus on MSMEs in rural and semi urban areas. In the future also, CRISIL MI&A expects lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration, share of MSME loans is also expected to increase.

Increasing competition with entry of new players and partnerships between them

Lenders are increasing the use of digital platforms to help automate and digitize loan sanctioning process however the borrower is required to possess documents for the initial clearance as stated by the banks. Incumbent traditional lenders will 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 will expand the market for MSME loans.

Robust government support

The government has special focus on the MSME sector on account of its economic contribution to the economy and number of people employed in the sector. MSMEs in India come under the purview of Government of India, Ministry of MSME, Khadi Village and Coir Industries Commission (KVIC). The government launched Udyam Assist Platform (UAP) on 11th January 2023 to enhance formalization of the economy. As of June 28, 2024, 19 million informal micro enterprises have joined UAP to come under the formal economy.

Relaxation in the threshold under SARFAESI Act from ₹ 5 million to ₹ 2 million for NBFCs

In the Union Budget 2021-22, for NBFCs with a minimum asset size of ₹ 1 billion, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) Act, 2002 was proposed to be reduced from the existing level of ₹ 5 million to ₹ 2 million. 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.

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 will enable entities operating in the segment to register on Government's Udyam portal, participate in government tenders and also avail financing options/ benefits available to the category.

Prime Minister's Employment Generation Programme (PMEGP) providing margin money to MSMEs

PMEGP is a credit linked subsidy scheme to provide employment opportunities by establishing new micro enterprises in the non-farm sector where margin money is provided to MSMEs availing loan from banks to set up new enterprises. The maximum margin money provided under the scheme for setting up a new project is ₹ 5 million for manufacturing sector and ₹ 2 million for service sector. Geo-tagging for the products and services of the units set up under this scheme has been initiated. This will help the enterprises with creating market linkages.

Credit Guarantee Fund Scheme extended to cover NBFCs

The government 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.

Other government initiatives addressing structural issues in the MSME market

Some of the other government and regulatory initiatives are detailed below:

- **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 will provide employment to numerous youths in India
- **Mudra loans: Pradhan Mantri Mudra Yojana (PMMY)** is an initiative by the government to provide affordable and collateral-free credit to the non-corporate, non-farm small and micro-enterprises. PMMY provides loans under three categories: *Shishu* loans upto ₹ 50,000 for startups or new ventures; *Kishore* loans between ₹ 50,000 to ₹ 5,00,000 for businesses that need further growth; and *Tarun* loans between ₹ 5,00,000 to ₹ 10,00,000 for business expansion. Mudra loans have relatively low interest rates and entails a quick and easy processing of loans.
- **59-minute loan:** Online marketplace that provides in-principal 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
- **Trade Receivables Discounting System (TreDS):** Institutional mechanism to facilitate financing of trade receivables of MSMEs from corporates and other buyers through multiple financiers.
- **Factoring Regulation:** In an amendment to Factoring Regulation Act, 2011, the Lok Sabha passed the Factoring Regulation (Amendment) Bill in July 2021

Further, there have been several schemes by the government such as Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship, Scheme of Fund for Regeneration of Traditional Industries, Micro and Small Enterprises-Cluster Development Programme, MSME Champions Scheme, etc.

Key success factors for NBFCs offering MSME Loans

- **Ability to dive into deeper geographies with a strong branch network:** 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. The deeper understanding and presence of inhouse sales team for direct sourcing within the segment also leads to lower customer churn.
- **Focussed approach to tap underserved niche borrower segments:** MSME focussed lenders need to build a portfolio with deep understanding of the target segment and market. Specific tailor-made lending products for MSMEs with easier data availability to help lenders take a focussed approach.

- **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 account of limited data to support credibility of the MSME borrower, lenders are now using alternate methods of underwriting like cash flow analysis to strengthen their underwriting capabilities.
- **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. Direct Sourcing allows control over the quality of customers and processes involved for disbursement, which can lead to better asset quality, as compared to other methods of customer acquisition.
- **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.
- **Physical presence:** It is vital to have physical presence to cater to underserved and underbanked segments like MSMEs which still prefers to have in-person interactions and understand various nuances which are involved in lending. Physical presence with some extent of digitization will enable NBFCs to grow and serve in the market.

Lending to MSMEs involves challenges such as limited financial records, small loan sizes, restricted access to traditional banks and financial institutions, and reluctance to provide property as collateral for smaller loans, making it difficult to underwrite loans for such customers.

Building expertise in cluster-based approach requires considerable investment of time and resources and presents a notable challenge for new entrants to replicate in this sector.

SECURED MSME (LAP)

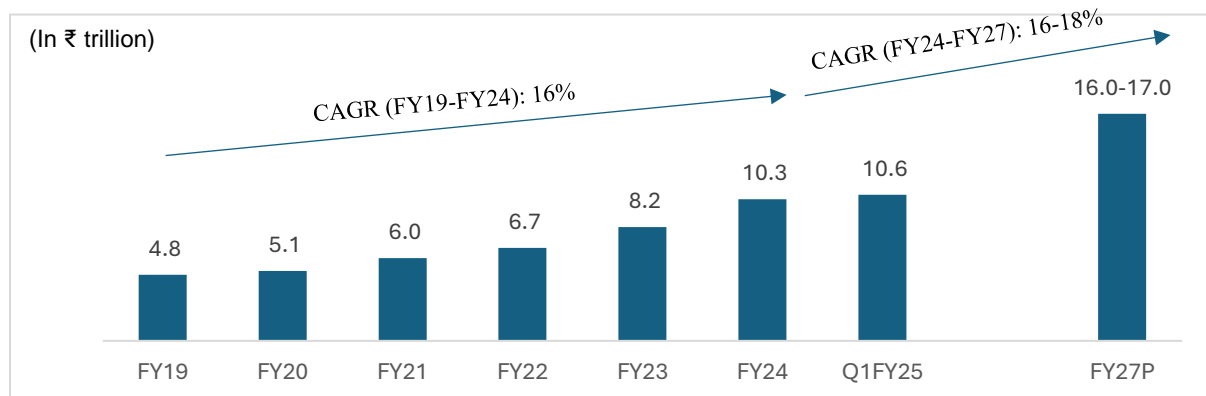
Secured MSME (LAP) portfolio

The LAP segment grew at a strong pace with portfolio outstanding registering a CAGR of approximately 16% from Fiscal 2019 to Fiscal 2024. LAP portfolio increased from ₹ 4.8 trillion as of Fiscal 2019 to ₹ 10.3 trillion as of fiscal 2024 and reached ₹ 10.6 trillion as of first quarter of Fiscal 2025.

A secured MSME (LAP) loan can be obtained by mortgaging residential or commercial real estate with the lender. The loan product can be used for personal or business objectives, and both salaried and self-employed individuals are eligible to apply. The main purpose of the loan is not strictly regulated as it offers the financier security in the form of real estate. LAP offers a lower interest rate than a personal or corporate loan. Self-employed borrowers are provided unsecured MSME loans in the absence of collateral.

Over the last few years, expansion in branch network, more data availability and government initiatives like GST, Udyam, and increasing formalization of the MSME segment has led to increasing focus of lenders, especially the NBFCs, on this space. NBFCs (including HFCs, NBFC-Fintech) enjoy a market share of 36% as of March 2024 in overall secured MSME portfolio outstanding.

Secured MSME (LAP) portfolio outstanding is projected to grow by 16-18% over Fiscal 2024 to Fiscal 2027

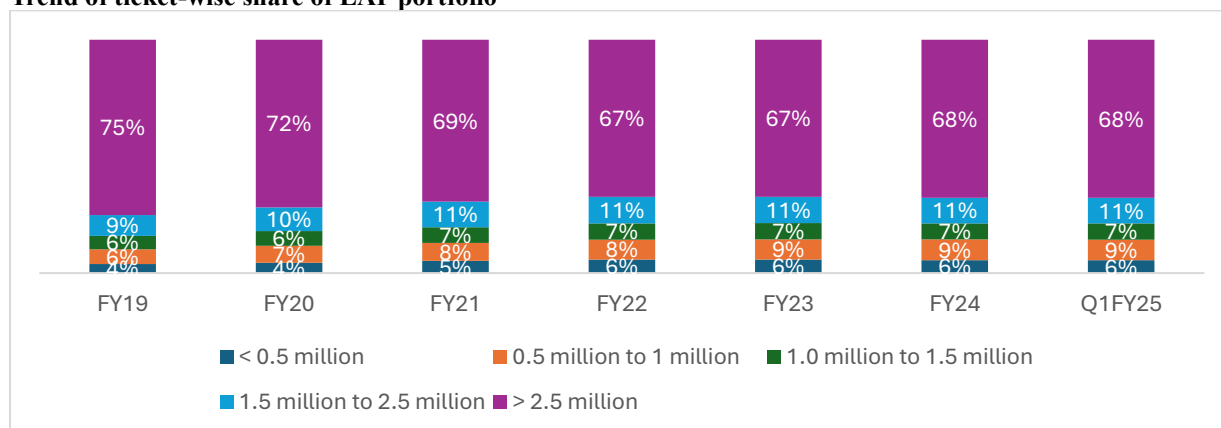


Note: P: Projected, Source: TransUnion CIBIL, CRISIL MI&A

Share of LAP outstanding with ticket size under ₹ 0.5 million has been increasing in the overall pie

The share of ticket size less than ₹ 0.5 million in overall LAP portfolio outstanding has increased from 4% as of fiscal 2019 to 6% as of first quarter of Fiscal 2025. Ticket size greater than ₹ 2.5 million has declined from 75% as of fiscal 2019 to 68% as of first quarter of Fiscal 2025 which reflects growing demand for small ticket size loans against property.

Trend of ticket-wise share of LAP portfolio

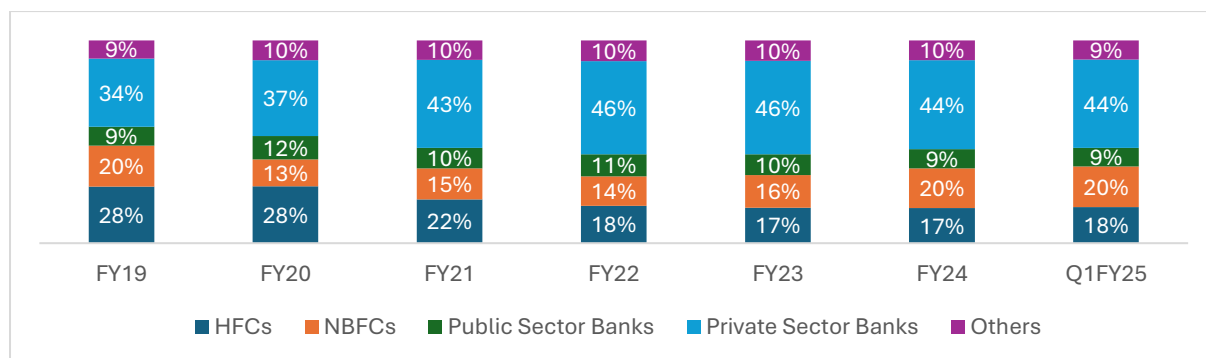


Source: TransUnion CIBIL, CRISIL MI&A

Private banks have the highest share of LAP portfolio outstanding

The market share of private sector banks in industry LAP portfolio has increased from 34% in Fiscal 2019 to 44% in first quarter of Fiscal 2025. Moreover, NBFCs/HFCs have established a significant presence in the LAP segment by prioritizing customer needs, ensuring quick turnaround times, delivering excellent customer service, and expanding their geographic reach. Over time, the LAP portfolio of NBFCs has shown robust growth and it is expected that the competitive positioning of NBFCs will remain strong, given their strong target customer and product focus.

Share of lender wise portfolio outstanding in LAP portfolio outstanding



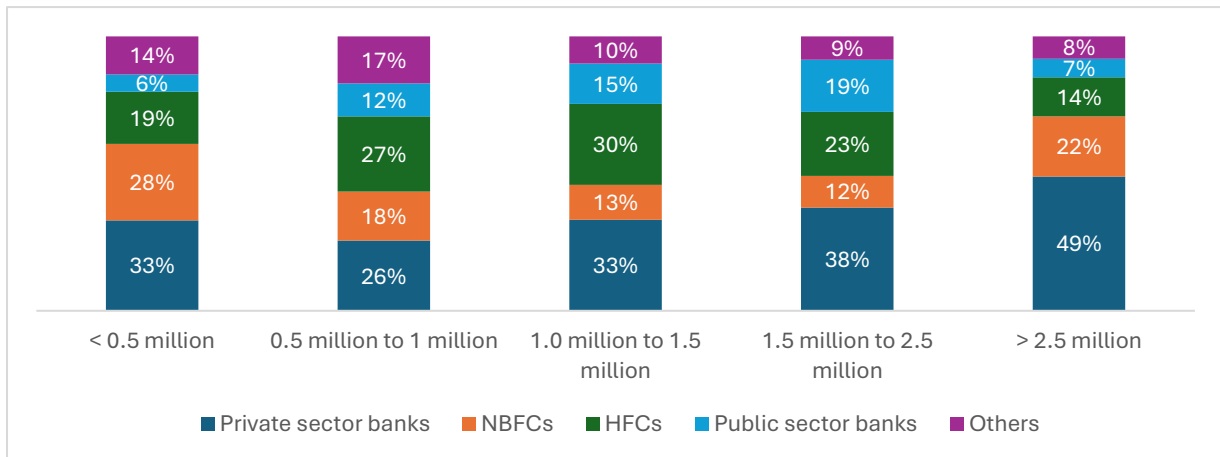
Note: NBFCs include NBFC-Fintechs

Source: TransUnion CIBIL, CRISIL MI&A

Private sector banks and NBFCs have highest share in LAP portfolio with ticket size under ₹ 0.5 million

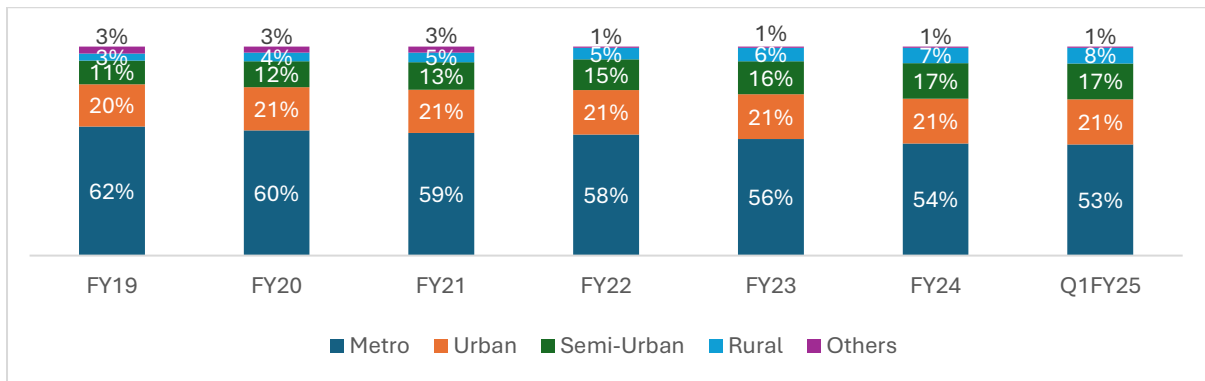
Among various ticket sizes of LAP portfolio, NBFCs have their highest share in smaller ticket size loans of less than ₹ 0.5 million at 28% as of first quarter of Fiscal 2025. However, private sector banks remain dominant in all the ticket sizes considered in the LAP portfolio as of first quarter of Fiscal 2025.

NBFCs have market share of 28% in LAP portfolio of ticket size under ₹ 0.5 million as of first quarter of Fiscal 2025



Note: NBFCs include NBFC-Fintechs
Source: TransUnion CIBIL, CRISIL MI&A

Share of semi-urban and rural areas in LAP portfolio outstanding has been increasing

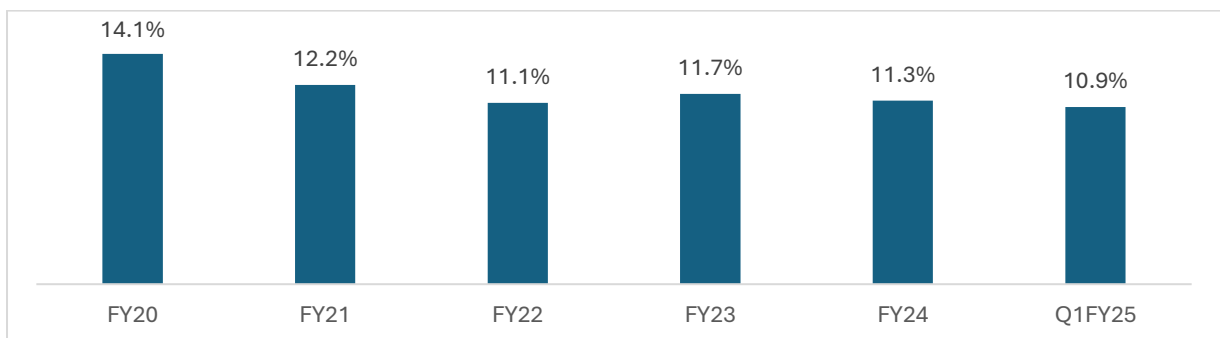


Source: TransUnion CIBIL, CRISIL MI&A

NTC customers comprised of 10.9% in MSME Secured (LAP) portfolio in first quarter of Fiscal 2025

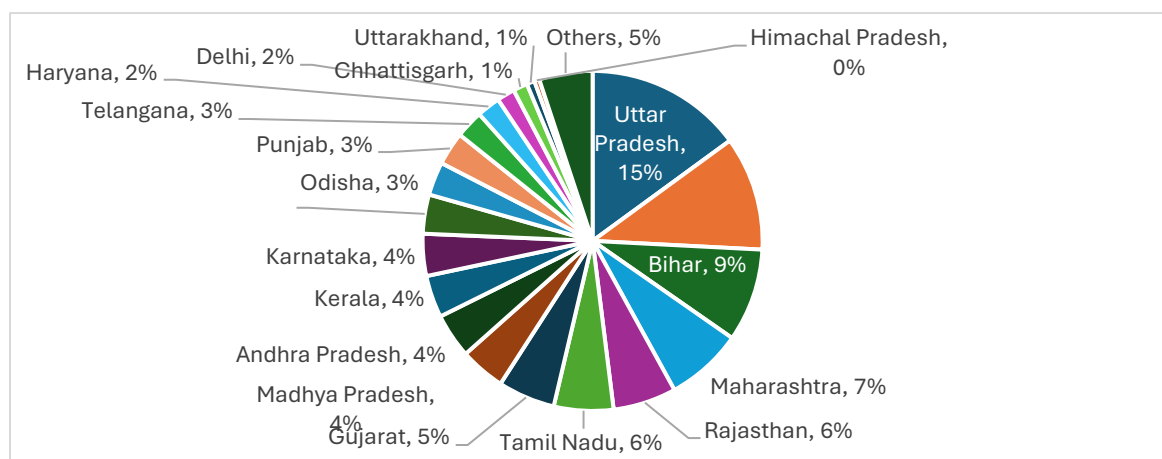
Lenders are utilizing technologies like AI, ML, and alternative credit scoring mechanisms to determine customer’s creditworthiness. These non-traditional data points are assisting in the underwriting process for customers with limited credit history. The share of MSMEs obtaining secured loans who are new to credit is 10.9% in first quarter of Fiscal 2025 indicating the increasing penetration levels in this target segment.

Trend in NTC customers for LAP portfolio from fiscal 2020 to first quarter of Fiscal 2025



Source: TransUnion CIBIL, CRISIL MI&A

Uttar Pradesh, West Bengal and Bihar accounts for approximately 35% of secured MSME (SORP) addressable market size with ATS under ₹ 0.5 million



Source: CRISIL MI&A

Large addressable market exists in Uttar Pradesh, West Bengal, Bihar, Maharashtra, Rajasthan, Tamil Nadu, Gujarat, Madhya Pradesh, Andhra Pradesh, Kerala, Karnataka and Assam accounting for almost 79% of the total secured MSME (SORP) addressable market with average ticket size less than ₹ 0.5 million.

Average ticket size (ATS) decreased for all lenders except HFCs from Fiscal 2019 to first quarter of Fiscal 2025

During Fiscal 2024, HFCs recorded the highest average ticket size of ₹ 2.26 million, trailed by NBFCs, Private Banks, NBFCs and Public sector banks. Except for HFCs, all other lenders witnessed a decline in the average ticket size within the overall secured MSME portfolio outstanding.

Trend in average ticket size of LAP for all lenders from fiscal 2019 to first quarter of Fiscal 2025

ATS (In ₹ Million)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Public sector banks	1.87	1.56	1.33	1.39	1.49	1.59	1.83
Private sector banks	2.44	1.58	1.72	1.97	2.08	2.24	2.25
NBFCs	1.97	1.88	1.41	1.68	1.96	1.78	1.86
HFCs	1.97	1.94	1.74	1.85	2.11	2.19	2.26
Others	2.61	2.41	1.96	2.14	2.18	2.51	2.28
Industry	2.22	1.93	1.68	1.86	1.97	2.12	2.12

Note: NBFCs include NBFC-Fintechs, Average ticket size is calculated as sum of sanctioned amount divided by number of trades during a given fiscal year;

Source: TransUnion CIBIL, CRISIL MI&A

NBFCs' LAP NPA% is lower than the industry as of first quarter of Fiscal 2025

Lender	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
HFCs	2.3%	3.7%	6.3%	6.5%	4.9%	4.2%	4.2%
NBFCs	5.0%	7.2%	7.2%	7.4%	4.9%	3.5%	3.4%
Public Sector Banks	6.5%	7.3%	7.8%	7.8%	6.8%	5.4%	5.9%
Private Sector Banks	2.1%	2.4%	3.1%	2.3%	2.0%	1.7%	1.8%
Others	4.7%	7.1%	12.8%	11.8%	10.8%	9.9%	11.6%
Industry	3.4%	4.4%	5.8%	5.4%	4.4%	3.7%	3.8%

Source: TransUnion CIBIL, CRISIL MI&A

GNPAs (90+ DPD) of LAP portfolio have increased from FY19 across all ticket sizes but have improved for ticket size less than ₹ 0.5 million

Although the GNPA of LAP portfolio with ticket size less than ₹ 0.5 million is the highest, the difference with other ticket sizes has reduced after the COVID period.

Smaller ticket size loans are typically given to individuals or businesses with limited credit history, stable income source or established financial background. Moreover, the borrowers in this segment are often vulnerable to economic shocks such as job loss, medical emergencies, economic downturns, etc. which adds to deterioration of the asset quality in small ticket size loans portfolio. However, improved credit scoring models, detailed cash flow analysis, enhanced monitoring and early warning systems, adoption of artificial intelligence and machine learning, alternative data sources, digitization, improved recovery mechanisms, partnership and risk sharing models are enabling the lenders in keeping the NPAs of small ticket loans portfolio range bound.

Asset quality: 90+ Days Past Due (“DPD”) across various ticket sizes

Ticket size	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Under 0.5 million	5.2%	6.2%	7.5%	6.9%	5.4%	4.9%	5.5%
0.5 million to 1 million	3.5%	4.3%	5.2%	4.8%	4.1%	3.5%	4.1%
1.0 million to 1.5 million	2.7%	3.6%	4.6%	4.1%	3.6%	3.2%	3.6%
1.5 million to 2.5 million	2.7%	3.6%	4.8%	4.2%	3.6%	3.1%	3.4%
Over 2.5 million	3.4%	4.5%	6.0%	5.6%	4.5%	3.7%	3.7%
Overall (90+DPD)	3.4%	4.4%	5.8%	5.4%	4.4%	3.7%	3.8%

Note: To calculate NPA%, 90+ DPD across various ticket sizes has been considered

Source: TransUnion CIBIL, CRISIL MI&A

BUSINESS LOANS – SECURED AND UNSECURED

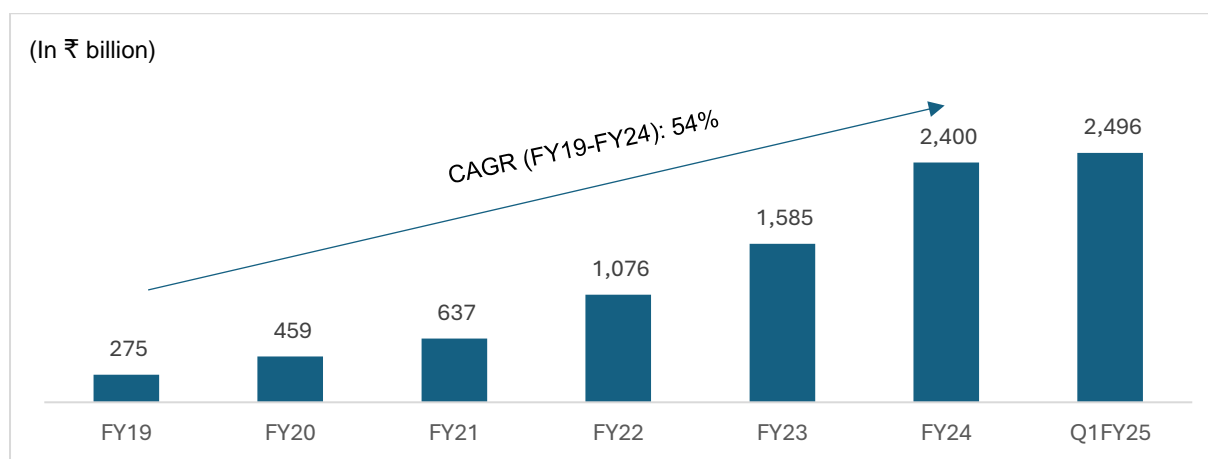
Note: Business loans considered in this section are business loans – secured, business loans – unsecured and business loans – general which are reported to consumer bureau. For the analysis, CRISIL has considered Business loan – unsecured and business loan – general as unsecured business loans.

Secured business loans

Secured Business Loans has witnessed robust growth in India

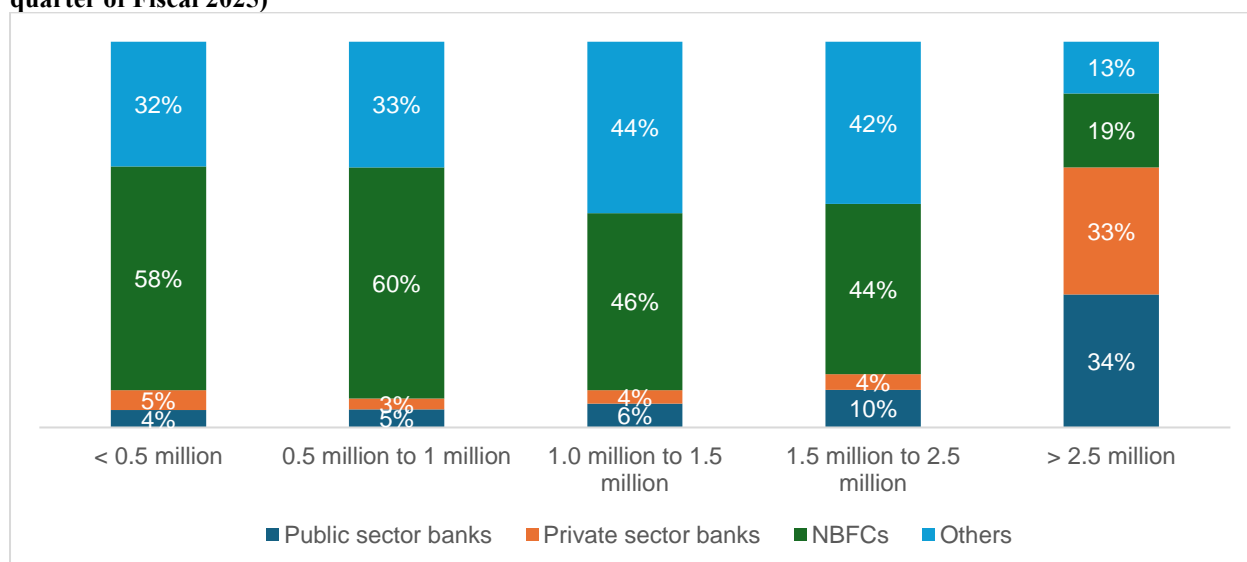
Secured Business Loans grew exponentially from ₹ 275 billion as of fiscal 2019 to ₹ 2,400 billion as of Fiscal 2024, recording a CAGR of 54% during the same period. This growth is being driven by increasing demand for business loans among the growing number of entrepreneurs, startups and established businesses. Moreover, easy access to funds, multiple financing options and digitization are also driving the growth of this segment.

Secured Business Loans grew at CAGR of 54% between Fiscals 2019 and 2024



Source: TransUnion CIBIL, CRISIL MI&A

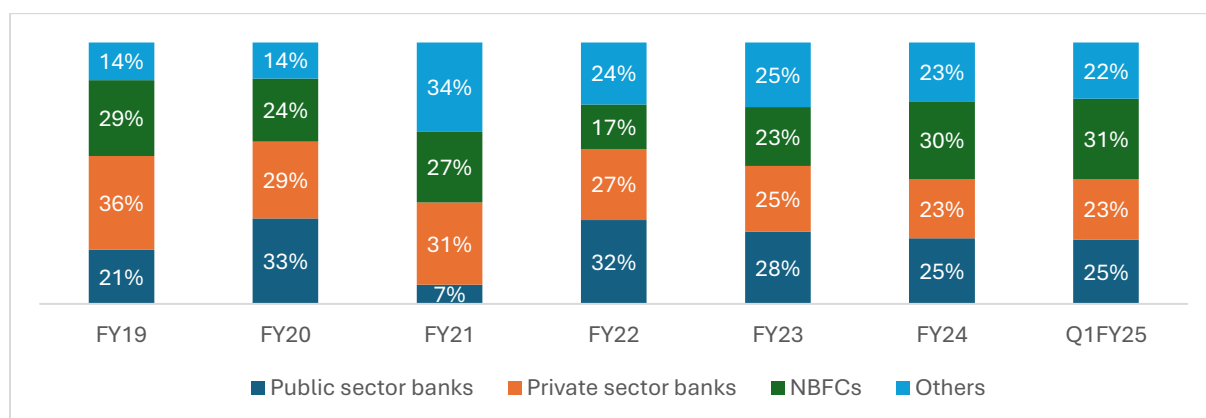
NBFCs have the largest share in secured business loans for all ticket sizes up to ₹ 2.5 million (as of first quarter of Fiscal 2025)



Note: NBFCs include HFCs

Source: TransUnion CIBIL, CRISIL MI&A

NBFCs’ share in Secured Business Loans has increased to 31% as of first quarter of Fiscal 2025



Note: NBFCs include HFCs

Source: TransUnion CIBIL, CRISIL MI&A

GNPA% of NBFCs in Secured Business Loans has reduced from 23% as of Fiscal 2019 to 6% as of first quarter of Fiscal 2025

Lender	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Public Sector Banks	14%	26%	30%	40%	34%	29%	24%
Private Sector Banks	33%	5%	6%	4%	3%	3%	3%
NBFCs	23%	22%	20%	21%	14%	6%	6%
Others	16%	21%	13%	15%	10%	9%	11%
Industry	23%	18%	14%	21%	16%	12%	11%

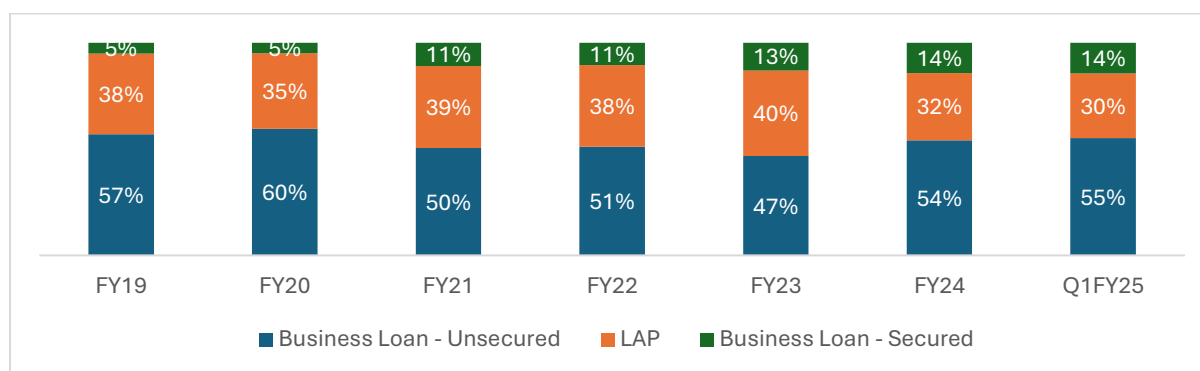
Source: TransUnion CIBIL, CRISIL MI&A

Unsecured business loans

Unsecured business loans are preferred by borrowers for ticket size less than ₹ 0.5 Million

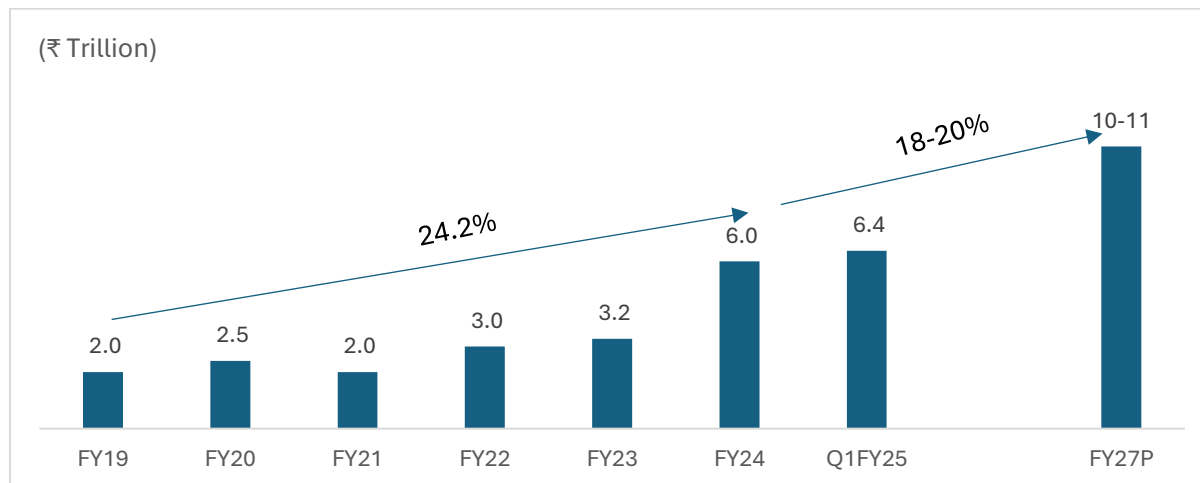
As of first quarter of Fiscal 2025, 55% of loans with ticket size less than ₹ 0.5 million are unsecured business loans, followed by loans against property at 30% and secured business loans at 14%. Although during covid pandemic, share of loans against property increased but as economic activities resumed with full throttle post Fiscal 2023 and income of MSMEs stabilized, the share of unsecured business loans reached its pre pandemic levels.

Business loans – secured have shown the fastest growth from 5% of the total business loans in Fiscal 2019 to 14% in Fiscal 2025, Business loans – unsecured remains the largest segment within business loans and LAP



Note: Business loans – Unsecured includes Business Loans – General
Source: TransUnion CIBIL, CRISIL MI&A

Unsecured Business loans witnessed a CAGR of approximately 24.2% from Fiscal 2019 to Fiscal 2024



Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to Consumer bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Overall Unsecured Business Loan segment, types of loan undertaken for business related purposes without any security and collateral, which included general business loans and Unsecured Business loans in India, stood at ₹ 6.0 trillion as of Fiscal 2024, witnessing a CAGR of 24.2% from Fiscal 2019. As of first quarter of Fiscal 2025, overall Unsecured Business Loan segment stands at ₹ 6.4 trillion. The segment has witnessed continuous growth across fiscals, with the fastest year-on-year growth in outstanding witnessed in Fiscal 2024, Going forward, as per CRISIL MI&A estimates, it is expected that the segment will grow at a CAGR of 18% to 20% till Fiscal 2027 primarily due to rising number of business enterprises in India and increasing financial penetration in both rural and urban areas aided by multiple government initiatives in the segment. In the upcoming fiscals, as financiers are moving to more advance methods of customer underwriting and not just taking credit bureau scores in consideration, lenders would be able to lend more, significantly helping the segment to grow at a faster pace. The faster growth will be supported by increasing number of micro businesses and enterprises in rural and semi-urban

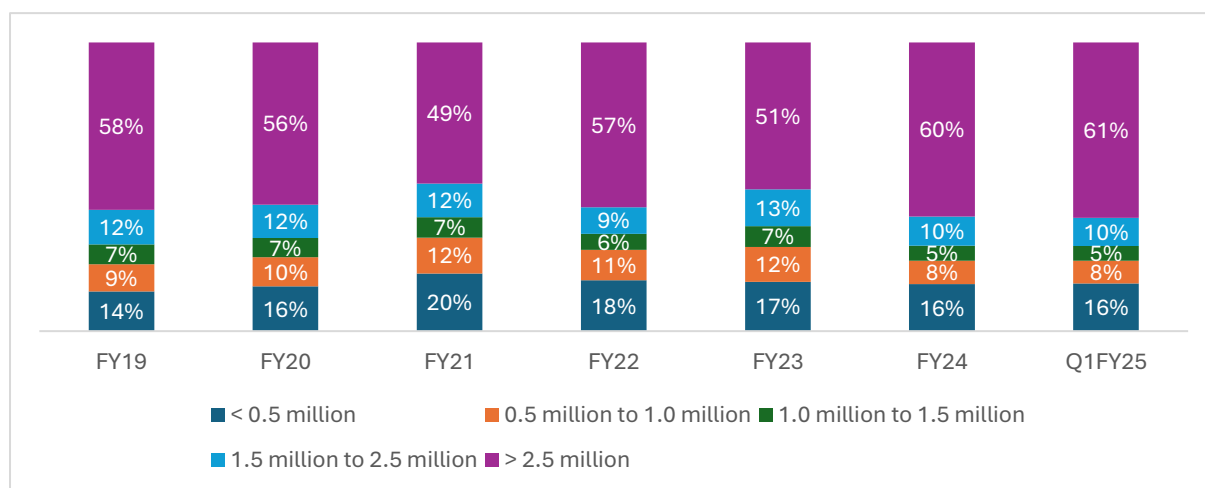
regions requiring credit facilities for working capital etc. with the advent of technology, players can digitally underwrite customers and disburse funds to them.

Around 71% of unsecured business loans are targeted at large ticket sizes of over ₹ 1.5 million as of Fiscal 2024

Among ticket brackets, the share of loans less than ₹ 0.5 million reached to 16% in Fiscal 2024 from 14% in Fiscal 2019.

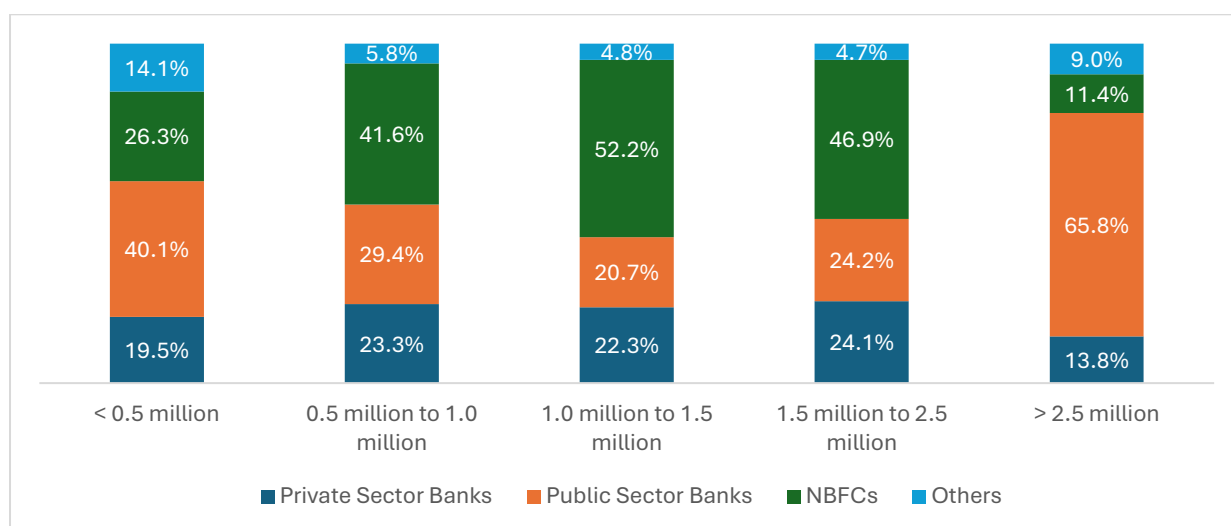
This reflects that borrowers prefer unsecured business loans for ticket size less than ₹ 0.5 million over LAP and secured business loans. Over the years, preference of unsecured business loans for small ticket size loans have remained high among MSMEs.

Trend of ticket-wise share



Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to consumer bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Ticket-size wise share of lenders in Unsecured Business Loans as of first quarter of Fiscal 2025



Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to consumer bureau.
Source: TransUnion CIBIL, CRISIL MI&A

NBFCs witnessed the CAGR growth of 30% from Fiscal 2019 to Fiscal 2024, while accounting for the 22% share in overall Unsecured Business Loan Segment

Among lenders in the Unsecured Business Loan segment, NBFCs witnessing a CAGR of approximately 30.0%. as of first quarter of Fiscal 2025, among lenders, Public Sector banks accounted for the highest share in credit

outstanding with a share of approximately 52% followed by NBFCs accounting for approximately 22% share and private banks with 17% share.

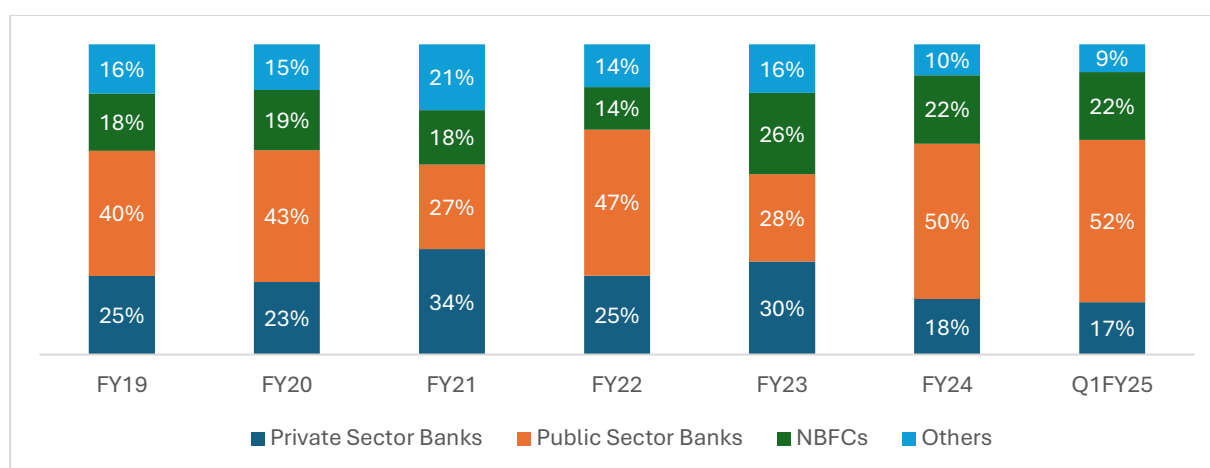
Public Sector Banks witnessed the fastest growth among lenders from Fiscal 2019 to Fiscal 2024, while accounting for the highest share in overall Unsecured Business Loan Segment

Portfolio Outstanding (₹ trillion.)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025	CAGR Fiscal 2019 to Fiscal 2024
Private Sector Banks	0.52	0.57	0.70	0.76	0.97	1.08	1.09	15.9%
Public Sector Banks	0.82	1.04	0.56	1.40	0.91	3.03	3.36	32.5%
NBFCs	0.38	0.48	0.36	0.41	0.85	1.33	1.40	30.0%
Others	0.32	0.36	0.43	0.41	0.51	0.61	0.58	12.3%

Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to consumer bureau.

Source: TransUnion CIBIL, CRISIL MI&A

Trend of Lender-wise share



Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to Consumer bureau.

Source: TransUnion CIBIL, CRISIL MI&A

Among lenders, NBFCs had the best asset quality in Unsecured Business Loan Segment as of Fiscal 2024

Among lenders, NBFCs had the best asset quality in the Unsecured Business Loan segment with 90+ DPD at 9.2% as of Fiscal 2024, this was followed by Private Banks with 90+ DPD at 9.8%.

Among lenders, NBFCs had the best asset quality in Unsecured Business Loan Segment as of Fiscal 2024

Lenders	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	First quarter of Fiscal 2025
Private Sector Banks	5.5%	7.3%	11.5%	11.6%	10.0%	9.8%	10.0%
Public Sector Banks	33.4%	44.8%	29.4%	35.7%	42.9%	22.8%	20.2%
NBFCs	7.8%	11.4%	16.9%	18.1%	10.7%	9.2%	9.5%
Others	6.8%	8.8%	16.9%	19.0%	17.3%	17.1%	18.7%
Industry	17.4%	24.3%	18.5%	24.8%	20.6%	16.9%	16.0%

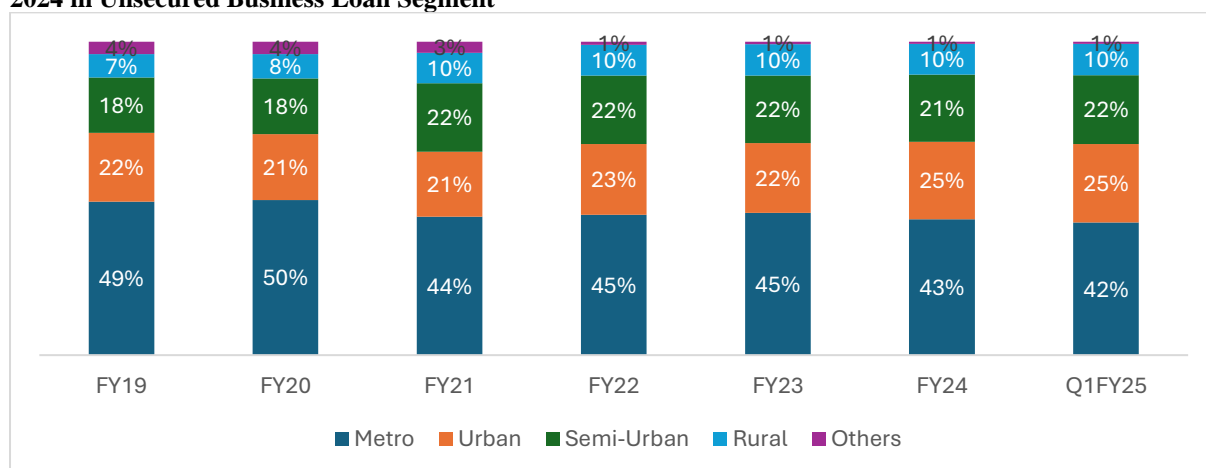
Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to consumer bureau.

Source: TransUnion CIBIL, CRISIL MI&A

Semi-Urban and Rural Regions accounted for 25% share in Fiscal 2019 and grew to 31% share as of Fiscal 2024 in Unsecured Business Loan Segment

Metro regions accounted for the highest share in Unsecured Business Loan Segment, accounting for approximately 43% market share followed by Urban regions accounting for approximately 25% share and semi-urban regions accounting for approximately 22% market share.

Semi-Urban and Rural Regions accounted for 25% share in Fiscal 2019 and grew to 31% share as of Fiscal 2024 in Unsecured Business Loan Segment



Note: Unsecured Business Loan portfolio includes business loan general and business loan unsecured reported to consumer bureau.
Source: TransUnion CIBIL, CRISIL MI&A

Profitability of NBFC Players present in the Unsecured Business Loan Segment

NBFCs in the Unsecured Business Loan segment operate with yield in the range of 23% to 25%, on average. With average cost of funds being in the range of 12% to 13%, net interest margins (“NIMs”) for this segment are in the range of 12% to 14%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2024 owing to improving credit costs and increase in interest yields. Going forward, profitability to improve on the back of growth in loan book and increasing operating efficiency.

Key metrics for Unsecured Business Loan Segment

Parameter	Fiscal 2022	Fiscal 2023	Fiscal 2024
Yield on advances	25.7%	24.4%	24.6%
Cost of Borrowings	12.4%	12.2%	12.2%
Net Interest Margins	12.5%	14.2%	16.9%
Return on Assets	(3.2)%	2.4%	2.9%

Sources: Company Reports, CRISIL MI&A

NBFCs operating in the Unsecured Business Loan Segment have been able to command higher margins (approximately 16.9%) due to higher yield on advances (24.6%), with cost of borrowings at approximately 12.2%. leading to return on assets at 2.9% for Fiscal 2024, rising from 2.4% in Fiscal 2023.

Key Success Factors in the Unsecured Business Loan Landscape

Higher Interest Rate Margins: Unsecured Business Loans typically carry higher interest rates compared to secured loans. The higher yield on unsecured loans compensates for the additional risk involved, making it an attractive option for lenders seeking higher returns.

Technology Adoption: Leveraging technology in credit assessment, loan processing, and monitoring can streamline operations, reduce costs, and enhance efficiency in Unsecured Business Loan lending. Automated credit scoring models and digital platforms enable lenders to make faster decisions and serve a larger number of borrowers.

Regulatory Support: Government initiatives such as the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) provide support to lenders to offer unsecured credit to MSMEs. These schemes help mitigate risks for lenders and promote increased lending to small businesses.

Promoting Financial Inclusion: Providing Unsecured credit to micro and small enterprises plays a crucial role in promoting financial inclusion. Many small businesses lack requisite collateral to avail formal credit. By offering unsecured credit lenders can reach underserved businesses and support their growth and development.

Customised solutions: By understanding the challenges and aspirations of small businesses, lenders can provide tailored solutions, Lenders can customize financial products to suit the unique needs and cash flow patterns of Business loan borrowers, fostering long-term relationships and loyalty.

PEER BENCHMARKING

In this section, CRISIL MI&A has compared the financial and operating performance of NBFCs based on the Fiscal 2022, Fiscal 2023, Fiscal 2024 and half year of Fiscal 2025. For analysis, CRISIL has considered the following peers: Five-Star Business Finance Limited, SBFC Finance Limited, Veritas Finance, Aye Finance, Vistaar Financial Services, Kinara Capital and Finova Capital.

Players have been arranged as Aye Finance and subsequently in order of decreasing AUM as of Fiscal 2024 in each of the parameters.

Aye Finance saw the highest year-on-year growth in Fiscal 2024 over Fiscal 2023 among the peers considered in terms of AUM

Aye Finance is the fastest growing NBFC in India among the peers considered in terms of year-on-year AUM growth in Fiscal 2024 over Fiscal 2023 at 64%. Aye Finance had an AUM CAGR of 60.7% between Fiscal 2022 and Fiscal 2024, behind Finova Capital with a CAGR of 67.4% between Fiscal 2022 and Fiscal 2024 followed by Veritas Finance at 61.8% among the peer set.

Assets under management (AUM)

Assets under Management (in ₹ million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	YoY Growth (in %)*	First half of Fiscal 2025	CAGR (Fiscal 2022 to Fiscal 2024)
Aye Finance	17,285	27,216	44,633	64.0%	49,798	60.7%
Five Star Business Finance	50,671	69,148	96,406	39.4%	109,272	37.9%
SBFC Finance	31,922	49,428	68,219	38.0%	77,150	46.2%
Veritas Finance	21,874	35,337	57,238	62.0%	65,170	61.8%
Vistaar Financial Services Pvt Ltd	24,200	31,325	40,545	29.4%	N.A.	29.4%
Kinara Capital	12,680	24,870	31,420	26.3%	31,252	57.4%
Finova Capital	9,482	16,288	26,560	63.1%	N.A.	67.4%

Note: N.A. – Not Available; (*) – YoY growth from Fiscal 2023 to Fiscal 2024 is denoted; Source: Company reports, CRISIL MI&A

Aye Finance has the second highest growth in disbursement at a CAGR of 73.8% from Fiscal 2022 to Fiscal 2024 amongst the peer set

Aye Finance has the second highest disbursement growth rate of 73.8% from Fiscal 2022 to Fiscal 2024 amongst the peer set. Veritas Finance has the highest growth rate at 76.5% during the same time period.

Disbursements

Disbursements (in ₹ million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	CAGR (Fiscal 2022 to Fiscal 2024)
Aye Finance	13,042	23,571	39,389	20,141	73.8%
Five Star Business Finance	17,562	33,914	48,814	25,689	66.7%
SBFC Finance*	13,328	22,768	27,930	6,720	44.8%
Veritas Finance	11,883	22,447	37,024	N.A.	76.5%
Vistaar Financial Services Pvt Ltd	8,995	13,835	16,872	N.A.	37.0%
Kinara Capital	7,930	18,830	19,050	N.A.	55.0%
Finova Capital	4,830	8,973	13,490	N.A.	67.1%

Note: N.A. – Not Available; (*) For secured MSME product
Source: Company reports, CRISIL MI&A

Aye Finance product portfolio is more diversified (Secured and Unsecured) than other MSME focused NBFCs in the peer set

Aye Finance is among the leading NBFCs providing business loans to the largely underserved micro scale enterprises in India, with 508,224 active unique customers diversified across 21 states and with assets under management (“AUM”) of ₹ 49,798 million as of September 30, 2024.

Aye Finance is uniquely positioned as one of the only providers among the peers considered in the micro enterprise lending space to offer a full product line (secured and unsecured) to serve a large unaddressed customer segment. It has a mix of secured and unsecured MSME loan portfolio. The product offerings are more diversified as compared to other MSME focused NBFCs such as Five-Star Business Finance, SBFC Finance, Veritas Finance and Vistaar Financial Services as of Fiscal 2024.

AUM Mix (Fiscal 2024)

AUM Mix as of Fiscal 2024	Secured MSME	MSME Unsecured	Others
Aye Finance	60%	40%	
Five Star Business Finance	100%	-	-
SBFC Finance*	83%	-	17%
Veritas Finance	89%	11%^	-
Vistaar Financial Services Pvt Ltd	100%	-	-
Kinara Capital**	-	81%	19.00%
Finova Capital	99.8%	-	0.2%

Note: (*) – Data as of September 2024; (**) – Data as of June 2024; (^) Working capital loans to urban shopkeepers; 1) Others include gold loan, unsecured (personal) loan, consumer durable loan etc.

Source: Company reports, CRISIL MI&A

Aye Finance offers granularity in their portfolio with a strong focus on lower ticket size loans

Aye Finance is technology-enabled pan-India player offering small-ticket loans with an average ticket size of ₹0.1 million to ₹ 0.15 million as of June 2024 to micro enterprises in semi-urban areas across India, primarily for working capital and business expansion needs against hypothecation of working assets or against the security of property.

Average Ticket Size as of September 2024

Players	Average Ticket Size
Aye Finance	₹ 0.10 million to ₹ 0.15 million*
Five-Star Business Finance	₹ 0.35 million
SBFC Finance	₹ 0.936 million – Secured MSME
Veritas Finance	N.A.
Vistaar Financial Services Pvt Ltd	₹ 0.3 – 5 million**
Kinara Capital	₹ 0.80 million*
Finova Capital	₹ 0.36 million*

Note: N.A. – Not Available; (*) – As of June 2024; (**) – As of March 2024; Company reports, CRISIL MI&A

Aye Finance has the second highest number of branches as of Fiscal 2024 among the peer set

Aye Finance had the second highest number of branches at 478 as of Fiscal 2024 among the peers considered and it has grown the network at 24% CAGR from Fiscal 2022 to Fiscal 2024. Finova Capital saw the highest growth of 37% in branch growth from Fiscal 2022 to Fiscal 2024 among the peers considered on account of a lower base. The highest number of branches is that of Five-Star Business Finance at 520 as of Fiscal 2024. Aye Finance’s growth in employee strength is commensurate to the branch growth between Fiscal 2022 and Fiscal 2024. Five Star Business Finance also saw growth in employee strength commensurate to branch growth between Fiscal 2022 and Fiscal 2024.

Number of branches and number of employees

Players	Branches				Employees			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR (Fiscal 2022-Fiscal 2024)	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR (Fiscal 2022-Fiscal 2024)
Aye Finance	311	398	478	24%	4,837	5,724	6,825	19%
Five-Star Business Finance	300	373	520	32%	5,675	7,347	9,327	28%
SBFC Finance	135	152	183	16%	2,048	2,822	3,758	35%
Veritas Finance	229	287	382	29%	2,727	4,432	6,299	52%
Vistaar Financial Services Pvt Ltd	193	211	212	5%	2,024	2,446	2,468	10%
Kinara Capital	110	125	133	10%	1,313	1,548	2,073	26%
Finova Capital	160	200	300	37%	1,426	1,988	3,664	60%

Source: Company reports, CRISIL MI&A

Aye Finance has the highest geographic diversity among peers with presence in maximum number of states

Aye Finance maintained a balanced and well-diversified pan-India presence across all 4 geographies viz. North, East, South, and West, making them the fastest growing (in terms of year-on-year growth in AUM in Fiscal 2024) pan-India MSME lender among the peers considered.

Aye Finance is the most geographically diversified lender among the MSME focused peers considered with top 3 states accounting for 40.00% of total AUM as of March 2024, as compared to the average of 70.90% among the peers considered.

Aye Finance's AUM has the most diversified footprint in terms of top state concentration, with no state having more than 15% AUM concentration as of March 2024, which is the lowest among the peer set considered.

As of March 2024, Aye Finance is the only diversified pan India player in the micro enterprise lending segment among the peers considered.

SBFC Finance is focusing on secured MSME lending with the next highest presence in India covering 18 states, and the top state contributing to 17% of the AUM as of June 2024.

Share of top states in AUM as of March 2024

Players	Presence in total Number of States	Share of top states by AUM		
		Top State	Top 3 states	Top 5 states
Aye Finance	21	14.1%	40.0%	53.5%
Five-Star Business Finance*	10	30.0%	87.0%	98.0%
SBFC Finance*	18	17.0%	N.A.	N.A.
Veritas Finance*	11	41.7%	69.4%	N.A.
Vistaar Financial Services Pvt Ltd	12	39.0%	77.0%	87.0%
Kinara Capital	7	33.1%	71.0%	93.0%
Finova Capital	14	64.0%	81.0%	N.A.

Note: N.A. – Not Available; (*): As of June 2024; Source: Company reports, CRISIL MI&A

Aye Finance has seen the highest reduction in the cost to income ratio from Fiscal 2022 to First-half of Fiscal 2025

Aye Finance saw a substantial reduction in cost to income ratio from Fiscal 2022 to First-half of Fiscal 2025 to the extent of 32.0%, which was the highest reduction among the peers considered. Aye Finance is achieving economies of scale through an increasing customer base thereby enabling the lowering of cost to income from Fiscal 2022 to Fiscal 2024. Aye Finance offers the lowest ticket sizes among peers considered and holds the largest customer base as of Fiscal 2024. In spite of average ticket size (as of September 30, 2024) that is about a third of the peers considered Aye has managed to keep its cost to income in a similar range as peers considered.

Cost to Income for players

Players	Cost to Income (%)
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	Average Ticket Size as of Sep 2024	Active Customer Base (FY22)	Active Customer Base (FY24)	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Aye Finance	₹0.1 million to ₹ 0.15 million**	396,766	508,224*	80.4%	66.0%	51.0%	48.4%
Five Star Business Finance	₹0.35 million	217,794	385,966	32.0%	34.7%	32.2%	30.3%
SBFC Finance	₹0.94 million	72,816	159,365*	57.0%	49.7%	45.7%	40.2%
Veritas Finance	N.A.	71,726	176,082	48.9%	45.5%	48.1%	43.1%
Vistaar Financial Services Pvt Ltd	₹0.3 million to ₹ 5 million***	33,708	47,153	50.8%	52.7%	48.7%	41.7%
Kinara Capital	₹0.8 million**	25,330	42,948	64.6%	52.8%	40.6%	62.0%
Finova Capital	₹0.36 million**	26,868	82,183**	56.4%	43.2%	44.6%	N.A.

Note: N.A. – Not Available; (*) – Data as of September 2024; (**) – Data as of June 2024; (***) – Data as of March 2024; 1) Cost to Income ratio calculated as operating expenses for the relevant fiscal year / period divided by total income minus interest expense, Operating Expenses include employee expenses, depreciation and amortization, other expenses and fees and commission expense; Source: Company reports, CRISIL MI&A

Aye Finance recorded the second highest growth in AUM per branch and highest growth in AUM per employee between Fiscal 2022 and Fiscal 2024

Aye Finance' AUM per branch grew at a CAGR of 29.6% between Fiscal 2022 and Fiscal 2024 which was the second highest amongst the peers considered, preceded by Kinara Capital which grew at a CAGR of 43.2%. Aye Finance achieved the fastest growth in AUM per employee at a CAGR of 35.3% between Fiscal 2022 and Fiscal 2024, followed by Kinara Capital at 25.3% during the same period.

AUM per branch and AUM per employee

Players	AUM per branch (in ₹ million)					AUM per employee (in ₹ million)				
	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR Fiscal 2022 to Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR Fiscal 2022 to Fiscal 2024	First half of Fiscal 2025
Aye Finance	55.6	68.4	93.4	29.6%	100	3.6	4.8	6.5	35.3%	5.9
Five Star Business Finance	168.9	185.4	185.4	4.8%	166	8.9	9.4	10.3	7.6%	10.5
SBFC Finance	236.5	325.2	372.8	25.6%	402	15.6	17.5	18.2	7.9%	18.9
Veritas Finance	95.5	123.1	149.8	25.2%	N.A.	8.0	8.0	9.1	6.4%	8.5
Vistaar Financial Services Pvt Ltd	125.4	148.5	191.3	23.5%	N.A.	12.0	12.8	16.4	17.2%	N.A.
Kinara Capital	115.3	199.0	236.2	43.2%	N.A.	9.7	16.1	15.2	25.3%	N.A.
Finova Capital	59.3	81.4	88.5	22.2%	N.A.	6.6	8.2	7.2	4.4%	N.A.

Note: N.A. – Not Available; 1) AUM per branch calculated as AUM for the relevant fiscal year divided by numbers of branches for the relevant fiscal year, 2) AUM per employee calculated as AUM for the relevant fiscal year divided by numbers of employees for the relevant fiscal year. Source: Company reports, CRISIL MI&A

Aye Finance recorded the highest growth in disbursement per branch and disbursement per employee growing at CAGR of 40.2% and 46.3% respectively between Fiscal 2022 and Fiscal 2024

Aye Finance' disbursement per branch showed a CAGR of 40.2% between Fiscal 2022 and Fiscal 2024 which was the highest amongst the peers considered, followed by Kinara Capital which grew at a CAGR of 41.0%. Aye Finance also grew the fastest in terms of disbursement per employee at a CAGR of 44.2% between Fiscal 2022 and Fiscal 2024, followed by Five Star Business Finance which grew at a CAGR of 30.0% during the same period.

Aye Finance has the lowest average ticket size among the peers considered but, disbursements per branch and disbursements per employee is fifth highest each among the peers considered as of Fiscal 2024.

Disbursement per branch and Disbursement per employee

Players	Average Ticket Size as of Sep 2024	Disbursement per branch (in ₹ million)					Disbursement per employee (in ₹ million)				
		Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR Fiscal 2022 to Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR Fiscal 2022 to Fiscal 2024	First half of Fiscal 2025
Aye Finance	₹0.1 million to ₹0.15 million**	41.9	59.2	82.4	40.2%	40.4	2.7	4.1	5.8	46.3%	2.4
Five Star Business Finance	₹0.35 million	58.5	90.9	93.9	26.6%	38.9	3.1	4.6	5.2	30.0%	2.5
SBFC Finance*	₹0.94 million	98.7	149.8	152.6	24.3%	35.0	6.5	8.1	7.4	6.9%	1.6
Veritas Finance	N.A.	51.9	78.2	96.9	36.7%	N.A.	4.4	5.1	5.9	16.1%	N.A.
Vistaar Financial Services Pvt Ltd	₹0.3 million to ₹5 million**	46.6	65.6	79.6	30.7%	N.A.	4.4	5.7	6.8	24.0%	N.A.
Kinara Capital	₹0.8 million**	72.1	150.6	143.2	41.0%	N.A.	6.0	12.2	9.2	23.4%	N.A.
Finova Capital	₹0.36 million**	30.2	44.9	45.0	22.0%	N.A.	3.4	4.5	3.7	4.3%	N.A.

Note: N.A. – Not Available; (*) Disbursements for secured MSME product; (**) – Data as of June 2024; (***) – Data as of March 2024; 1) Disbursements per branch calculated as Disbursement for the relevant fiscal year divided by numbers of branches for the relevant fiscal year, 2) Disbursement per employee calculated as Disbursements for the relevant fiscal year divided by numbers of employees for the relevant fiscal year.

Source: Company reports, CRISIL MI&A

Aye Finance recorded the highest number of loans disbursed per employee as of Fiscal 2024 among the peer considered

Aye Finance disbursed approximately 45 loans per employee as of Fiscal 2024 which was the highest among the peers considered, followed by Five Star Business Finance at 15 loans per employee and Kinara Capital with 11 loans per employee.

Number of loans disbursed per employee as of Fiscal 2024

Disbursements (in ₹ million)	Number Loans Disbursed per Employee (Number of Loans Disbursed / Number of Employees)
Aye Finance*	45
Five Star Business Finance	15
SBFC	8
Veritas Finance	N.A.
Vistaar Financial Services Pvt Ltd*	3
Kinara Capital	11
Finova Capital	10

Note: N.A. – Not Available; Number of Loans Disbursed is calculated as Total Disbursement / Average Ticket Size; (*) – Average ticket size computed from range of ticket size; Source: Company reports, CRISIL MI&A

Aye Finance's profit after tax grew by 291.5% year-on-year from Fiscal 2023 to Fiscal 2024 which was the highest among the peers considered

Aye Finance's profit after tax was ₹ 1,717 million in Fiscal 2024, which grew the highest year-on-year at 291.5% from Fiscal 2023 to Fiscal 2024 amongst the peers considered, followed by Finova Capital at 71.4% and SBFC Finance clocking a 58.1% growth year-on-year.

Profit after tax

Profit After Tax (in ₹ million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	YoY Growth (in %)*	First half of Fiscal 2025
Aye Finance	-513.5	438.5	1,716.8	291.5%	1,078.0
Five Star Business Finance	4,535.4	6,035.0	8,359.2	38.5%	5,195.1
SBFC Finance	645.2	1,497.9	2,370.2	58.1%	1,627.0
Veritas Finance	754.0	1,764.0	2,450.5	38.9%	1,331.1
Vistaar Financial Services Pvt Ltd	741.9	1,000.3	1,471.0	47.1%	940.5
Kinara Capital	145.9	411.9	621.5	50.9%	-372.5
Finova Capital	290.1	883.7	1,515.1	71.4%	N.A.

Note: N.A. – Not Available; (*) –YoY growth from Fiscal 2023 to Fiscal 2024 is denoted; Source: Company reports, CRISIL MI&A

Net worth

Net worth (in ₹ million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR (Fiscal 2022 to Fiscal 2024)	First half of Fiscal 2025
Aye Finance	7,054	7,580	12,361	32.4%	15,966
Five Star Business Finance	37,104	43,395	51,962	18.3%	57,233
SBFC Finance	12,872	17,273	27,783	46.9%	29,678
Veritas Finance	14,080	15,913	23,296	28.6%	26,107
Vistaar Financial Services Pvt Ltd	7,849	8,851	13,677	32.0%	14,617
Kinara Capital	2,453	6,836	7,364	73.3%	6,973
Finova Capital	9,185	10,094	11,627	12.5%	N.A.

Note: N.A. – Not Available; 1) Net worth includes Equity share capital and reserves and surplus
Source: Company reports, CRISIL MI&A

Aye Finance grew at a highest CAGR of 155.9% in Pre-Provision Operating Profit (PPOP) between Fiscal 2022 and Fiscal 2024 among the peers considered

Aye Finance registered the highest growth at a CAGR of 155.9% in PPOP between Fiscal 2022 and Fiscal 2024 among the peers considered, followed by Kinara Capital (109.4%) and Finova Capital (101.7%).

PPOP

PPOP (in ₹ million)	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR (Fiscal 2022 to Fiscal 2024)	First half of Fiscal 2025
Aye Finance	558	1,513	3,654	155.9%	2,518
Five Star Business Finance	6,497	8,249	11,713	34.3%	7,347
SBFC Finance	1,335	2,335	3,631	64.9%	2,490
Veritas Finance	1,607	2,797	4,194	61.5%	3,343
Vistaar Financial Services Pvt Ltd	1,365	1,549	2,254	28.5%	1,589
Kinara Capital	609	1,458	2,673	109.4%	666
Finova Capital	543	1,469	2,210	101.7%	N.A.

Note: N.A. – Not Available; Source: Company reports, CRISIL MI&A

Aye Finance's yield on advances stood at 28.4% and NIMs stood at 15.5% - both of which were the second highest among the peer set considered as of Fiscal 2024

Aye Finance's yield on net advances at 28.4% as of Fiscal 2024, which was second to Kinara Capital's yield on net advances at 32.3%.

Net interest margin for Aye Finance was the second highest amongst the compared peer set as of Fiscal 2024 at 15.5%. Five-Star Business Finance had the highest net interest margin as of Fiscal 2024 amongst the compared peer set at 16.2%.

Key Financial Ratios (Fiscal 2024)

Fiscal 2024	Yield on Net Advances	Yield on Gross Advances	Cost of Borrowing	Net Interest Margin	Credit Cost	Risk adjusted NIM	Net total income	Opex – Overall (%)	Opex – Employee (%)	Opex – Non-Employee (%)	PPOP (%)
Aye Finance	28.4%	27.7%	11.3%	15.5%	3.3%	12.3%	22.7%	9.5%	6.9%	2.6%	9.1%
Five Star Business Finance	25.1%	24.7%	8.9%	16.2%	0.5%	15.6%	20.9%	5.4%	4.2%	1.2%	11.5%
SBFC Finance	16.9%	16.6%	9.1%	8.9%	0.7%	8.1%	13.1%	4.8%	3.4%	1.4%	5.7%
Veritas Finance	22.6%	22.2%	9.8%	14.1%	1.7%	12.4%	17.6%	7.4%	5.6%	1.8%	7.9%
Vistaar Financial Services Pvt Ltd	18.2%	17.9%	9.3%	9.7%	0.8%	8.9%	13.1%	5.6%	4.4%	1.2%	5.9%
Kinara Capital	32.3%	31.3%	14.2%	12.4%	6.7%	5.7%	25.2%	6.6%	3.9%	2.7%	9.6%
Finova Capital	22.8%	22.5%	9.0%	14.2%	0.7%	13.5%	18.8%	6.8%	5.5%	1.3%	8.5%

Note: 1) Yield on net advances calculated as Interest earned on loans and advances divided by average of total net advances on book, 2) Yield on gross advances calculated as Interest earned on loans and advances divided by average of total gross advances on book, 3) Cost of borrowing calculated as total interest paid divided by average of deposits and borrowings, Borrowings include debt securities, borrowings other than debt securities, subordinated liabilities and deposits, 4) Net Interest Margin calculated as total interest income subtracted by total interest paid divided by average of total assets on book, 5) Risk adjusted net interest margin calculated as net interest margins subtracted by credit cost of the company for the relevant fiscal year, 6) Net Total Income calculated as Total Income (-) Interest Expense divided by average of total net advances on book, 7) Opex calculated as Operating expenses divided by total average assets at the end of the financial year, Operating Expenses include employee expenses, depreciation and amortization, other expenses and fees and commission expense, 8) PPOP calculated as pre provision operating profit divided by average of total assets, 9) Credit cost calculated as provision/impairment divided by average total assets on book

Source: Company reports, CRISIL MI&A

Key Financial Ratios (Fiscal 2023)

Fiscal 2023	Yield on Net Advances	Yield on Gross Advances	Cost of Borrowing	Net Interest Margin	Credit Cost	Risk adjusted NIM	Net total income	Opex – Overall (%)	Opex – Employee (%)	Opex – Non-Employee (%)	PPOP (%)
Aye Finance	26.2%	25.5%	10.4%	13.5%	2.7%	10.8%	21.0%	10.8%	7.8%	3.0%	5.6%
Five Star Business Finance	24.5%	24.1%	7.8%	16.4%	0.3%	16.1%	21.2%	5.8%	4.6%	1.2%	11.0%
SBFC Finance	16.1%	15.8%	8.3%	7.4%	0.6%	6.7%	12.5%	4.5%	3.1%	1.4%	4.6%
Veritas Finance	22.6%	22.2%	9.4%	14.4%	1.4%	13.0%	18.3%	6.9%	5.0%	2.0%	8.3%
Vistaar Financial Services Pvt Ltd	18.1%	17.8%	9.3%	9.1%	0.6%	8.4%	12.6%	5.6%	4.3%	1.3%	5.0%
Kinara Capital	27.8%	27.0%	13.0%	10.2%	4.6%	5.5%	23.7%	8.2%	5.2%	3.0%	7.4%
Finova Capital	22.9%	22.6%	8.9%	13.5%	1.6%	11.9%	20.3%	6.1%	5.0%	1.1%	8.0%

Key Financial Ratios (Fiscal 2022)

Fiscal 2022	Yield on Net Advances	Yield on Gross Advances	Cost of Borrowing	Net Interest Margin	Credit Cost	Risk adjusted NIM	Net total income	Opex – Overall (%)	Opex – Employee (%)	Opex – Non-Employee (%)	PPOP (%)
Aye Finance	24.9%	23.8%	11.2%	11.3%	5.5%	5.9%	17.9%	10.3%	7.9%	2.4%	2.5%
Five Star Business Finance	24.7%	24.3%	10.0%	14.9%	0.8%	14.1%	20.2%	5.0%	3.9%	1.1%	10.7%
SBFC Finance	15.0%	14.7%	7.7%	5.8%	0.81.1 %	4.7%	12.2%	4.0%	2.5%	1.5%	3.0%

Veritas Finance	22.4%	21.8%	10.5%	12.3%	2.5%	9.9%	17.2%	6.4%	4.6%	1.8%	6.7%
Vistaar Financial Services Pvt Ltd	18.6%	18.1%	9.2%	9.5%	1.4%	8.1%	13.2%	5.5%	4.3%	1.3%	5.4%
Kinara Capital	22.6%	21.9%	11.8%	7.5%	3.3%	4.3%	18.8%	8.6%	5.1%	3.5%	4.7%
Finova Capital	21.4%	21.1%	10.1%	9.1%	1.2%	7.9%	16.4%	5.4%	4.5%	0.9%	4.2%

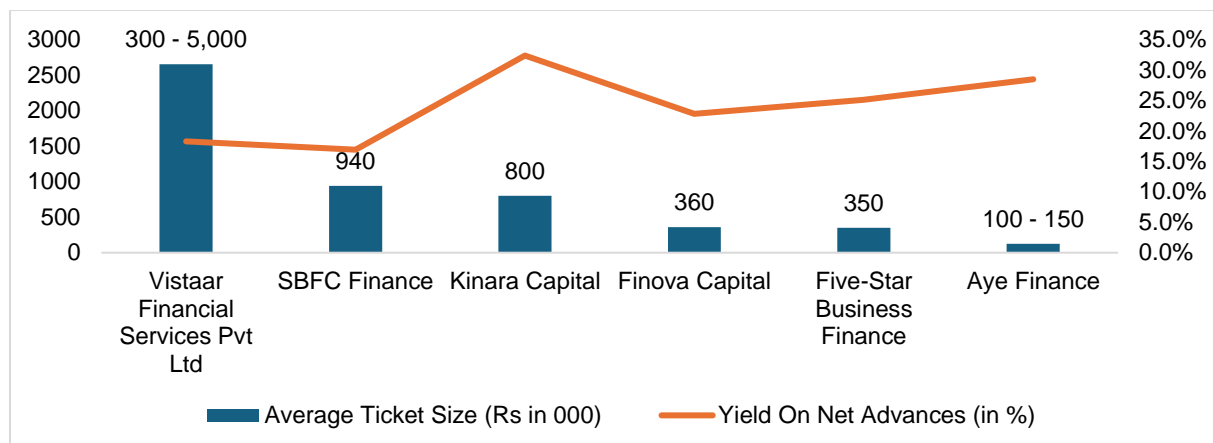
Key Financial Ratios (First half of Fiscal 2025)

First half of Fiscal 2025	Yield on Net Advances	Yield on Gross Advances	Cost of Borrowing	Net Interest Margin	Credit Cost	Risk adjusted NIM	Net total income	Opex – Overall (%)	Opex – Employee (%)	Opex – Non-Employee (%)	PPOP (%)
Aye Finance	29.6%	28.6%	12.1%	15.4%	3.8%	11.6%	22.9%	8.8%	6.5%	2.3%	9.4%
Five Star Business Finance	24.1%	N.A.	9.7%	16.3%	0.7%	15.6%	20.4%	5.2%	4.0%	1.2%	12.0%
SBFC Finance	17.5%	17.2%	9.3%	10.0%	0.9%	9.1%	13.4%	4.6%	3.3%	1.3%	6.8%
Veritas Finance	N.A.	N.A.	6.0%	15.8%	1.8%	14.0%	19.5%	7.2%	5.7%	1.6%	9.5%
Vistaar Financial Services Pvt Ltd	N.A.	N.A.	9.7%	10.3%	1.3%	9.0%	13.6%	5.0%	3.9%	1.1%	6.9%
Kinara Capital	N.A.	N.A.	14.3%	10.5%	7.5%	3.0%	18.1%	7.0%	4.1%	2.9%	4.3%
Finova Capital	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Note: All figures are annualised; N.A – Not Available;

Source: Company reports/financial statements, Investor presentations, CRISIL MI&A

Comparison of average ticket size as of September 2024 and Yield on Net Advances as of Fiscal 2024



Note: Average ticket size for Aye Finance, Kinara Capital and Finova Capital was as of June 2024; Vistaar Financial Services was of Fiscal 2024; ATS for Veritas was N.A.; Kinara Capital – The company has written-off a portfolio amounting to ₹1,230 million in FY24 as against ₹740 million in FY23; Source: Company reports, CRISIL MI&A

Aye Finance's restructured portfolio was the lowest among peers considered

Aye Finance reported a restructured portfolio of 0.22% as of December 2023 which was the lowest among peers considered, followed by Five-Star Business Finance and Veritas Finance with a restructured portfolio of 0.46% each as of June 2024 and March 2024 respectively.

Restructured Book

Players	Restructured Portfolio as of March 2024
Aye Finance	0.22%*
Five-Star Business Finance	0.46%**
SBFC Finance	1.80%^
Veritas Finance	0.46%
Vistaar Financial Services Pvt Ltd	0.70%*
Kinara Capital	1.80%
Finova Capital	N.A.

Note: N.A. – Not Available; (*): Data as of December 2023; (**): Data of June 2024; (^): Data as of June 2023; Source: Company reports, CRISIL MI&A

Aye Finance had among the lowest NNPA (%) as of Fiscal 2024 and the highest provision coverage ratio as of Fiscal 2024

Aye Finance's NNPA was the second lowest at 0.9%, while Veritas Finance also had an NNPA of 0.9%, preceded by Five Star Business Finance with the lowest NNPA of 0.6% as of Fiscal 2024. Aye Finance recorded the highest provision coverage ratio of 71.5% as of fiscal 2024, followed by Five Star Business Finance with 54.3% as of fiscal 2024.

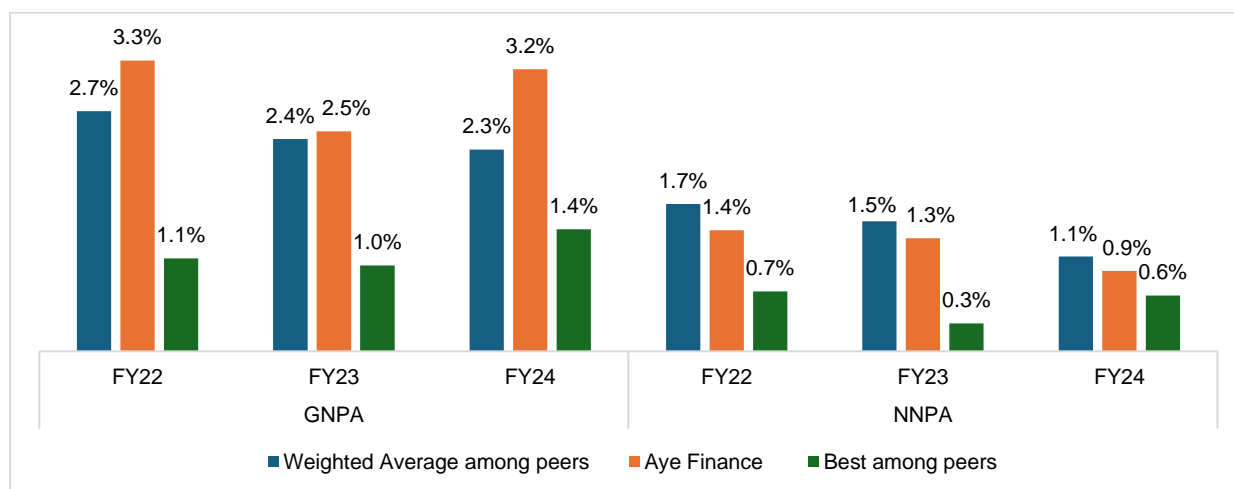
Asset quality

Players	GNPA				NNPA				Provision Coverage Ratio			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Aye Finance	3.3%	2.5%	3.2%	3.3%	1.4%	1.3%	0.9%	1.2%	59.1%	49.8%	72.1%	66.1%
Five Star Business Finance	1.1%	1.4%	1.4%	1.5%	0.7%	0.7%	0.6%	0.7%	34.9%	49.3%	54.3%	51.8%
SBFC Finance*	2.7%	2.6%	2.4%	2.7%	1.6%	1.6%	1.4%	1.6%	40.4%	39.3%	44.7%	40.2%
Veritas Finance	3.9%	2.2%	1.8%	2.0%	2.3%	1.3%	0.9%	1.0%	41.5%	42.8%	53.1%	50.8%
Vistaar Financial Services Pvt Ltd**	2.6%	3.7%	2.7%	2.7%	1.9%	2.4%	1.3%	1.6%	28.1%	35.3%	50.8%	43.4%
Kinara Capital**	8.6%	5.6%	5.6%	8.6%	5.9%	4.6%	3.0%	5.1%	31.0%	18.0%	46.9%	40.7%
Finova Capital	1.8%	1.0%	1.8%	N.A.	1.1%	0.3%	1.0%	N.A.	41.2%	67.3%	45.0%	N.A.

Note: N.A.- Not Available; Provisioning Coverage Ratio is as reported by the company for the relevant fiscal year; (*) After impact of RBI circular; (**) PCR calculated as (GNPA – NNPA) / GNPA for the relevant fiscal year

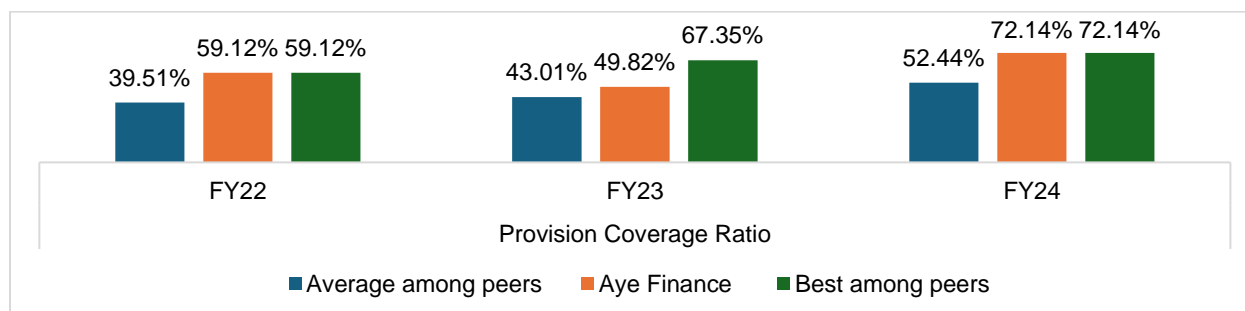
Source: Company reports, CRISIL MI&A

Comparison of GNPA – Weighted Average among peers, Aye Finance and the Best among peers



Note: Weighted Average among peers is calculated using sum product of GNPA and Gross Advances of peers divided by Gross Advances of peers; Best among peers is considered as lowest values across peers for Fiscal 2022, Fiscal 2023, Fiscal 2024; Source: Company reports, CRISIL MI&A

Comparison of Provision Coverage Ratio – Average among peers, Aye Finance and the Best among peers



Note: Best among peers is considered as highest values across peers for Fiscal 2022, Fiscal 2023, Fiscal 2024; Source: Company reports,

Aye Finance had the lowest Stage 2 Portfolio as percentage of total gross loans among the peers considered as of Fiscal 2024 and first half of Fiscal 2025

Aye Finance's stage 2 assets as a percentage of total gross loans was the lowest at 1.0% as of Fiscal 2024 among the peers considered, followed by Finova Capital with 1.4% and Vistaar Financial Services with 1.6%.

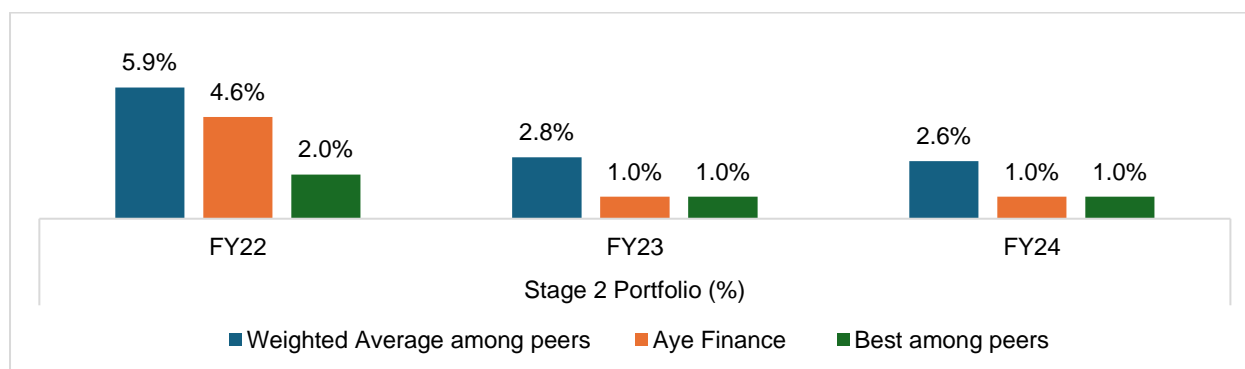
As of first half of Fiscal 2025, Aye Finance's stage 2 assets as a percentage of total gross loans was the lowest at 1.7% among the peers considered, followed by SBFC Finance at 3.2% and Five-Star Business Finance at 7.0%.

Stage 2 Portfolio

Players	Stage 2 Portfolio (%)			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Aye Finance	4.6%	1.0%	1.0%	1.7%
Five Star Business Finance	15.7%	9.1%	6.5%	7.0%
SBFC Finance	6.0%	4.0%	4.4%	3.2%
Veritas Finance	5.1%	2.2%	1.5%	N.A.
Vistaar Financial Services Pvt Ltd	7.1%	1.5%	1.6%	N.A.
Kinara Capital	4.0%	2.0%	3.0%	N.A.
Finova Capital	2.0%	1.6%	1.4%	N.A.

Note: N.A.- Not Available; Source: Company reports, CRISIL MI&A

Comparison of Stage 2 Portfolio – Weighted Average among peers, Aye Finance and the Best among peers



Note: Weighted Average among peers is calculated using sum product of Stage 2 (%) and Gross Advances of peers divided by Gross Advances of peers; Best among peers is considered as lowest values across peers for Fiscal 2022, Fiscal 2023, Fiscal 2024; Source: Company reports, CRISIL MI&A

Aye Finance had the second highest total assets to equity ratio as of fiscal 2024

Five-Star Business Finance has the lowest debt to equity ratio at 1.2x followed by SBFC Finance at 1.4x, while Aye Finance reported 2.8x as of Fiscal 2024. Aye Finance had the second highest total assets to equity ratio as of fiscal 2024 at 3.9x, preceded by Kinara Capital 4.1x.

Debt to equity and total assets to equity ratio

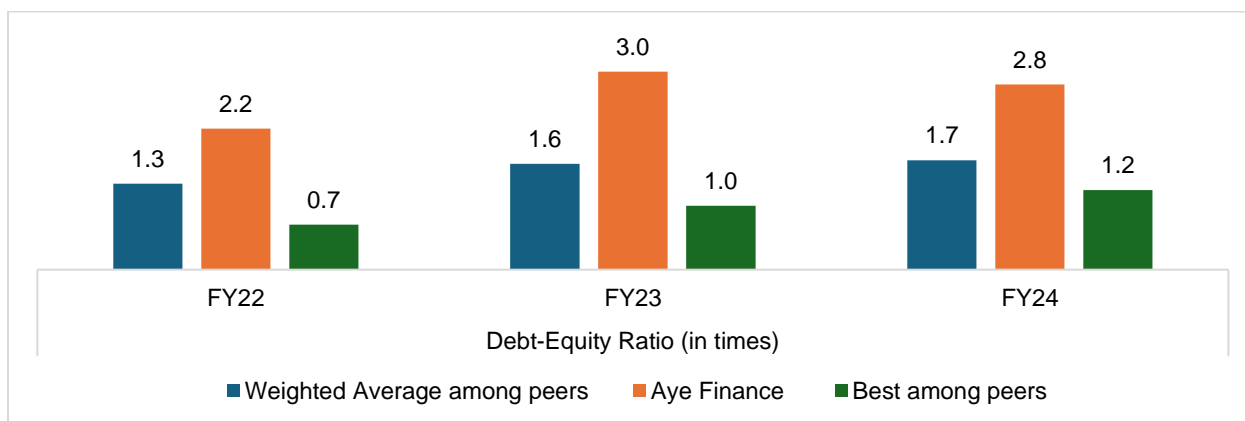
Players	Debt to Equity (in times)				Total Assets to Equity (in times)			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Aye Finance	2.2	3.0	2.8	2.6	3.3	4.1	3.9	3.6
Five Star Business Finance	0.7	1.0	1.2	1.2	1.7	2.0	2.2	2.2
SBFC Finance	2.3	2.2	1.4	1.5	3.5	3.3	2.5	2.5
Veritas Finance	0.8	1.5	1.7	1.9	1.9	2.6	2.8	2.9
Vistaar Financial Services Pvt Ltd	2.4	2.7	2.1	2.3	3.6	3.8	3.2	3.3
Kinara Capital	4.6	2.4	2.9	3.4	6.0	3.7	4.1	4.5

Players	Debt to Equity (in times)				Total Assets to Equity (in times)			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Finova Capital	0.7	1.0	1.6	N.A.	1.7	2.1	2.7	N.A.

Note: 1) Debt to Equity ratio calculated as total borrowings divided by total shareholder equity of the company, 2) Total Assets to Equity ratio calculated as total assets divided by total shareholder equity of the company

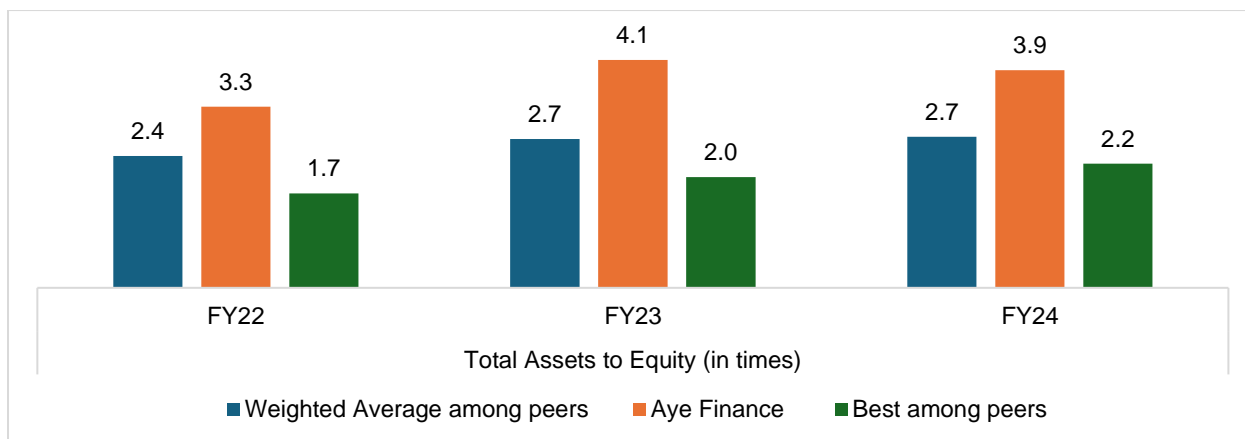
Source: Company reports, CRISIL MI&A

Comparison of Debt-Equity Ratio – Weighted Average among peers, Aye Finance and the Best among peers



Note: Weighted Average among peers is calculated using sum product of Debt-Equity Ratio and Net worth of peers divided by Net worth of peers; Best among peers is considered as lowest values across peers for Fiscal 2022, Fiscal 2023, Fiscal 2024; Source: Company reports, CRISIL MI&A

Comparison of Total Assets-Equity Ratio – Weighted Average among peers, Aye Finance and the Best among peers



Note: Weighted Average among peers is calculated using sum product of Total Assets-Equity Ratio and Net worth of peers divided by Net worth of peers; Best among peers is considered as lowest values across peers for Fiscal 2022, Fiscal 2023, Fiscal 2024; Source: Company reports, CRISIL MI&A

Aye Finance's return on assets is the fourth highest amongst the peer set and return on equity is the second highest as of Fiscal 2024 and first half of Fiscal 2025

Five-Star Business Finance has the highest return on assets at 8.2% in Fiscal 2024 amongst the peer set, followed by Finova Capital (5.8%), Veritas Finance (4.7%), and Aye Finance (4.3%).

Aye Finance reported the second highest return on equity of 17.2%, preceded by Five-Star Business Finance at 17.5% in Fiscal 2024.

As of first half of Fiscal 2025, Aye Finance reported the fourth highest RoA at 4.0% (annualized) and second highest RoE of 15.2% (annualized). Five Star reported the highest RoA and RoE as of first half of Fiscal 2025 at 8.5% (annualized) and 19.0% (annualized) respectively.

Return on assets and return on equity

Players	RoA				RoE			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025*	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025*
Aye Finance	-2.3%	1.6%	4.3%	4.0%	-7.1%	6.0%	17.2%	15.2%
Five Star Business Finance	7.5%	8.0%	8.2%	8.5%	15.0%	15.0%	17.5%	19.0%
SBFC Finance	1.5%	2.9%	3.7%	4.5%	5.2%	9.9%	10.5%	11.3%
Veritas Finance	3.1%	5.2%	4.7%	3.8%	6.6%	11.8%	12.5%	10.8%
Vistaar Financial Services Pvt Ltd	2.9%	3.2%	3.8%	4.1%	10.0%	12.0%	13.1%	13.3%
Kinara Capital	1.1%	2.1%	2.2%	-2.4%	6.1%	8.9%	8.8%	-
Finova Capital	2.3%	4.8%	5.8%	N.A.	4.3%	9.2%	14.0%	N.A.

Note: N.A – Not Available; 1) RoA calculated as profit after tax divided average of total assets on book of the company, 2) RoE calculated as profit after tax divided average of shareholder equity of the company; (*) – Annualised figures

Source: Company reports, CRISIL MI&A

Aye Finance was adequately leveraged as of Fiscal 2024

Five Star Business Finance reported the highest capital adequacy ratio of 50.5% as of Fiscal 2024. Aye Finance reported a capital adequacy ratio of 32.8% as of Fiscal 2024, which is well above the mandatory requirement.

Capital Adequacy ratio and Tier 1 ratio for players

Players	Capital Adequacy Ratio				Tier 1 Ratio			
	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025	Fiscal 2022	Fiscal 2023	Fiscal 2024	First half of Fiscal 2025
Aye Finance	36.0%	31.1%	32.8%	37.6%	36.0%	31.1%	32.8%	37.6%
Five Star Business Finance	75.2%	67.2%	50.5%	48.7%	75.2%	67.2%	50.5%	N.A.
SBFC Finance	26.2%	31.9%	40.5%	38.6%	25.9%	31.7%	40.5%	N.A.
Veritas Finance	64.4%	45.0%	41.5%	40.9%	64.0%	44.7%	41.5%	N.A.
Vistaar Financial Services Pvt Ltd	30.0%	26.4%	33.4%	31.1%	30.1%	26.4%	33.1%	N.A.
Kinara Capital	18.5%	32.0%	27.6%	29.2%	16.7%	30.5%	26.8%	N.A.
Finova Capital	78.5%	59.1%	40.7%	N.A.	78.1%	58.6%	40.4%	N.A.

Note: N.A – Not Available; Source: Company reports, CRISIL MI&A

Borrowing mix for companies (Fiscal 2024)

Players	NCD	Term loans from banks	Term Loans from others	Securitisation	Subordinated Liabilities	Short Term Borrowings	ECB
Aye Finance	29%	19%	18%	23%	-	0%	10%
Five Star Business Finance*	12%	62%	11%	14%	-	-	1%
SBFC Finance	10%	49%	13%	-	-	7%	21%
Veritas Finance	8%	76%	3%	12%	-	-	-
Vistaar Financial Services Pvt Ltd	-	88%	8%	-	-	0%	4%
Kinara Capital	35%	19%	45%	-	1%	-	-
Finova Capital	0%	79%	13%	8%	-	-	-

Note: (*) Data as of June 2024; NCD: Non-convertible debentures, ECB: Exchange commercial borrowings; Short term borrowings include cash credit and overdraft facilities,

Source: Company reports, CRISIL MI&A

Share of Digital Collections

Players	Digital collection share (%) as of June 2024
Aye Finance	91% ACH activation rate*
Five-Star Business Finance	65%
SBFC Finance	98%
Veritas Finance	Collections are done majorly through automatic clearing house (ACH) payments/direct debit mandate (DDM), and through digital payment modes.
Vistaar Financial Services Pvt Ltd	N.A.
Kinara Capital	N.A.
Finova Capital	N.A.

Note: N.A. – Not Available; ; (*) – As of September 2024; Source: Company reports, CRISIL MI&A

Sourcing Mix as of June 2024

Players	DSA	Non-DSA
Aye Finance	-	100%**
Five-Star Business Finance	-	100%
SBFC Finance	-	100%
Veritas Finance	Yes*	
Vistaar Financial Services Pvt Ltd	N.A.	N.A.
Kinara Capital	N.A.	N.A.
Finova Capital	N.A.	N.A.

Note: N.A. – Not Available; (*) – As of December 2023; (**) – As of March 2024; Source: Company reports, CRISIL MI&A

Aye Finance reported a customer base of 508,224 as of September 2024

As of September 30, 2024, Aye Finance had an active base of 508,224 customers, which makes them the MSME lender among the peer set considered with the largest customer base in India.

Customer Profile

Players	Active Customers as of Fiscal 2024	Customer Profile
Aye Finance	508,224*	Micro businesses like kiranas/general stores, dairies, manufacturers and traders with an annual turnover of ₹ 10 lakh to ₹ 1 crore
Five-Star Business Finance	385,966	Customers with informal income derived from everyday ‘services’; Household gross income of ₹ 25,000 to ₹ 40,000
SBFC Finance	159,365*	Over 85% AUM from customers with CIBIL over 700 (June 2024); Often first-time commercial borrowers with past consumer loans; Focus on services/ trading/ retailing businesses; Customer with businesses in essential services – less impacted by macro down-cycles
Veritas Finance	176,082	Unorganised MSME segment in rural and semi-urban areas and lends small ticket loans ticket size
Vistaar Financial Services Pvt Ltd	47,153	Textiles, Small Manufacturing Units, Hotel/Bakery, Kirana/Retail Shops

Players	Active Customers as of Fiscal 2024	Customer Profile
Kinara Capital	42,948	Customers are usually traders (62% in June 2024) and small manufacturers (34%), a largely underserved and unserved segment, which is susceptible to economic shocks
Finova Capital	82,183**	Micro-entrepreneurs and semi-skilled professionals who have limited or no access to lending from formal financing institutions

Note: (*) – Data as of September 2024; (**) – Data as of June 2024; Source: Company reports, CRISIL MI&A

Aye Finance saw an improvement in outstanding long-term credit rating as of October 2024

Aye Finance's long-term outstanding credit rating saw an improvement from IND A- as of May 2024 to IND A as of July 2024 and ICRA BBB+/ICRA AA (CE) as of May 2023 to ICRA A as of October 2024.

Five Star Business saw an improvement in outstanding long-term credit rating from CARE A+ as of July 2022 to CARE AA- as of June 2024. SBFC Finance saw an improvement in outstanding long-term credit rating from IND A+ as of April 2023 to IND AA- as of June 2024, ICRA A+ as of September 2023 to ICRA AA- as of September 2024, CARE A+ as of March 2024 to CARE AA- as of July 2024.

Credit rating of companies (Latest Available Ratings)

Players	Long Term Credit Rating
Aye Finance	ICRA A, IND A
Five-Star Business Finance	ICRA AA-, IND AA-, CARE AA-
SBFC Finance	ICRA AA-, CARE AA-, IND AA-
Veritas Finance	CARE A+
Vistaar Financial Services Pvt Ltd	CARE A+, IND A+
Kinara Capital	ICRA BBB, CARE BBB+, IND BBB+
Finova Capital	ACUITE A+, CARE A

Source: Company reports, CRISIL MI&A

List of Formulae

Parameters	Formula
Cost to Income Ratio	Operating expenses for the relevant fiscal year divided by total income minus interest expense
Operating Expense	Operating Expenditure (Employee Expenses + Depreciation and amortization expense + Fees and commission expense+ Other expenses)
Opex to total average assets	Operating expenses divided by total average assets at the end of the financial year
RoA	Profit after tax / average of total assets on book
RoE	Profit after tax / average net worth
NIMs	(Interest income on loans and advances – interest paid) / average of total assets on book
Yield on net advances	Interest earned on loans and advances / average of total net advances on book
Yield on gross advances	Interest earned on loans and advances / average of total gross advances on book
Cost of borrowings	Interest paid / (average of deposits and borrowings)
Credit cost	Provisions / average total assets on book
Stage 2 assets	Stage 2 Assets for the fiscal year / total gross loans
Stage 2 and 3 assets	(Stage 2 Assets + Stage 3 Assets for the fiscal year) / total gross loans

Parameters	Formula
Provisioning Coverage Ratio	Provisioning Coverage Ratio calculated as GNPA subtracted by NNPA and divided by GNPA for the relevant fiscal year
Debt to Equity Ratio	Total Borrowings / Total shareholder equity of the same fiscal
PPOP %	Pre provisioning operating profit (Total income – Interest expenses – Operating expenditure)/ Average total assets
Net Total Income %	(Total Income – Interest Expense)/ Average total advances on book

OUR BUSINESS

*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 20 for a discussion of the risks and uncertainties related to those statements and also the sections “**Risk Factors**”, “**Industry Overview**”, “**Financial Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 30, 140, 284 and 391, respectively, as well as financial and other information contained in this Draft Red Herring Prospectus as a whole, 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.*

*Unless otherwise indicated or unless the context requires otherwise, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “**Restated Financial Statements**” on page 284. Unless the context otherwise requires, in this section, references to “the Company”, “our Company”, “we”, “us” or “our” are to Aye Finance Limited. Certain ratios for the six months ended September 30, 2024 and September 30, 2023 have been presented on an annualized basis, as indicated in this Draft Red Herring Prospectus.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled “Report on Loans and Financial Services Industry in India” dated December 2024 (the “**CRISIL Report**”) prepared and issued by CRISIL, pursuant to an engagement letter dated October 23, 2024. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Offer. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. A copy of the CRISIL Report is available on the website of our Company at <https://www.ayefin.com/wp-content/uploads/2024/12/industry-report.pdf>. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For further information, see “**Risk Factors – 42. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL, exclusively commissioned and paid for by us for such purpose**” on page 52. Also see, “**Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data**” on page 17.*

We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, many of which may not be derived from our Restated Financial Statements. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of our Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.

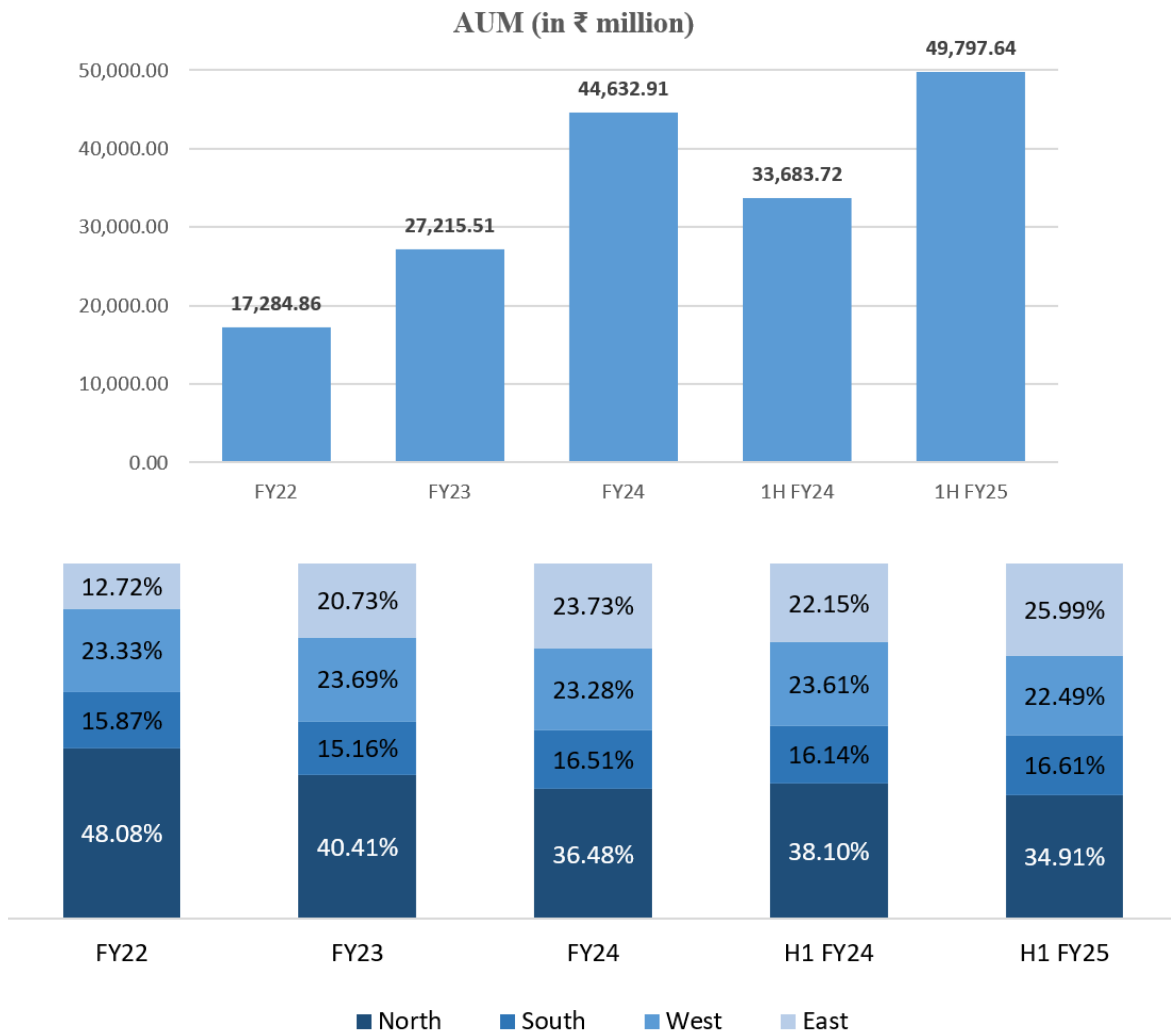
Overview

We are a non-banking financial company – middle layer (“**NBFC-ML**”) focused on providing loans to micro scale micro, small and medium enterprises (“**MSMEs**”) across India. We offer a range of business loans for working capital and business expansion needs, against hypothecation of working assets or against security of property to customers across manufacturing, trading, service and allied agriculture sectors. We are among the leading non-banking financial companies (“**NBFCs**”) providing business loans to the largely underserved micro scale enterprises in India, with 508,224 active unique customers across 18 states and three union territories and with assets under management (“**AUM**”) of ₹ 49,797.64 million, as of September 30, 2024. (Source: *CRISIL Report*) We offer small-ticket business loans with an average ticket size (“**ATS**”) on disbursement of ₹ 0.15 million to micro enterprises. Our expertise in underwriting business cash flows of a variety of business clusters has enabled us to maintain stable credit costs and allowed us to profitably scale up our operations. We are the most geographically diversified lender amongst the Peer MSME Focused NBFCs*. (Source: *CRISIL Report*)

** Peer MSME Focused NBFCs refer to NBFCs in India that provide loans to MSMEs and have been identified as peers of our Company by CRISIL. For more information, see “**Industry Overview**” beginning on page 140.*

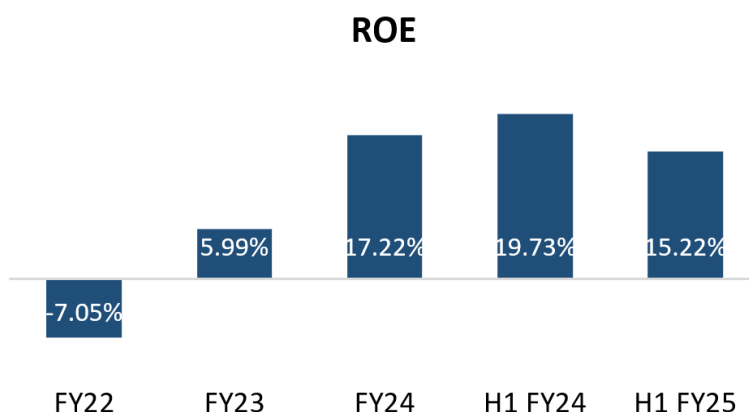
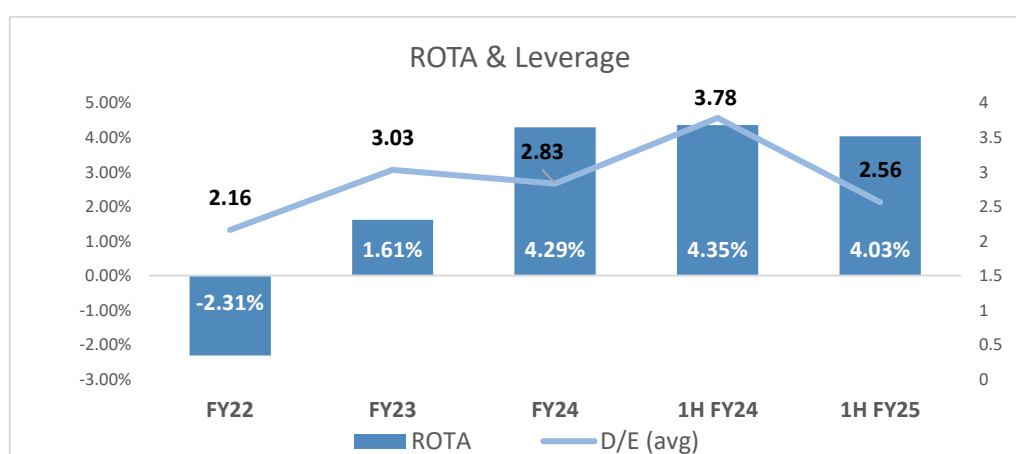
Salient aspects of our business are set out below:

1. **Diversified Growth.** Our AUM has grown at a CAGR of 60.69% between Fiscal 2022 and Fiscal 2024 and was ₹ 49,797.64 million as of September 30, 2024. We are the fastest growing NBFC in India among the Peer MSME Focused NBFCs in terms of year-on-year AUM growth between Fiscal 2024 and Fiscal 2023, growing at 64.00%. (Source: CRISIL Report) Our growth has been achieved through a well-diversified presence across the regions we serve, with no single state accounting for more than 15.00% of our total AUM, and top five states collectively contributing 53.54% to our overall AUM as of September 30, 2024. We manage our business across four zones in India, namely North, South, East and West Zones, and our AUM is well distributed across these zones, with 34.91% in the North, 25.99% in the East, 22.49% in the West and 16.61% in the South, as of September 30, 2024, with mature businesses in each zone. Our geographical spread offers several opportunities for growth.



2. **Right Product Market Fit.** Our experience in providing business loans against security of property or security of working assets, as well as providing unsecured loans or partly secured loans, has allowed us to remain flexible and responsive to business needs of micro scale MSMEs. We are able to service such micro scale MSMEs through a 'phygital' presence that leverages our on-the-ground presence with technology and data science.
3. **Unique Underwriting Capabilities and Field Collections.** Our underwriting expertise is a key competitive advantage for our target segments where our customers have limited business documentation or credit history. Our rigor in evaluating creditworthiness is based on an estimation of business cash flows and profit margins of a specific category of business, namely a 'business cluster', developed from our deep understanding of over 70 business clusters as of September 30, 2024. This underwriting is backed by our collection capabilities that include a field team at our branches, as well as tele-collections and digital models to optimize collections.

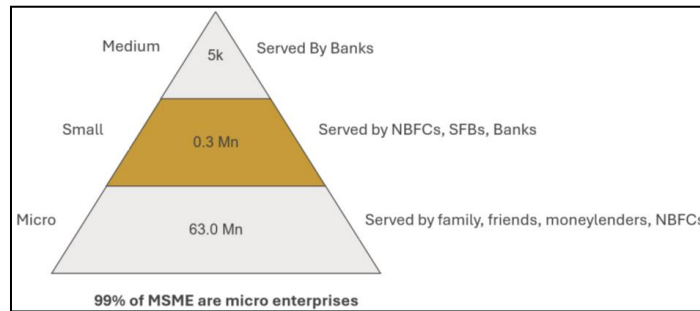
4. **Technology-Driven Operational Efficiency.** Our ‘phygital’ model combines the ‘high touch’ approach through field teams at our branches and our digital capabilities to enhance our pan-India presence. We use technology to streamline our end-to-end operations, which span across our sourcing, underwriting, disbursement and collections processes. The benefits of technology are also complemented by our in-house data science and artificial intelligence (“AI”) team, through which we have deployed several statistical and machine learning (“ML”) models that improve the execution of many of our key business processes. This approach allows us to enhance our branch-based model and effectively address competition from new entrants, as well as maintain a high level of operational efficiency.
5. **Consistent Financial Performance.** Our return on average total assets (“ROTA”) was 4.03% (annualized), 4.35% (annualized), 4.29%, 1.61% and (2.31%) as of September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, respectively. This has been achieved along with a debt to equity ratio of 2.56, 3.78, 2.83, 3.03 and 2.16 as of September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, respectively, which has resulted in our return on equity (“RoE”), increasing from (7.05)%, as of March 31, 2022 to 5.99% as of March 31, 2023 to 17.22%, as of March 31, 2024. Our RoE was 19.73% and 15.22% as of September 30, 2023 and September 30, 2024, respectively.



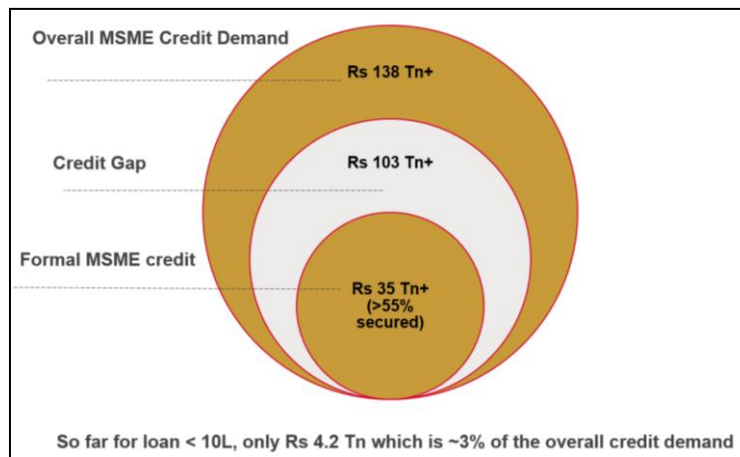
Growth Runway and Large Target Addressable Market (“TAM”)

In India, over 97.13% of MSMEs are classified as micro enterprises, highlighting a substantial TAM for financial services. These micro enterprises are credit starved and have limited access to formal credit, with this segment constituting only 18.16% of formal credit availability, and typically need small business loans with a ticket size of less than ₹ 0.5 million. (Source: CRISIL Report) Further, while a large proportion of this TAM might own a property (in the form of their home or business premises), most of these micro enterprises require a hypothecation loan below ₹ 0.50 million, while some of them would be willing to mortgage their property for a higher ticket size business loan ranging between ₹ 0.30 million to ₹ 1.00 million. (Source: CRISIL Report) Despite the significant demand, only a very limited number of organized NBFCs or banks serve these customers. Barriers to entry in this market include high operational costs for servicing small-ticket loans, nuanced underwriting owing to limited or no available credit histories of borrowers, limited availability of data for underwriting and stringent regulatory

requirements, which make it challenging for new entrants to effectively cater to this underserved segment. These discrepancies present a significant opportunity for financial institutions to address the unmet needs of this sector. (Source: CRISIL Report)



Source: CRISIL Report

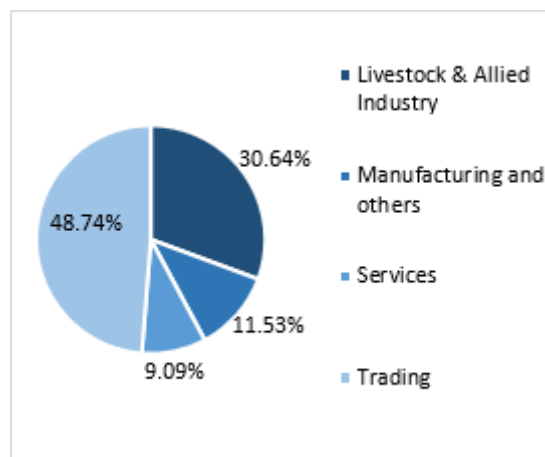


Source: CRISIL Report

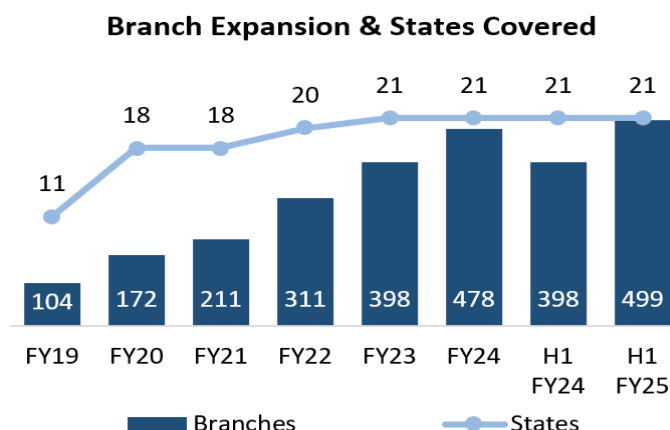
With our technological and operational capabilities, underwriting expertise and experience over the years, we are well-positioned to capitalize on the opportunities presented by this growing TAM. For more information, see “**Industry Overview**” on page 140.

Diversification of Geographic Concentration with Pan-India Branches

We are the most geographically diversified lender among the Peer MSME Focused NBFCs, with our top three states accounting for less than 40.00% of our total AUM as of March 31, 2024, as compared to the average of 68.90% among the Peer MSME Focused NBFCs. (Source: CRISIL Report) Our AUM is also spread across various types of industries, ensuring a balanced presence in both regional and sectoral terms. This strategic distribution of our portfolio across India reduces the risk of geographic concentration and strengthens our risk management and operational resilience. The graph below represents our AUM split by industry as of September 30, 2024:



Over the last three Fiscals and in the six months ended September 30, 2024, we have expanded significantly, adding more than 290 branches and entering two new states and one new union territory. This expansion reflects our commitment to enhancing reach and accessibility for our customers across India.



Product Fit for Target Customer Profile

Our target customers are micro scale businesses with annual turnovers ranging from ₹ 2.00 million to ₹ 10.00 million, predominantly located in semi-urban areas. The industries we serve include manufacturing, trading, service and allied agriculture. Customers operate with a permanent business setup and have been in the same line of business for at least two years. We aim to ensure that our customers are business owners that have established businesses. As of September 30, 2024, over 95.86% of our customers owned their residence or place of business or both, and 96.53% employ five or less employees. Further, as of September 30, 2024, 38.46% of our newly sourced customers were new to credit. In the absence of availability of loans from formal lenders, such customers' need for credit is met through informal sources such as money lenders, chit funds and personal sources such as friends and relatives, and the interest rates for loans from such sources generally ranges between 36% to 60% per annum. (Source: CRISIL Report)

Our Product Offerings

We offer a complete range of products, covering both secured and unsecured loans, to our target customer segment. The table below represents our product offerings, along with details of the collateral involved in each loan and the typical range of their ticker size and tenor:

Sr. No.	Product Offering	Type of Collateral	Ticket Size	Tenor
1.	Mortgage Loans	Fully secured against property collateral (mostly self-owned residences or self-owned business premises) and a contract of hypothecation of working assets, finished goods and machinery	₹ 0.10 million to ₹ 1.50 million	48 months to 180 months
2.	'Saral' Property Loans	Fully secured against property collateral (all kinds of properties) and a contract of hypothecation of working assets, finished goods and machinery	₹ 0.05 million to ₹ 0.60 million	36 months to 60 months
3.	Secured Hypothecation Loans	Fully secured against a contract of hypothecation of working assets, finished goods and machinery	₹ 0.05 million to ₹ 0.40 million	6 months to 42 months
4.	Unsecured Hypothecation Loans	Partly secured against a contract of hypothecation of working assets, finished goods and machinery	₹ 0.05 million to ₹ 0.40 million	6 months to 42 months

The table below provides details of the AUM per product offering in the periods indicated:

Particulars	As of September 30,			
	2024 (₹ million)	Percentage of Total AUM (%)	2023 (₹ million)	Percentage of Total AUM (%)
Mortgage Loans	4,727.41	9.49%	1,407.19	4.18%
'Saral' Property Loans	1,138.34	2.29%	1,155.25	3.43%

Particulars	As of September 30,			
	2024		2023	
	(₹ million)	Percentage of Total AUM (%)	(₹ million)	Percentage of Total AUM (%)
Secured Hypothecation Loans	23,280.23	46.75%	19,704.47	58.50%
Unsecured Hypothecation Loans	20,651.66	41.47%	11,416.81	33.89%
Total	49,797.64	100.00%	33,683.72	100.00%


























Particulars	As of March 31,					
	2024		2023		2022	
	(₹ million)	Percentage of Total AUM (%)	(₹ million)	Percentage of Total AUM (%)	(₹ million)	Percentage of Total AUM (%)
Mortgage Loans	3,345.61	7.50%	506.40	1.86%	89.50	0.52%
'Saral' Property Loans	1,183.28	2.65%	1,163.17	4.27%	1,349.94	7.81%
Secured Hypothecation Loans	23,182.57	51.94%	17,309.88	63.60%	9,517.46	55.06%
Unsecured Hypothecation Loans	16,921.44	37.91%	8,236.06	30.26%	6,327.96	36.61%
Total	44,632.91	100.00%	27,215.51	100.00%	17,284.86	100.00%

By addressing the opportunity for business loans against the collateral of property or against hypothecation of working assets, our product offerings address the market opportunity for under-served micro scale enterprises.

Underwriting and Collections Methodology

Our underwriting capability is a key competitive advantage that aids in assessing creditworthiness of our customers. Our target customers, who have an average annual turnover of ₹ 2.00 million to ₹ 10.00 million, typically do not possess required documentation to demonstrate their business income. We have pioneered a 'business cluster' based underwriting methodology, which has been developed from our specific understanding of over 70 business clusters across India as of September 30, 2024. These business clusters are bifurcated as either 'horizontal' or 'vertical' clusters, with horizontal clusters comprising businesses that exhibit the same commercial and operational attributes across different geographies, and vertical clusters comprising businesses operating in the same geographies with varying commercial and operational attributes.

Our business cluster-based underwriting approach, based on an in-depth analysis of over 70 clusters, has enabled us to build a comprehensive internal knowledge database that helps estimate business cash flows and profit margins based on observable data points. Our proprietary model for existing clusters is reviewed periodically to hone underwriting models.

Horizontal Clusters	Vertical Clusters				
 Grocery Shop	 Dairy	 Shoes	 Glasswork	 Woodwork	
 Tailor	 Leather Goods	 Iron Works	 Crockery	 Jewellery	
 Salon	 Sports Goods	 Handicrafts	 Lac Bangles	 Electronics	
 Eatery	 Electrical	 Agri Tools	 Hosiery	 Sports Goods	
 Beauty Parlor	 Rugs and Carpets	 Decorative items	 Garment	 Auto parts	

In specific clusters where we have substantial experience through a large number of loans serviced, we have also developed data science models for simplified and faster credit decisions. As of September 30, 2024, 32.14% of loans originated (excluding allied agriculture) have been supported by data science-based assessment models. By combining data-driven analysis with a deep understanding of market dynamics, we make informed decisions that

minimize risk and enhance our ability to serve these underserved segments. We also use ML models for the assessment of repeat borrowers, along with a risk-based renewal scorecard to support the credit evaluation process. We believe that our underwriting ability has helped us achieve scale in a market segment that has been difficult to operate in.

Our collection levels are attributed to our effective prioritization of efforts, timely customer contact, and the integration of automation, data science, and field presence in our collections strategy. As of September 30, 2024, over 91.00% of our active loans are managed with the Automated Clearing House (“ACH”) mandates for monthly repayments, ensuring that collection of equated monthly installments (“EMIs”) is conducted with accuracy and efficiency. A data science model determines the most effective treatment approach—whether SMS, voice bot, tele-calling, or field visit — based on predictive analysis. Once an EMI becomes overdue, another ML model prioritizes and allocates collection efforts. Collections are managed through a combination of digital channels, tele-calling, and field visits, each optimized by ML models. Our collection management system (“CMS”) is an automated platform that tracks the GPS location of collectors, their activity trails, and customer payment promises, with receipts for field payments delivered electronically to customers’ mobile phones.

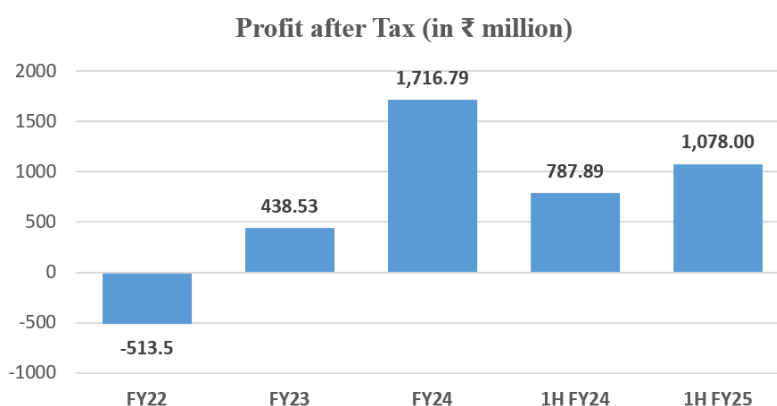
Technology-Enabled Branches

We employ a ‘phygital’ model, which is a combination of our ‘high touch’ approach (namely, contact by branch teams) and our high-tech digital capabilities. As of September 30, 2024, we served our customers through a pan-India network of 499 branches across 18 states and three union territories. The integration of technology in our operations is critical, as it enables us to manage the complexity of cluster-based underwriting, economically service a small ATS on disbursement of ₹ 0.15 million and effect timely controls in our business operations. Our focus is on using end-to-end technology to streamline operations across sourcing, underwriting, disbursement and collections. This approach allows us to enhance our branch-based model and effectively address competition from new entrants by maintaining a high level of technological readiness and operational efficiency.

Using a data lake created securely in the cloud, our teams develop and deploy statistical ML models that improve the execution of many key business processes. Use of data science models have been deployed in a variety of areas like underwriting, collection, employee hiring and customer contact optimisation.

Financial and Operational Parameters

We have witnessed consistent revenue growth and profitability in the three preceding Fiscals. Our profit after tax increased from ₹ (513.50) million in Fiscal 2022 to ₹ 1,716.79 million in Fiscal 2024 growing at a rate of 434.33% and was ₹ 1,078.00 million in the six months ended September 30, 2024.



The following table sets out certain financial and operational parameters in the relevant periods:

Particulars	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million, unless otherwise specified)				
Operational Parameters					
Number of Unique Customers ⁽¹⁾	508,224	367,766	454,586	305,524	191,338
Repeat Retention Rate (%) ⁽²⁾	49.03	44.28	49.59	41.18	40.59

Particulars	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
(₹ million, unless otherwise specified)					
Operational Parameters					
Repeat Loans Disbursed ⁽³⁾	9,114.24	5,966.80	14,897.96	6,048.80	5,026.51
Number of Active Accounts ⁽⁴⁾	511,476	372,071	458,262	311,013	200,909
AUM ⁽⁵⁾	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
AUM year-on-year growth (%)	47.84%	71.83%	64.00%	57.45%	10.13%
Gross Disbursements	20,141.46	16,190.05	39,389.34	23,570.93	13,042.48
AUM per Branch	99.79	84.63	93.37	68.38	55.58
ATS on Disbursement**	0.15	0.14	0.15	0.13	0.12
Number of Branches ⁽⁶⁾	499	398	478	398	311
Disbursals per Branch	40.36	40.68	82.40	59.22	41.94
Disbursement Productivity (number) ⁽⁷⁾	5.22	5.76	6.85	6.57	3.61
Number of Employees	8,388	5,684	6,825	5,724	4,837
Disbursal per Employee	2.40	2.85	5.77	4.12	2.70
Financial Parameters					
Total Income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Net Worth ⁽⁸⁾	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Net Interest Income ⁽⁹⁾	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10
Net Interest Margin (%)	15.37%	15.42%	15.55%	13.54%	11.31%
Pre Provision Operating Profit ⁽¹⁰⁾	1,681.31	1,317.53	3,046.56	922.46	(611.92)
Profit Before Tax	1,441.09	1,138.93	2,278.56	713.96	(674.12)
Profit After Tax for the period/year	1,078.00	787.89	1,716.79	438.53	(513.50)
Total borrowings ⁽¹¹⁾	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40
Total assets ⁽¹²⁾	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Yield (%) ⁽¹³⁾	27.12%*	28.07%*	26.41%	25.46%	24.84%
Average cost of borrowings (%) ⁽¹⁴⁾	11.64%*	11.26%*	11.40%	11.80%	12.99%
Debt to Equity Ratio ⁽¹⁵⁾	2.56	3.78	2.83	3.03	2.16
Cost to Income Ratio (%) ⁽¹⁶⁾	48.39%	52.85%	50.96%	66.03%	80.42%
Operating Expenditure Ratio (Opex / Total Assets) (%) ⁽¹⁷⁾	8.83%*	9.77%*	9.49%	10.80%	10.32%
Credit Cost (%)	3.79%*	2.28%*	3.28%	2.69%	5.45%
Return on Total Assets (%) ⁽¹⁸⁾	4.03%*	4.35%*	4.29%	1.61%	(2.31%)
Return on Equity (%) ⁽¹⁹⁾	15.22%*	19.73%*	17.22%	5.99%	(7.05%)
Gross NPA Ratio (%) ⁽²⁰⁾	3.32%	2.69%	3.19%	2.49%	3.29%
Net NPA ratio (%) ⁽²¹⁾	1.15%	1.26%	0.91%	1.28%	1.37%
Provision Coverage Ratio (%) ⁽²²⁾	66.07%	53.83%	72.14%	49.82%	59.12%
Capital Adequacy Ratio (%)	37.61%	29.97%	32.79%	31.07%	36.03%
Tier I Capital (%)	37.61%	29.97%	32.79%	31.07%	36.03%

* Annualized.

**Excluding loans disbursed through SwitchPe.

Notes:

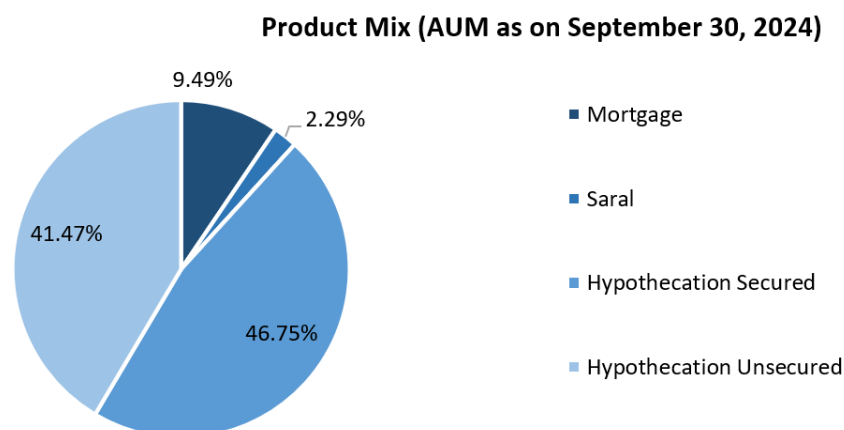
- (1) Unique Customers represents our unique borrower who had an active loan with us at the last day of the relevant period/year.
- (2) Repeat Retention Rate represents the number of customers who took repeat loans during their lifetime plus the number of attrited customers who took repeat loans in the current month, divided by the number of customers with EMI end dates in the current month.
- (3) Repeat loans represent the gross amount of subsequent loans taken by a borrower after taking the first loan with us in the relevant period / year.
- (4) Active Accounts represents our total active loans taken by our borrowers at the last day of the relevant period/year.
- (5) AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- (6) Number of branches represents the aggregate number of branches of our Company as of the last day of relevant period/year.
- (7) Disbursement productivity represents ratio of total fresh loans disbursed by loan officers excluding mortgage loans.
- (8) Net Worth represents total equity as of the last day of the relevant period/year.
- (9) Net Interest Income represents Interest Income less Finance Cost of the relevant period / year.
- (10) Pre Provision Operating Profit represents the sum of profit for the relevant year and impairment allowance (ECL provision) for such period/year.
- (11) Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year.

- (12) Total Assets represents total assets as of the last day of the relevant period/year.
- (13) Yield represents the ratio of interest income for the period/year to the average AUM for the period/year.
- (14) Average Cost of Borrowings represents Finance Cost for the relevant period/year as a percentage of Average Total Assets in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.
- (15) Debt to equity ratio represents Debt securities, Borrowings other than debt securities, subordinated liabilities (lease liabilities) / Net-worth. As of the last day of the relevant period/year.
- (16) Cost to Income Ratio represents Operating Expenses upon total income less finance costs for the relevant period/year.
- (17) Operating Expenditure Ratio represents the Operating Expenses for the relevant period/year upon Average of Total Assets, represented as a percentage.
- (18) Return on Total Assets is calculated as the profit after tax for the relevant year as a percentage of Average Total Assets in such year.
- (19) Return on Equity is calculated as the profit after tax for the relevant year as a percentage of Average Net Worth in such year.
- (20) Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time. Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- (21) Net NPA ratio represents the ratio of our Net NPA to Net Loan portfolio as of last day of the relevant period/year. Net Loan portfolio represents total loan portfolio reduced by impairment allowance, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- (22) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the year, as a percentage of total Gross NPAs as of the last day of the period/year.

Competitive Strengths

Leading Lender of Small-Ticket Loans to Micro Scale MSMEs with Comprehensive Product Offerings and Focus on Serving Large and Unaddressed TAM

We are uniquely positioned in the micro enterprise lending space as one of the only providers among the Peer MSME Focused NBFCs to offer a full product line (secured and unsecured) to serve a large unaddressed customer segment, with a mix of secured and unsecured MSME loans in our portfolio. (Source: CRISIL Report) In addition to providing loans secured against property as collateral, we have expanded our coverage to include a large number of businesses that intend to borrow loans against hypothecation of their working assets. The infographic below represents our product mix (on the basis of AUM) as of September 30, 2024:



The table below provides details of the ATS on disbursement and average tenor of our product offerings, as of September 30, 2024:

S. No.	Product Offering	ATS on Disbursement (₹ million)	Average Tenor (months)
1.	Mortgage Loans	0.35	66
2.	'Saral' Property Loans	0.18	39
3.	Secured Hypothecation Loans	0.13	26
4.	Unsecured Hypothecation Loans*	0.16	29

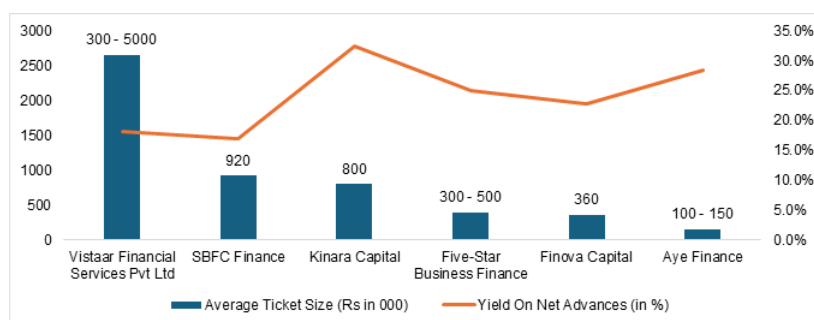
*Excluding loans disbursed through SwitchPe.

India has over 63.40 million MSMEs, of which 63.00 million MSMEs are classified as micro enterprises. (Source: CRISIL Report) MSMEs in India contribute approximately 29.20% to the national GDP and face a substantial unmet credit demand estimated at ₹ 103.00 trillion. (Source: CRISIL Report) Further, only 25.00% of the unmet credit is met through formal financing. (Source: CRISIL Report) Formal lending to MSMEs has often been

constrained due to high risk perception and prohibitive cost of delivering services physically, due to which the market of MSMEs is largely unaddressed by lending institutions in India. (Source: CRISIL Report) According to the CRISIL Report, as of Fiscal 2024, the credit demand for micro businesses is estimated to have increased to ₹ 59.00 trillion to ₹ 60.00 trillion, and considering the credit demand for micro businesses exceeds the availability of formal financing, the credit gap for micro businesses is estimated to have increased to ₹ 53.00 trillion to ₹ 55.00 trillion as of Fiscal 2024. (Source: CRISIL Report) While banks have remained the major source of finance for MSMEs with credit requirements of ₹ 0.10 million to ₹ 0.50 million, the share of NBFCs has increased from 9.88% in Fiscal 2019 to 15.45% in Fiscal 2024, and is expected to rise further in this segment. (Source: CRISIL Report)

Our deep understanding of micro scale businesses allows us to address the specific needs of a customer segment that remains largely untapped by competitors, providing us with a clear competitive advantage. Our services are available across more than 70 industrial and business clusters within the MSME sector as of September 30, 2024, demonstrating our extensive and diversified market coverage. Our product offerings are more diversified as compared to other Peer MSME Focused NBFCs as of Fiscal 2024. (Source: CRISIL Report) In addition, as of September 30, 2024, we had a base of 508,224 active customers, which makes us the MSME lender among the Peer MSME Focused NBFCs with the largest customer base in India. (Source: CRISIL Report)

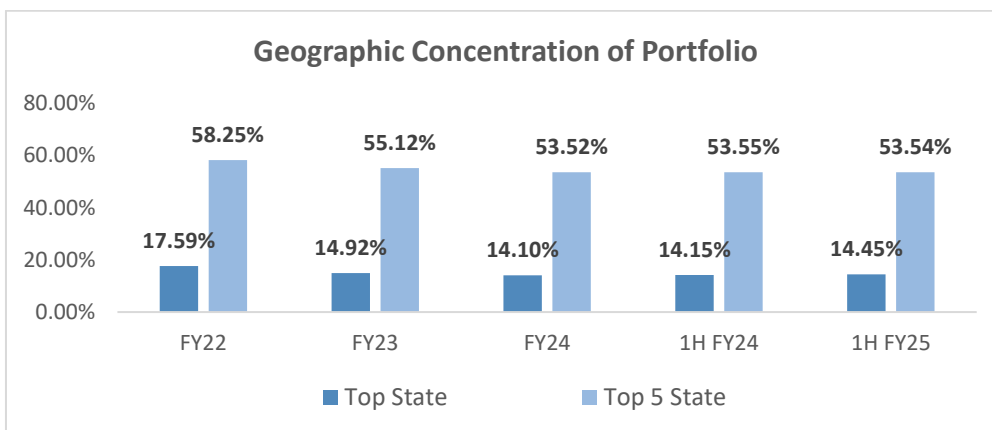
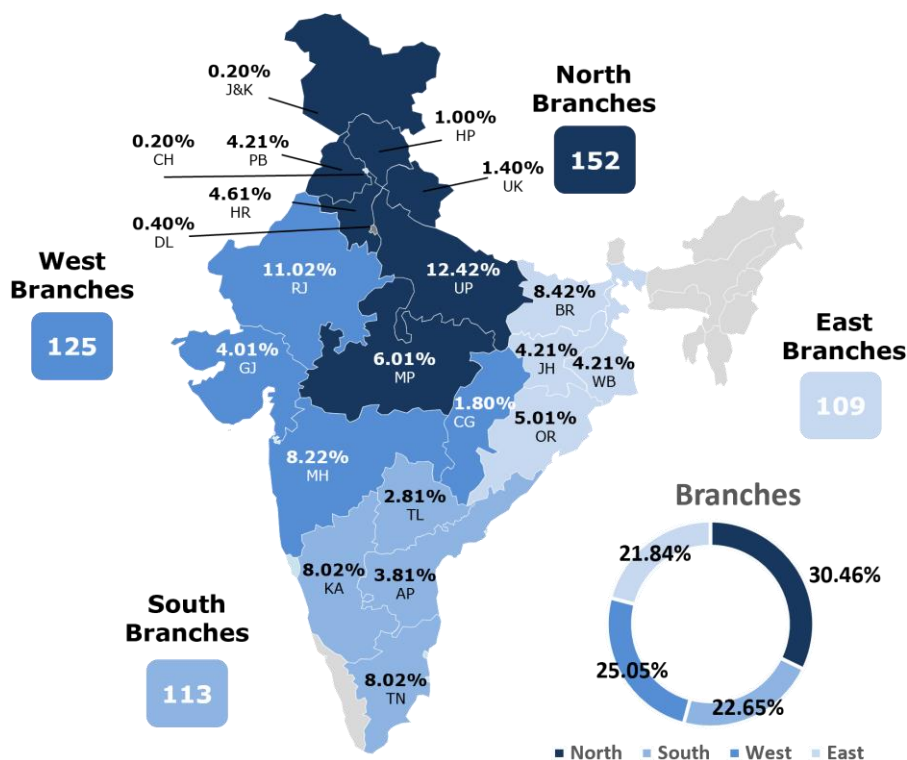
We maintain a granular portfolio with an ATS on disbursement of approximately ₹ 0.15 million. The monthly repayments available as part of our loans are affordable to our customers and help manage credit risks and avoid pressure on our yields. Set out below is a comparison of our ATS and yields in Fiscal 2024 to those of the Peer MSME Focused NBFCs:



Strong Sourcing Capabilities Supported by a Diversified Pan-India Presence and High Customer Retention

Our AUM has grown from ₹ 17,284.86 million as of March 31, 2022 to ₹ 27,215.51 million as of March 31, 2023, to ₹ 44,632.91 million as of March 31, 2024, and was ₹ 49,797.64 million, as of September 30, 2024. Our disbursements grew from ₹ 13,042.48 million in Fiscal 2022 to ₹ 23,570.93 million in Fiscal 2023, and to ₹ 39,389.34 million in Fiscal 2024, and were ₹ 20,141.46 million in the six months ended September 30, 2024. Accordingly, our active base of unique customers has grown from 191,338 as of March 31, 2022 to 305,524 as of March 31, 2023, and to 454,586 as of March 31, 2024, and was 508,224, as of September 30, 2024. We have also recorded the second highest growth in AUM per branch and the highest growth in AUM per employee between Fiscal 2022 to Fiscal 2024 among the Peer MSME Focused NBFCs. (Source: CRISIL Report)

As of September 30, 2024, our footprint across India covers 387 districts, spanning 18 states and three union territories, with 499 branches across India. Our wide geographic presence enables us to attract new customers from a large catchment geography. All four zones, North, South, East and West, are led by experienced teams, ensuring a mature and well-established business foundation in each region. The mix of AUM is well-distributed across these zones, contributing to our overall portfolio diversification, with 34.91% in the North, 25.99% in the East, 22.49% in the West and 16.61% in the South, as of September 30, 2024. As of March 31, 2024, we are the only diversified pan-India player in the micro enterprise lending segment among the Peer MSME Focused NBFCs. (Source: CRISIL Report) As such, our AUM has the most diversified footprint in terms of top state concentration, with no state having more than 15.00% AUM concentration as of March 31, 2024, which is lowest among the Peer MSME Focused NBFCs. (Source: CRISIL Report) Our strategy to spread our AUM growth across regions and avoid concentration in particular states keeps us insulated from regional or state-specific business and operational disruptions. The map below shows diversification across the zones in which we operate, while the graph below sets forth our customer concentration levels from our top 1 and top 5 States for the years/ periods indicated.



The table below sets forth details of our AUM for our top 5 and top 10 States, as of September 30, 2024:

Particulars	AUM as of September 30, 2024 (₹ million)	Percentage of Total AUM (%)
Top 5 States	26,659.27	53.54%
Bihar	7,196.16	14.45%
Uttar Pradesh	6,885.96	13.83%
Rajasthan	5,842.16	11.73%
Madhya Pradesh	3,594.60	7.22%
Maharashtra	3,140.38	6.31%
Top 10 States	40,784.05	81.83%
Bihar	7,196.16	14.45%
Uttar Pradesh	6,885.96	13.83%
Rajasthan	5,842.16	11.73%
Madhya Pradesh	3,594.60	7.22%
Maharashtra	3,140.38	6.31%
Jharkhand	3,121.83	6.27%
Tamil Nadu	3,081.23	6.19%
Haryana	2,840.03	5.70%
Karnataka	2,540.90	5.10%
Punjab	2,504.80	5.03%
Other States/ Union Territories	9,049.59	18.17%

Particulars	AUM as of September 30, 2024 (₹ million)	Percentage of Total AUM (%)
Total AUM	49,797.64	100.00%

In terms of our sourcing capabilities to attract new customers, our strategy has been to rely entirely on in-house origination, so as to ensure that there is minimal compromise in the quality of our sourcing and that the underwriting of lending risks is based on factual data. Through the elimination of reliance on direct selling agents and third parties for sourcing, we have been able to develop a better understanding of our customer segments and reduce early delinquencies that can arise from mis-selling. As of September 30, 2024, we have 537 relationship officers in our mortgage loans business and 3,828 loan officers in our hypothecation loans business. Our sourcing is conducted through branch-led marketing efforts, which ensures regular customer engagement and helps us in building trust and providing hands-on support, thereby strengthening customer relationships.

We have been able to deliver 45 loans per employee during Fiscal 2024, which is the highest among the Peer MSME Focused NBFCs. (Source: CRISIL Report) Our sourcing to disbursal turnaround time (which refers to the average time taken to disburse fresh loans from the sourcing date under the full appraisal process) was 9.82 days, 9.40 days, 9.40 days, 9.68 days and 10.12 days in the six months ended September 30, 2024 and September 30, 2023, and in Fiscals 2024, 2023 and 2022, respectively. We have also witnessed the highest reduction in our cost to income ratio from Fiscal 2022 to the six months ended September 30, 2024 to the extent of 32.03%, which was the highest reduction among the Peer MSME Focused NBFCs. (Source: CRISIL Report)

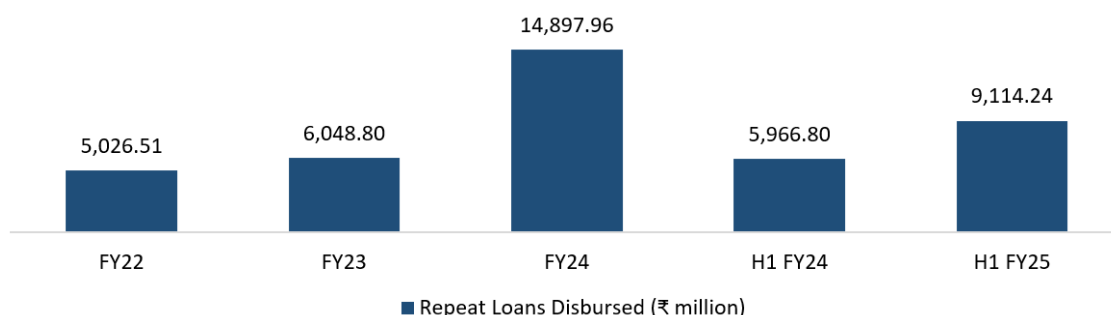
The shorter tenures of our loans open the possibility of repeat loans to customers with good credit behavior. We actively solicit repeat loan business through our call centre with 80 callers, as of September 30, 2024. The calls are targeted at 'low risk' customers as scored by a repeat data science model. These are further validated by our field credit officers during their loan review visits. Our call centre witnessed an incremental conversion rate of 60.97% during Fiscal 2024, and originated an average disbursement of ₹ 17.93 million per call per month during this period. Overall, we witness a high level of customer stickiness, with a foreclosure rate of less than 2.61% (annualized) for Fiscal 2024, which is also evident in the high net promoter score of 83.60%. As of September 30, 2024, over 49.03% of repeat retention rate is seen with customers who are eligible for repeat loan. Repeat Loans account for 42.25% of total AUM as of September 30, 2024.

Further, as on September 30, 2024, we have 484,310 hypothecation loan borrowers of which 95.83% either own their residential property or their business premises. This presents a substantial opportunity to upsell the relatively larger ticket size mortgage loans.

Repeat loans and upselling of mortgage property loans are an important part of our growth strategy, as nurturing long-term relationships with repeat customers not only enhances portfolio stability but also drives sustainable growth by reducing acquisition costs and increasing lifetime customer value. The table below provides details of our repeat customers and repeat loans in the periods / years indicated:

Particulars	Six months ended September 30,		2024	Fiscal	
	2024	2023		2023	2022
Repeat customers	46,958	33,105	80,290	35,253	39,446

Repeat Loans Disbursed (₹ million)



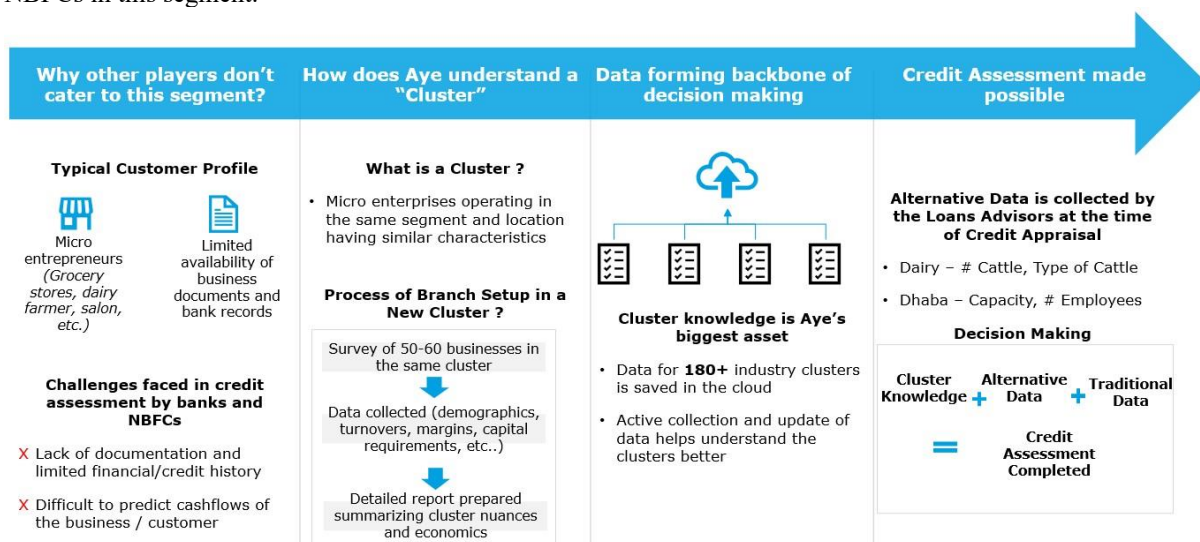
The table below sets forth certain information in relation to our loans for the periods / years indicated:

Particulars	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Fresh Loans Disbursed	Repeat Loans Disbursed	Fresh Loans Disbursed	Repeat Loans Disbursed	Fresh Loans Disbursed	Repeat Loans Disbursed	Fresh Loans Disbursed	Repeat Loans Disbursed	Fresh Loans Disbursed	Repeat Loans Disbursed
Number of Loans	83,701	46,958	81,599	33,105	189,218	80,290	144,827	35,253	67,072	39,446
ATS (₹ million)	0.13	0.19	0.13	0.18	0.13	0.19	0.12	0.17	0.12	0.13
Tenor (months)	30.89	33.42	27.42	33.21	28.63	33.60	25.32	30.76	24.01	30.39
Rate of interest (%)	29.40%	27.39%	29.83%	27.01%	29.69%	27.06%	30.03%	27.37%	28.16%	25.96%
AUM (₹ million)	28,758.51	21,039.13	22,258.99	11,424.73	27,872.68	16,760.23	18,755.05	8,460.46	9,399.13	7,885.73
Total (₹ million)	10,768.40	9,114.24	10,209.55	5,966.80	24,406.29	14,897.96	17,520.92	6,048.80	8,015.98	5,026.51

Note: Except for AUM, all of the figures disclosed above do not take into account loans disbursed through SwitchPe, which is a revolving credit facility.

Effective Underwriting Methodology

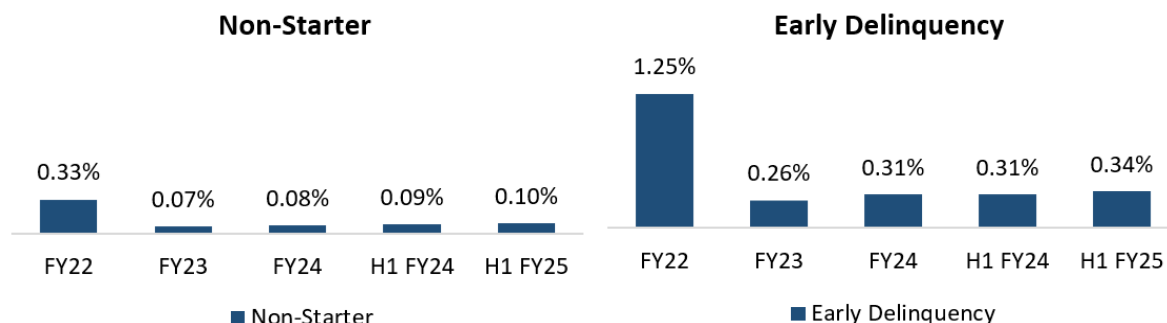
Our underwriting expertise gives us a key competitive advantage that has been honed over the years. Lending to MSMEs involves challenges such as limited financial records, small loan sizes, restricted access to traditional banks and financial institutions, and reluctance to provide property as collateral for smaller loans, making it difficult to underwrite loans for such customers. (Source: CRISIL Report) The foundation of our approach to evaluating creditworthiness is based on a reliable estimation of business cash flows and margins based on specific understanding of the ‘business cluster’ using observable data points. We have pioneered a ‘business cluster’ based underwriting methodology, developed from our specific understanding of over 70 business clusters, as of September 30, 2024. These clusters range from shoe manufacturing in Agra, Uttar Pradesh, to garment trading in Patna, Bihar to toys and wooden furniture in Channapatna, Karnataka. This unique approach to credit assessment has evolved through years of operations, creating a cluster knowledge bank that enhances our understanding of diverse business in manufacturing, trading, services, and animal allied agriculture. Building expertise in cluster-based approach require considerable investment of time and resources and presents a notable challenge for new entrants to replicate in this sector (Source: CRISIL Report), which provides us a competitive edge over other NBFCs in this segment.



Our approach is suitably supported by proprietary data science methods to minimize subjective field biases that may arise in traditional personal discussion based methods. Our physical branches located near these business clusters also supplement the underwriting process by adding local market knowledge and insights. Our underwriting process has a two-pronged assessment: initial data collection and preliminary evaluation are conducted at the branch level, while decision-making on all approvals is centralized at the head office. Our technology platform enables speedy throughput, delivering rapid turnaround times despite the centralized underwriting.

Combining data-driven analysis with a deep understanding of markets has allowed us to take informed underwriting decisions, minimize risk and enhance our ability to serve these under-served segments. This hybrid ‘phygital’ approach enables better underwriting and allows greater flexibility in providing business loans suited to the need of the micro scale enterprises, while maintaining high asset quality standards.

The end usage of loans is tracked by our field credit and vigilance teams to ensure proper utilization and minimize risk. Our field vigilance team conducts risk-based sampling to prevent mis-selling and operational fraud, further supporting the integrity of our underwriting process. The strength of our unique framework is reflected in underwriting quality metrics like non-starters and early delinquency.



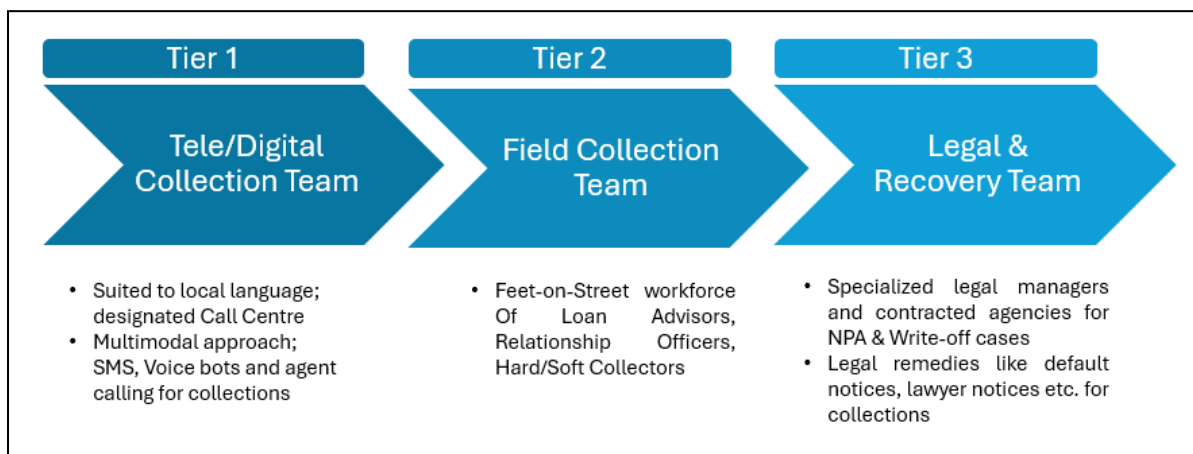
*Non-Starter: Delinquent in first month EMI, Early Delinquency: delinquent in any of first three EMIs.

Robust Multi-Tiered Collection Capabilities

Our collection processes have been designed to address the repayment behaviors of our target customer segment. This starts with ensuring that our customers have registered ACH mandates to minimize cash collection on the field. Additionally, to enhance repayment adherence, customers receive calibrated reminders prior to their EMI dates through SMS, voice bot, tele-calling, or field visits. Furthermore, we deploy a strong field collection team that is supported by data science models to optimize collection outcomes. Through the effective execution of our collection efforts, we ensure that the overdue buckets are managed tightly. Our ratio of Stage 2 assets to total gross loans was 1.67% and 1.04% as of September 30, 2024 and March 31, 2024, respectively, which was the lowest among the Peer MSME Focused NBFCs in those periods. (Source: CRISIL Report)

Our collection strategy comprises a three-tiered in-house collection infrastructure, consisting of the following:

- (3) Tele-calling units;
- (4) Field collection teams; and
- (5) Legal and recovery teams



As of September 30, 2024, our tele-calling units have 244 call centre staff at Gurugram, Haryana and Bengaluru, Karnataka, suited to local language needs. An ML model for default protection alerts us in advance about customers who are more likely to default on their EMIs. The call centre orchestrates digital communication, voice bots and agent calling through auto-dialer to optimize the default prevention effort. Once the default occurs, a

second machine learning model helps the call centre extract almost half of these defaults for a quick four-day digital and tele-calling campaign that typically generates repayments from 25% to 40% of these customers over the four days. The remaining default cases are then allocated to the field collections team to pursue further.

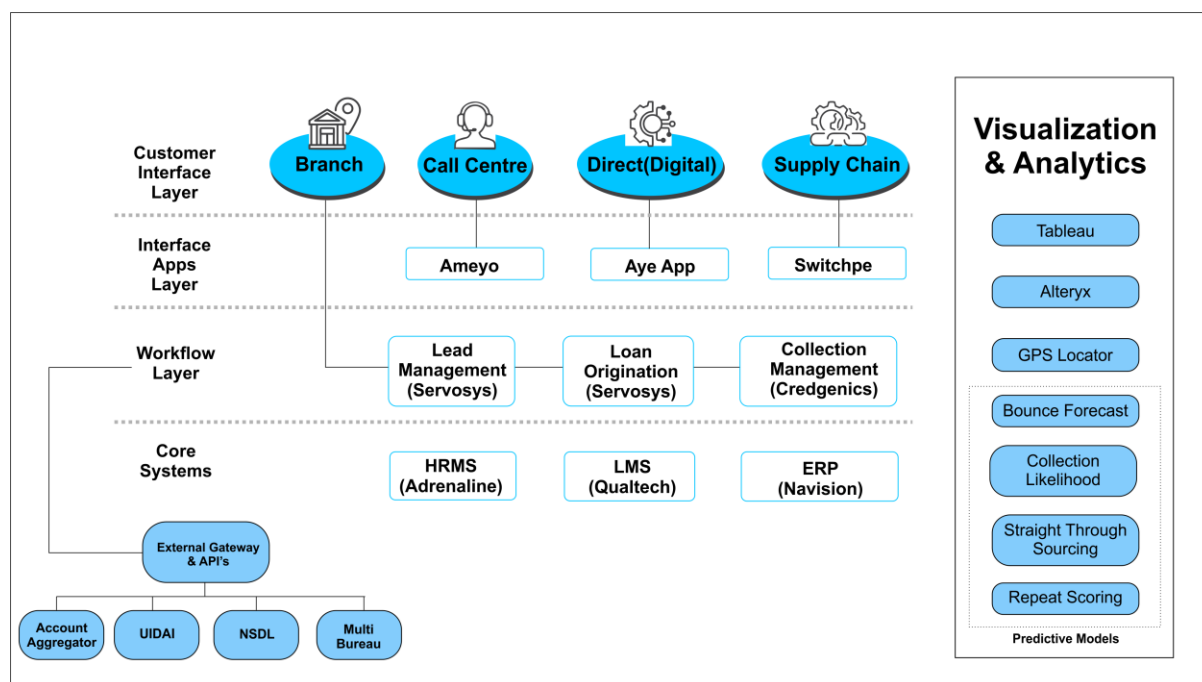
Field collections are managed by our in-house team of over 3,698 loan advisors, 537 relationship officers, and 583 ‘soft collection’ officers who manage non-delinquent customers that were regular with their EMI payments at the end of the last month, and delinquent cases below 30 DPD. We had 422 ‘hard bucket’ collections staff as of September 30, 2024, who manage all delinquent cases above 30 DPD. Our branches are staffed with persons sourced from the local area, with each branch servicing an area with a limited radius, resulting in branch staff being able to respond speedily. Our collections management system has features to record collections trails, log and monitor promises to pay by customers, use GPS logs and issue electronic receipts for collection of repayments by customers. Data science helps in prioritizing the collections efforts on the field by modeling customer repayment behavior.

Legal and recovery efforts are usually initiated when the loan reached the 90 DPD stage. While on the field, such cases are followed up by our in-house collections and settlements staff, these cases are also given to our contracted tele-collection agencies. Specialised legal managers in the collections function send out default notices and initiate further legal remedies. For write-off cases, we continue to make recoveries through the contracted tele-collection agencies.

Building Resilience through Technological Prowess

We follow a ‘phygital’ business model that combines the strengths of physical and digital channels to optimize operations. This integrated model enables us to manage the complexity of cluster-based underwriting, economically source and service a small loan ticket size on disbursement of ₹ 0.15 million and monitor and affect timely controls in our business operations. It also allows us to leverage the benefits of both physical presence and digital technology, delivering a seamless and cost-effective experience for our customers.

We utilize a flexible, cloud-based technology stack that enables scalable operations without significant capital expenditure. All business units access core systems such as loan management systems (“LMS”), collection systems, and applications such as CMS, loan origination systems (“LOS”), human resources administration (“HRMS”) and enterprise resource planning (“ERP”) for seamless operations. Workflow management, powered by ServoStream, streamlines processes across both mobile and web platforms.



The effective automation of our processes has resulted in the use of many APIs to garner surrogate data, validate KYC details from UIDAI, extract credit bureau records, get NACH registered and receive payments digitally. This automation extends to use of GPS to track locations, analysis of customer contact trails and field vigilance monitoring. We endeavor to ensure data security through our resilient identity and access management system. As

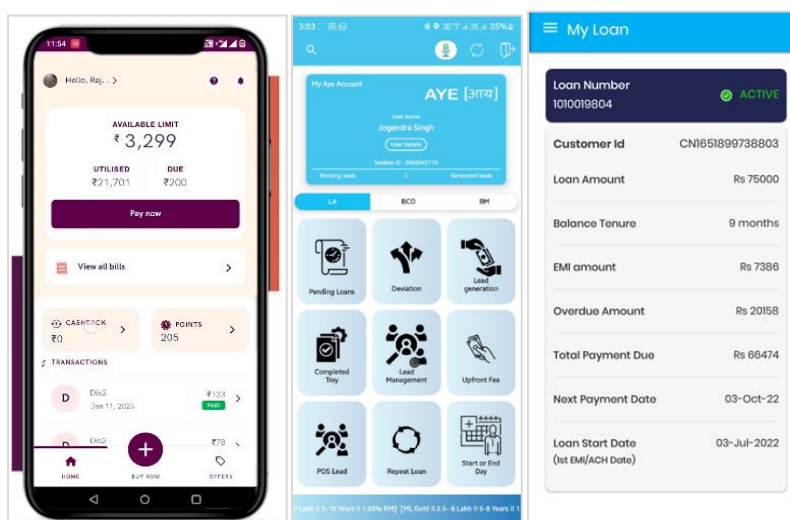
of September 30, 2024, some of the salient metrics achieved by us as part of our efforts to automate our processes are as follows:

- 100% paperless loan sanctioning;
- 97.43% digital signing of loan disbursements during the six months ended September 30, 2024;
- 100% cashless disbursements;
- 91.00% of our customers are NACH registered;
- 100% of the repayment receipts to customers have been automated;
- Automated underwriting models for over 70 business clusters; and
- 32.14% straight through underwriting via data science scores.

All our core systems are integrated to the ‘Alteryx’ and ‘Tableau’ based data warehouse solutions that help in monitoring of operational metrics. This comprehensive and layered technology stack allows us to maintain flexibility, security and efficiency in our operations.

We have an in-house data science and AI team that works closely with the sourcing, credit, and collections teams and has built various technological assets for key decision making across the customer life cycle. Advanced AI/ML models are deployed to optimize the customer journey, such as: upfront bureau screening model; bounce likelihood model; repeat credit risk model; central underwriting credit risk model; and early payment likelihood model. This framework makes up a set of predictive models from sourcing to collections to improve effectiveness and efficiency, from cashless distributions and collections to paperless loan cycles, enabling us to deliver end-to-end technologically integrated services to our customers.

Our customers are provided with a customer application on their mobile phones at no charge, which provides them a seamless and user-friendly experience and allows them to access essential financial services and information. Set forth below are screenshots of our mobile application:



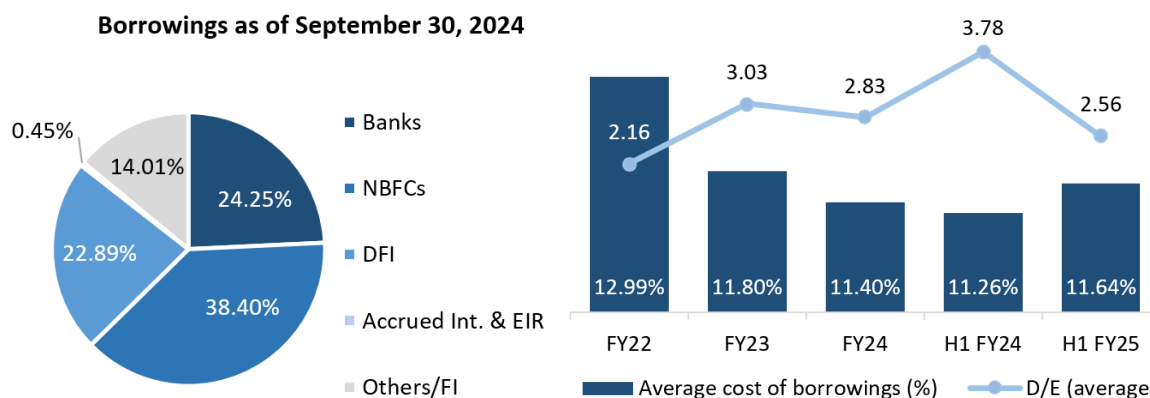
Through this application, users can manage their loan accounts, track repayments and apply for repeat loans. It also offers features such as viewing transaction histories and accessing customer support. The application is a crucial tool in enhancing our customer engagement and ensuring that our financial services are easily accessible to micro business owners.

Access to Diversified Lender Base and Cost-Effective Financing

We have historically funded our growth through a combination of equity and debt financing. Our debt to equity ratio was 2.56, 3.78, 2.83, 3.03 and 2.16 as of September 30, 2024 and September 30, 2023 and March 31, 2024, March 31, 2023 and March 31, 2022, respectively. We benefit from a diversified lender base, accessing capital from 83 different lenders as of September 30, 2024. Our lender base has increased from 42, as of March 31, 2022 to 75, as of March 31, 2024.

We have historically secured and seek to continue to secure cost effective funding through a variety of sources, including public sector banks, private sector banks, small finance banks, foreign banks other non-banking financial

institutions, developmental financial institutions, multilateral agencies and public investors, together with NCDs, pass through certificates, and direct assignment of loans. Our liability profile features a mix of financial instruments, of which as of September 30, 2024, 56.20% are term loans or working capital demand loans (“WCDLs”) and pass-through certificates (“PTCs”), 33.98% are non-convertible debentures (“NCDs”) and 9.82% are external commercial borrowings (“ECBs”). Our large lender base also ensures access to liquidity to meet our financing needs and helps mitigate risks relating to liquidity, maturity mismatches, interest rates and concentration. Our credit ratings have consistently improved over the years, and as of September 30, 2024, we have been rated ‘A’ by ICRA and India Ratings.



In the six months ended September 30, 2024 and September 30, 2023 and in Fiscals 2024, 2023 and 2022, our average cost of borrowings were 11.64%, 11.26%, 11.40%, 11.80% and 12.99%, respectively, reflecting our experience with accessing domestic capital markets at competitive terms. Our borrowing from banks (which includes interest accruals) has increased from 15.26% as of March 31, 2022 to 31.23% as of March 31, 2024, and was 26.07% as of September 30, 2024, reflecting a strategic shift towards more stable and cost-effective sources of capital.

We have a vibrant securitization program supported by a diverse group of investors, providing stability to our funding structure even during difficult financial markets, such as during the COVID-19 pandemic. Our financing mix includes term loans / WCDLs / PTCs, NCDs and ECBs, amounting to ₹ 22,947.76 million, ₹ 13,873.11 million, and ₹ 4,010.14 million, respectively as of September 30, 2024, ensuring a balanced approach to capital acquisition.

In terms of our assets and liabilities, as of September 30, 2024 and September 30, 2023 and as of March 31, 2024, March 31, 2023 and March 31, 2022, our assets had an average tenor of 25.17 months, 23.04 months, 25.08 months, 21.98 months and 21.98 months, respectively, while our liabilities had an average tenor of 24.17 months, 21.76 months, 22.06 months, 20.17 months and 16.58 months, respectively, for such dates. We have a judicious asset liability management policy, which is demonstrated by positive cumulative mismatch on maturity of our assets and liabilities as of September 30, 2024 and September 30, 2023 and as of March 31, 2024, March 31, 2023 and March 31, 2022, which has allowed us to meet the growing loan demands of our increasing borrower base. For further information, see “*Selected Statistical Information – Asset Liability Management*” on page 443.

We continue to augment our efforts to diversify our sources of capital with access to a wider set of investors. We are also focused on lowering borrowing costs by changing the borrowing mix towards large banks and raising debt with lower collateralization costs.

Experienced and Professional Management Team backed by Marquee Investors with a Committed Employee Base

Our Company is led by an experienced and professional management, including KMPs and Senior Management with rich industry experience, who have demonstrated their ability to deliver growth and profitability across business cycles. Our Senior Management bring in diverse experience in their functional areas in finance and lending along with a deep understanding of the small business finance landscape in India.

Sanjay Sharma, our founder and Managing Director, holds a bachelor of technology degree in mechanical engineering from the Indian Institute of Technology Bombay and a post graduate diploma from the Indian Institute of Management, Bangalore. He started his long career in banking and financial services with the Hongkong and Shanghai Banking Corporation Limited in 1988. He was also previously associated with Standard Chartered Bank,

both in India and the United Arab Emirates, HDFC Bank, ICICI Limited and Max New York Life Insurance Company Limited and Tamweel International (a division of Tamweel PJSC). Niraj Kumar Kaushik, our Deputy Chief Executive Officer, previously associated with Bajaj Finance Limited, Royal Bank of Scotland N.V, ICICI Personal Financial Services Limited, Religare Finvest Limited and Larsen & Toubro Limited. Krishan Gopal, our Chief Financial Officer, has been associated with Price Waterhouse, Deloitte Haskins & Sells, PNB Housing Finance Limited, Satin Creditcare Network Limited and DMI Finance Private Limited in various leadership roles. Ujwal George, our Chief Operating Officer, has held senior management positions in RBL Bank Limited, Abu Dhabi Commercial Bank PJSC and Barclays Bank PLC. Jinu Joseph, our Chief Technology Officer, has been associated with Citicorp Overseas Software Limited, Polaris Software Lab Limited, Accenture Services Private Limited, IBM India Private Limited and IDFC First Bank. This leadership team brings extensive expertise in finance, operations, and strategic management, driving our vision and growth.

Our leadership team is supported by a seasoned senior management team, with diverse experience across a range of financial products and functions related to our business and operations. Our senior management team comprises Niraj Kumar Kaushik – Deputy Chief Executive Officer; Ujwal George – Chief Operating Officer; Jinu Joseph – Chief Technology Officer; Nancy Gupta, Chief Risk Officer; Piyush Maheshwari, Head – Credit and Field Operations; Sovan Satyaprakash, Head – Strategy; Ankur Sharma, Head – Human Resources; Tejamoy Ghosh, Head – Data Science and Artificial Intelligence; Kapil Goyal, Head of Internal Audit and Akash Damodar Purswani, Head – Collections. For details in relation to their profiles, see “***Our Management – Brief biographies of our Senior Management***” on page 278.

We have zonal heads for business, credit and collections, with regional experience that allows them to grow our operations in their respective areas and ensure business efficiency. Each of our zonal heads has more than 10 years of relevant experience with proven record of scaling businesses.

Further, our Company has benefited from investments from Elevation Capital, CapitalG, British International Investment Plc, Lightrock, A91 Partners, Alpha Wave India, and ABC Impact which underscores the confidence and trust placed in us by leading financial institutions and industry veterans. We are well-positioned to leverage their expertise and resources to drive our growth forward.

We also have a distinguished Board comprising nominees of investors and independent Directors with industry experience. The Board provides robust governance and strategic direction to our business. For more details on our Board, see “***Our Management***” on page 263.

Under the leadership of our management team and our Board, our dedication to creating a positive work environment has been recognized through prestigious awards such as Best Companies to Work for in India by Great Place to Work® for the fourth consecutive time in Fiscal 2024. For more information on our awards, see “– ***Awards and Accolades***” on page 234.

Strategies

Increasing AUM per branch by increased penetration in our target segment

Our strategy for continued growth involves increasing our AUM per branch. As of September 30, 2024, our average branch AUM was ₹99.79 million, with each branch having an average of 1,018 customers. In Fiscal 2024, the credit gap for micro businesses is estimated to have increased to ₹ 53.00 trillion to ₹ 55.00 trillion (*Source: CRISIL Report*), indicating available runway to increase AUM per branch. With our offering of secured as well as unsecured business loans, we have an opportunity to further grow the branch AUMs. The average AUM of branches that have over three years vintage is ₹ 146.26 million, while the branches under three years vintage have an AUM of ₹ 65.75 million. We have opened 290 branches in the six months ended September 30, 2024 and the last three Fiscals, which will help increase the average AUM as they mature. The effective conversion on repeat loans and upselling of mortgage loans to repeat customers will further improve value generated per customer. We intend to reduce the pace of opening new branches as we have adequate geographic diversification. As a higher proportion of branches mature, it will add to the overall average branch AUM.

While we increase the number of customers served by each of our existing branches through our offerings of secured and unsecured loans, we also intend to open new branches in towns and districts that are in the vicinity of our existing branches, so as to ensure efficient management of logistics and benefit from economics of scale.

Growing our Mortgage Loan Portfolio

We have been able to increase our total mortgage loan portfolio from 8.33%, as of March 31, 2022 to 10.15%, as of March 31, 2024 and to 11.78%, as of September 30, 2024. We intend to continue to focus on scaling our mortgage loan portfolio to enhance overall portfolio stability and profitability through an increase in average tenure of overall portfolio. To achieve this, we will continue to build our decentralized mortgage teams in the existing well-established branch network, utilizing our extensive presence to tap into new opportunities for secured against property lending. We intend to stay differentiated in the mortgage loan market through our sourcing strategy of combining open market sourcing of new customers and up-selling to our existing base of hypothecation loan customers. By strategically increasing the proportion of mortgage loans in our portfolio, we aim to enhance portfolio quality and improve long term profitability.

Leveraging Technology and Data Sciences for Improving Productivity and Scalability

Our strategy to leverage technology and data science for enhancing productivity and scalability includes several key initiatives. For instance, in terms of our underwriting capabilities, we aim to incorporate technology and data science to enable the aggregation of surrogate information to complement our cluster based underwriting methods, and we intend to enhance our existing credit scoring models as we add new business clusters. We are in the process of developing image recognition models to enhance straight-through processing models to improve the productivity of our underwriting teams. For our collections, we intend to ensure the better use of geolocation-based analytics and digital footprints of customers to improve traceability of defaulting customers. We will also invest in developing multiple alternate digital payment options for our customers, as well as customer education to influence customer behaviour towards the most efficient method of repayment.

Additionally, we also intend to continuously upgrade our technology stacks and core systems such as LOS, LMS and CMS to improve efficiency and functionality and maintain a modern and robust stack. We shall continue to optimize our core platforms by integrating with APIs to enhance process automation. We intend to utilize generative AI and RPA to improve internal service processes. Our focus will be on continuing to develop our customer applications for building new loan journeys for existing as well as new customers, and to move towards a lower cost of customer service. We also intend to enhance our paperless field intelligence application to develop early warning models for optimal management of field related risks.

Improving Operating Leverage

We aim to continue reducing operating expenditure while improving efficacy and functionality through the following:

- *Improving staff productivity:* We believe that our field teams in distribution and credit will play a key role in improving operational efficiencies. In Fiscals 2022, 2023 and 2024, the number of loans disbursed per loan officer per month was 3.61, 6.57 and 6.85, respectively, and the file productivity of our credit team has been 105, 211 and 262 in Fiscals 2022, 2023 and 2024, respectively. This increase in the number of disbursements as well as in the productivity levels is attributable to process automation and employee training.
- *Automation:* We intend to leverage technology and data science to streamline our operations by automating routine tasks, minimizing manual intervention and training our employees in the use of such technology in their daily operations. We also intend to use data science models to optimize customer calling in tele-collections as well as our customer applications, which can aid in improving efficiency and reducing costs.
- *Mortgage Loans:* We plan on increasing the share of mortgage loans in our product portfolio, which due to their larger ticket size and longer tenor, will reduce our cost to income ratio.
- *Repeat Loan Conversion:* We intend to build on our customer base by improving conversion on repeat loans, supplemented by upselling of loans against the security of property to our hypothecation loan customers.

Optimizing Borrowing Costs and Diversifying Lender Base

We intend to remain focused on diversifying our borrowing profile, optimizing our borrowing costs and maintaining a positive ALM position. Through the adoption of risk management measures, investments in technology and co-lending / securitisation arrangements, we aim to enhance our credit rating and secure stable funding sources to support our continued growth and expansion. Our average cost of borrowings for the six months ended September 30, 2024 and September 30, 2023 and for Fiscals 2024, 2023 and 2022 were 11.64%, 11.26%, 11.40%, 11.80% and 12.99%, respectively. Our average incremental cost of borrowings for Fiscal 2024 was

11.27%, as compared to 11.09% for Fiscal 2022, primarily due to our improved financial performance and consistent asset quality.

We consider low borrowing costs as essential to pricing our loan products attractively, driving business growth, increasing our margins and maintaining a competitive position in the micro scale MSME loans market. Diversifying our funding mix and liability profile is a key focus area for us. As of September 30, 2024, we have established relationships with over 83 counterparties, utilizing various instruments such as term loans from private sector banks and public sector banks, the issuance of NCDs (excluding NCDs issued to individual holders) and external commercial borrowings. We aim to continue to diversify our borrowing profile and strengthen relationships with such lenders to support our growth trajectory and to ensure that our debt capital requirements are met at optimal costs.

We have a positive asset-liability position as on September 30, 2024 and we intend to prioritize long-term borrowings to ensure stability and mitigate tenor based liquidity risks. We intend to manage the business in a way that we enhance our credit rating to gain access to additional funding sources and reduce our overall borrowing costs. Our co-lending strategy is focused on establishing alliances with other lenders to maximize benefits for our customers while optimizing and managing risk and retaining customer loyalty. We have established a co-lending arrangement with one counterparty as of September 30, 2024. By collaborating with other lenders, we will be able to achieve our goal of financial inclusion while penetrating deeper across geographies and creating sustainable growth.

BUSINESS OPERATIONS

We are an NBFC offering secured and unsecured small business loans for working capital requirements in the MSME sphere, primarily to micro scale MSMEs. Our loan offering includes mortgage loans, ‘Saral’ Property Loans, secured hypothecation loans and unsecured hypothecation loans. Our footprint across India covers 387 districts across 18 states and three union territories with 499 branches, as of September 30, 2024.

Loan Portfolio

Our diverse loan offerings can be utilized for various business purposes, including working capital, business expansion, acquiring machinery, or meeting seasonal demands.

Mortgage Loans

We offer mortgage loans tailored to support micro enterprises, securing the loan with immovable property as collateral. Mortgage loans offer higher loan amounts or longer tenures, ideal for purchasing machinery or livestock, settling debts, or fulfilling other business needs. This allows us to provide businesses with the necessary capital for growth, operations, or expansion, while offering competitive interest rates due to the collateral-backed structure. By using property as security, we effectively manage risk and provide flexible loan terms, furthering our commitment to fostering financial inclusion and sustainable growth for underserved businesses across India.

The ATS on disbursement of our mortgage loans is ₹ 0.35 million with an average contractual tenure of 66 months and a rate of interest between 22.00% to 26.00%, as of September 30, 2024. Our mortgage loans are designed to meet a range of business needs, whether for purchasing machinery or livestock, repaying debts, compensating employees, or renovating business premises. This product is suitable for customers seeking higher loan amounts or extended tenures and willing to mortgage their property.

Customers can select an EMI option with tenures ranging from 48 months to 180 months for loans up to ₹ 1.5 million, addressing both short-term and long-term financial requirements.

As of September 30, 2024, we have 13,498 active loans in our mortgage loan portfolio. The table below sets forth certain information in relation to our disbursements in our mortgage loan segment for the years/ period indicated:

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	1,678.90	959.25	3,046.03	465.46	27.69
Disbursement Yield (%)	24.32%	23.52%	23.61%	23.71%	23.52%
Disbursements as a percentage of total disbursements (%)	8.44%	5.93%	7.75%	1.97%	0.21%

*Excluding loans disbursed through SwitchPe.

‘Saral’ Property Loans

We offer ‘Saral’ Property Loans to support micro enterprises, where movable and immovable assets are combined as collateral, and where the title of the relevant properties may not be clear. ‘Saral’ Property Loans are tailored for customers willing to mortgage their property, even when the property title is established, but it may not be possible to create a charge over the property. The loan can be utilized for working capital needs or asset purchases. The ATS on disbursement of our ‘Saral’ Property Loans is ₹ 0.18 million with an average contractual tenure of 39 months and a rate of interest between 26.00% to 28.00%, as of September 30, 2024.

Customers can select an EMI option with tenures ranging from 36 to 60 months for a maximum loan amount of ₹ 0.60 million, making it suitable for both short-term and long-term business requirements.

As of September 30, 2024, we have 10,635 active loans in our ‘Saral’ Property Loan portfolio. The table below sets forth certain information in relation to our disbursements in our ‘Saral’ Property Loan segment for the years/ period indicated:

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	276.24	337.68	709.37	688.58	482.18
Disbursement Yield (%)	26.71%	26.79%	26.78%	26.92%	25.16%
Disbursements as a percentage of total disbursements (%)	1.39%	2.09%	1.80%	2.92%	3.70%

*Excluding loans disbursed through SwitchPe.

Secured Hypothecation Loans

We offer secured hypothecation loans designed to meet the financial needs of micro enterprises in India. These loans are secured by the hypothecation of movable assets, such as machinery or equipment, enabling businesses to access credit while retaining ownership of the assets. Secured loans, backed by the hypothecation of working assets, and are tailored to meet customers’ short-term needs such as inventory procurement, wage payments, business renovations, or other business-related expenses. The hypothecation model allows us to offer competitive interest rates, while maintaining asset quality and reducing risk, helping to ensure financial inclusivity and supports the growth of MSMEs across India.

The ATS on disbursement of our secured hypothecation loans is ₹ 0.13 million with an average contractual tenure of 26 months and a rate of interest between 26.00% to 32.00%, as of September 30, 2024. Our hypothecation loans offer solutions for short-term business needs without requiring mortgage collateral. This type of loan covers various expenses of our customers, such as repaying debt, purchasing inventory, paying staff, and renovating their premises. We provide loans up to ₹ 0.40 million, with tenures ranging from six months to 42 months, secured by assets like stock, machinery, and receivables.

As of September 30, 2024, we have 266,722 active loans in our secured hypothecation loan portfolio. The table below sets forth certain information in relation to our disbursements in our hypothecation loan segment for the years/ period indicated:

Particulars*	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Disbursements (₹ million)	8,823.89	8,697.41	19,819.87	15,619.71	8,339.00
Disbursement Yield (%)	29.83%	30.10%	30.05%	30.12%	27.97%
Disbursements as a percentage of total disbursements (%)	44.38%	53.77%	50.43%	66.27%	63.94%

*Excluding loans disbursed through SwitchPe.

Unsecured Hypothecation Loans

We offer unsecured hypothecation loans aimed at supporting micro enterprises, where loans secured against a contract of hypothecation as well, however, the value of the hypothecation assets is not adequate to cover the loan amount.

The ATS on disbursement of our unsecured hypothecation loans (except for loans disbursed through SwitchPe) is ₹ 0.16 million with an average contractual tenure of 29 months and an rate of interest between 26.00% to 32.00%, as of September 30, 2024. Customers can select an EMI tenure ranging from six months to 42 months for a maximum loan amount of ₹ 0.40 million, making it suitable for both short-term and long-term business requirements.

As of September 30, 2024, we have 220,621 active loans in our unsecured hypothecation loan portfolio. The table below sets forth certain information in relation to our disbursements in our unsecured hypothecation loan segment for the years/ period indicated:

Particulars*	As of September 30,			As of March 31,		
	2024	2023	2024	2023	2022	
Disbursements (₹ million)	9,103.62	6,182.01	15,728.98	6,795.97	4,193.61	
Disbursement Yield (%)	27.98%	27.89%	28.05%	28.19%	26.28%	
Disbursements as a percentage of total disbursements (%)	45.79%	38.22%	40.02%	28.83%	32.15%	

* Excluding loans disbursed through SwitchPe.

Eligibility criteria and fees

For each of the above categories of loans, eligibility criteria includes being an Indian citizen aged 18 years to 59 years, having at least two years of business stability and a permanent and stable business location. The fees and charges for these loans include processing fees plus GST, default charges, late payment charges and applicable foreclosure charges.

Other Loans

Shakti Loans

To address the funding challenges faced by women micro-entrepreneurs, we have introduced Shakti Loans to our product suite. This product is specifically designed for women-led businesses in sectors such as services and job work. Despite their significant contributions to the economy, women-owned micro enterprises often encounter systemic barriers, with limited access to capital being a major constraint. (Source: CRISIL Report) Shakti Loans aim to overcome these challenges, ensuring that adequate funding is available to unlock the growth potential of women-led grassroots businesses.

Emergency Credit Line Guarantee Scheme

We are registered with the National Credit Guarantee Trustee Company Limited (“NCGTC”) as a Member Lending Institution under Emergency Credit Line Guarantee Scheme (“ECLGS”) announced by the Government of India on May 23, 2020 as part of the Atma Nirbhar Bharat initiative to support businesses impacted by the COVID-19 pandemic. The ECLGS aims to provide a financial lifeline to MSMEs by offering a 100% guarantee on additional funding to assist them in covering operational costs and recovering from economic distress.

Through this scheme, we are positioned to extend guaranteed emergency credit lines to eligible MSME borrowers. The ECLGS offers loans with attractive interest rate caps and a one or two year moratorium on principal repayments based on the tenor of the loan, thus facilitating easier repayment terms. By leveraging this scheme, we are committed to supporting our customers in overcoming the financial challenges posed by the pandemic, thereby contributing to the revival of the MSME sector and the broader economy.

SwitchPe

We operate SwitchPe, a supply chain finance platform tailored for micro and small enterprises. SwitchPe aims to provide essential support to small businesses in India by offering access to unsecured credit lines and seamless connectivity to competitively priced suppliers. The platform features an intuitive user interface that allows shop owners to explore products and manage payments efficiently, with the added benefit of cashback on full repayments. Key features include no joining fees, paperless onboarding, a 14-day interest-free period, and flexible

repayment terms. Eligibility is limited to business owners, and various fees apply, including a convenience charge starting in the second year and charges for late payments.

Our SwitchPe platform can be accessed by distributors and retailers through its mobile application, SwitchPe One, our expert supply chain management application designed to facilitate the growth of our customers' businesses. SwitchPe One is a credit-backed payment solution, designed specifically for merchants to optimize their working capital requirements. It provides integrated lending solutions by consolidating in one place services such as book-keeping, working capital credit, digital payment options and optimization of available channels of promotion. Through this infrastructure, we connect distributors to merchants. On the application, users can identify distributors and explore various offers, facilitating the creation of business relationships amount distributors and retailers. SwitchPe enables users to place orders at the best prices available in the market and earn cashbacks on payments. As of September 30, 2024, we had 3,299 users on the SwitchPe platform.

Target Customer Segment

We provide an array of loan products in the MSME sphere, primarily to micro enterprises. Our multiple product offerings, which includes secured and unsecured term loans as well as working capital facilities, are suitable to cater to the specific business requirements of these micro enterprises, ranging from everyday working capital requirement to long-term capital investments. We focus on micro enterprise owners from urban and semi-urban markets, particularly those operating cash-and-carry businesses in the manufacturing, trading, service and allied agriculture sectors. Though these customers have businesses which have been operational for more than five years, most of them do not maintain documents such as income proof, business registration, GST registration, income tax filings, and bank statements (*Source: CRISIL Report*), which makes access to credit challenging. The limited availability of credit history also creates additional complexities in underwriting risks associated with such customer segments. Our unique cluster based underwriting approach, which has been tested and strengthened for over a decade, allows us to ascertain the scale and profitability of such businesses and focus on customers with better income profiles.

Our customers typically have a monthly income between ₹ 0.03 million to ₹ 0.10 million. In all our loans, a spouse or parent acts as a co-borrower to ensure that there are joint holders for loans. Our customer-centric approach, which ensures appropriate risk management, along with our strong understanding of local characteristics of these markets and customers, has allowed us to address the needs of MSME customers and assisted us to penetrate deeper into such markets. We are the only diversified pan India player in the micro enterprise lending segment among the Peer MSME Focused NBFCs as of March 2024. (*Source: CRISIL Report*) This is further illustrated by our performance after the COVID-19 pandemic. While the impact of the COVID-19 pandemic was felt through the industry, we were able to restrict its impact in subsequent Fiscals, and we have been able to reduce our Gross NPA ratio to 3.19% in Fiscal 2024.

Branch Network

As of September 30, 2024, we have a broad network of 499 branches spread across 18 states and three union territories, with Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh and Maharashtra being our key states. These states cumulatively account for approximately 46.09% of our branch network, as of September 30, 2024. We are organized into four key zones – North, South, East and West – each supported by a stable and experienced management hierarchy. The mix of AUM is well-distributed across these zones lowering our geographic concentration risk, with 34.91% in the North, 25.99% in the East, 22.49% in the West and 16.61% in the South, as of September 30, 2024. For details in relation to the AUM for our key states, see “- **Our Competitive Strengths – Strong Sourcing Capabilities Supported by a Diversified Pan-India Presence and High Customer Retention** ” on page 210.

The following table sets forth certain information of our branch network by state as of September 30, 2024:

State	Year of Entry	Number of Branches	AUM (₹ million)	Percentage of Total AUM (%)
Delhi	2013	2	249.46	0.50%
Uttar Pradesh	2014	64	6,885.96	13.83%
Rajasthan	2015	54	5,842.16	11.73%
Haryana	2015	23	2,840.03	5.70%
Punjab	2015	21	2,504.80	5.03%
Uttarakhand	2016	7	821.05	1.65%
Karnataka	2016	40	2,540.90	5.10%
Tamil Nadu	2017	40	3,081.23	6.19%

State	Year of Entry	Number of Branches	AUM (₹ million)	Percentage of Total AUM (%)
Andhra Pradesh	2017	19	1,640.06	3.29%
Madhya Pradesh	2017	30	3,594.60	7.22%
Telangana	2018	14	1,007.44	2.02%
Himachal Pradesh	2019	6	290.73	0.58%
Chandigarh	2019	1	109.12	0.22%
Maharashtra	2019	40	3,140.38	6.31%
Gujarat	2019	20	1,830.26	3.68%
Bihar	2019	43	7,196.16	14.45%
Jharkhand	2019	20	3,121.83	6.27%
Chhattisgarh	2019	8	387.56	0.78%
West Bengal	2021	21	1,557.07	3.13%
Jammu	2021	1	89.29	0.18%
Orissa	2022	25	1,067.55	2.14%
Total	-	499	49,797.64	100.00%

Our first branch was established in 2015 in New Delhi, India. As of September 30, 2024, 53.51% of our branches have been opened for longer than 36 months, while 25.85% of our branches have been opened for between 12 months and 36 months, and 20.64% our branches have been opened for less than 12 months.

We recognize that our current market share indicates significant potential for enhancing our presence in existing areas and exploring new geographical regions. The choice to establish a branch is driven by a calibrated strategy involving a detailed analysis of the catchment area, economic and business potential, competition, and availability of local human resource talent. Our review of the catchment area is dependent on factors such as retail density and diversity, industrial activity and financial literacy, among others. The prevalence of retail activity demonstrates the potential for lending to small business owners, who may need funding for their working capital requirements or capital investments. We analyze competition within the potential catchment area as a risk mitigation measure, because in locations where competitors are present, we are able to assess the general acceptance of a formal lender like us, as well as customer repayment behaviour, asset quality trends and availability of suitable employees to be hired as business and collection officers. We also prefer to open new branches contiguous to our existing locations to leverage neighbouring insights and to exercise effective supervision over new branch operations. Our hiring for the new branches is focused on recruiting talent that understands the local area and has relevant experience in financial services.

Additionally, our hypothecation loan branch network comprises two types of branches, namely 'branch' and 'mini branch'. We typically establish mini branches to develop a deeper understanding of the catchment area and nearby customers and their characteristics, including sourcing opportunities, collection behaviour and local culture. These mini branches become branches once they have recorded at least nine months of consistent financial performance and have met certain quantitative and qualitative factors that suggest that a transition to a 'branch' is deemed necessary, such as meeting business and collection targets, maintaining asset quality, having the required ratio of business officers and branch managers to customers, possessing suitable human resource skills and the potential for growth in the catchment area. The following table sets forth certain differences between branches and mini branches as of September 30, 2024:

Particulars	Mini Branch	Branch
Branch size	164	335
Branch managers / Assistant branch manager	One assistant branch manager	One branch manager
Loan advisors	Four to six	At least six
Branch credit officers	1	2
Operations personnel	0	1
Catchment area radius	Up to 20 kilometers	Up to 50 kilometers

As of September 30, 2024, we had 164 mini branches and 335 branches, each contributing 11.85% and 88.15% to our total AUM, respectively. Since April 1, 2021 to September 30, 2024, 52 mini branches have transitioned to branches, which illustrates the success of our branch strategy.

Credit Approval and Disbursement

We employ a streamlined and structured credit approval and disbursement process designed to efficiently serve our target customer base. Credit management is crucial to our business since a significant number of our customers are from the underserved financial segment and lack formal proof of income documents. Hence, we work with a

distinctive cluster-based approach, and our credit assessment of prospective applicants is founded on evaluating their:

- (2) **Ability to repay:** We have a dedicated credit team at our branches with knowledge of the local market, which validates the cash flows of the applicant using various industry margins. The team visits the applicant's residence and place of business, gathers information about the applicant from their neighborhood and interviews their customers and suppliers. The team also conducts a thorough cash flow assessment of their income to determine eligibility.
- (3) **Intent to pay:** We analyze the repayment track record of applicants in relation to their formal and informal borrowings. We conduct referral checks, use supply chain references and review their bank account statements to check consistency in business volumes and assess their loan repayment habits.
- (4) **Traceability:** We conduct physical visits to the applicant's residence and place of business and corroborate the information collected at the field through multiple sources and documentation such as Aadhar card, voter ID and reference checks to confirm the financial stability of the applicant.

Leveraging our significant operational experience, we have a robust credit underwriting process following a two-legged structure as follows:

First Leg – Sourcing & Field visits

Our process begins with prospective borrowers submitting a loan application, which includes digital collection by our loan advisors of necessary documentation from the borrowers such as identification, financial statements, and collateral details. High risk customers are filtered out at this level based on their credit bureau records and our data science upfront rejection model.

The application is then forwarded to the branch credit officer for their assessment. The branch credit officer conducts a preliminary assessment at a branch level to evaluate the applicant's creditworthiness by undertaking a basic verification of the applicant's business and residence to assess whether they are likely to fulfil our policies and guidelines. This includes reviewing the nature of business, cash flows and credit history through the review of documents as well as physical visits. The branch credit officer also reviews payment evidence, delivery receipts of stock, inventory levels and other such proxies to assess business traction and income levels of the applicant. They conduct various reference checks the neighborhood to validate the information confirmed by the applicant. Subsequently, they fill in the relevant information in the system required for our industry-cluster methodology to assess the final eligibility amount for the applicant, post which they either approve or reject the application and forward it to the branch manager.

The branch manager decides on the application by validating and verifying the information filled in by the loan advisor and branch credit officer, either through a telephone call with the applicant or through a physical visit. Branch managers are empowered to reject leads that they believe would not convert into a sanctioned loan, which results in a substantial portion of incoming applications being rejected at this level. If the application is not rejected, the application is forwarded to the central level in case of the centralized process or the field credit team in case of the decentralized process.

Second Leg – Underwriting & Decisioning

At the head office and regional office, we undertake a detailed risk assessment and employ advanced underwriting techniques before issuing final approval for the loan. Underwriting at this level includes the evaluation of market conditions, business stability, financial ratios, assessment on the loan to value ratio and potential risks associated with the applicant's industry. For mortgage loans, the application with relevant property information is shared with external legal and technical valuers for collateral clearance and valuation, post which the reports are shared with the central credit team, or the field credit team based on the type of process. Third-party information such as the applicant's bank account statements, credit bureau score checks, and a legal opinion on the title of the property collateral are added in the system. Basis this review, the team may either approve or decline the loan application.

Centralized Model (Head Office Approval)

A detailed risk assessment takes place at our head office, where we employ advanced underwriting techniques and issue the final approval for the loans. The central credit team is the final team in our underwriting process and is the only team with approval and sanction authority for the centralized model. The central credit team is a remote team that has access to all data and reports from our loan advisors, branch managers, field credit officers and

relevant third-party reports. The central credit team is located at our head office in Gurugram, Haryana and our regional office in Bangalore, Karnataka to ensure our team has sufficient language capabilities regarding the local dialects. Upon reviewing all of the information available and telephone verification with the applicant and co-applicant(s), the team may either approve or decline the loan application.

Decentralized Model (Field Credit Approval)

In this model, the field credit team has the authority to approve or decline the case. Upon verification of the information filled and provided by the business team, credit team & external valuers, the team with the sanctioned authority visits the business & property of the customer (if required) and evaluates the customer’s financial health, repayment capacity and compliance with product and policy guidelines. Upon reviewing, he/she may either approve/decline the loan application.

Loan Sanction and Documentation

Upon approval, we provide the borrower with a loan agreement outlining the terms and conditions, including repayment schedules and interest rates. We aim to ensure that the interest rates and terms offered are competitive yet sustainable for both our company and the borrower. The borrowers sign this agreement and submit any additional documentation required. For the six months ended September 30, 2024, 97.43% of our loan agreements were executed by e-signature.

Disbursement of Funds

Once the agreement is executed, we disburse funds to the borrower through 100% cashless disbursements.

Post-Disbursement Support

We remain engaged with borrowers even after loan disbursement, offering support and guidance throughout the loan tenure to ensure timely repayments and address any issues that may arise.

Post-Disbursement End use Monitoring

We believe that continuous monitoring and review are key to maintaining asset quality in our business. Post disbursement of a loan, we conduct loan utilization checks to check end use of funds. We track the end usage of loans to ensure proper utilization and minimize risks. Our field vigilance team conducts risk-based sampling to prevent mis-selling and operational fraud, further supporting the integrity of our underwriting process. This comprehensive approach not only enhances the efficiency of our lending process but also strengthens relationships with borrowers, ensuring that we remain a trusted partner for their financial needs.

Collections, Asset Quality and Monitoring

We adopt a comprehensive approach to collections, asset quality, and monitoring to ensure financial stability and effectively manage our loan portfolio.

Collections Process

We employ proactive collections strategies to ensure timely repayments. Emphasis is given to control delinquencies in the lower buckets itself to limit forward flows across DPD buckets. Extensive data science models built by the in-house data science and AI team are used to select specific customers to finalize the allocation and to strategize and improve overall collections.

Our collections are conducted exclusively in-house, leveraging our digital infrastructure to attain visibly a high collection efficiency and lower delinquencies. The table below sets forth our collection efficiency and portfolio at risk over 30 days (“PAR 30+”) rates for the periods indicated:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Collection Efficiency ⁽¹⁾ (%)	92.38%	94.51%	93.95%	93.10%	85.75%
PAR 30+ ⁽²⁾ (%)	4.98%	3.68%	4.06%	3.35%	5.99%

Notes:

⁽³⁾ Collection efficiency refers to the amount of EMI received, restricted to a maximum of one EMI per loan divided by EMI demand/due for the relevant period.

⁽⁴⁾ PAR 30+ refers to AUM which is overdue by more than 30 days as a percentage of the total AUM as of the last day of the relevant period/year.

Our collections team initiates contact with borrowers through reminders and follow-up communications as loan due dates approach. We utilize a blend of technology and personal engagement to track payments, focusing on establishing strong relationships with our customers. This customer-centric approach helps us understand any repayment challenges borrowers may face, enabling us to provide tailored solutions to support them. In the six months ended September 30, 2024, over 81.45% of our collections were cashless.

Our collections are facilitated through a collection management mobile application named 'CG Collect App' and a web application that allows supervisors to monitor their respective teams, a tele-calling unit and is supported by a multi-tiered approach consisting of loan advisors, soft collectors, and hard collectors, depending on DPD buckets.

Tele-collection

We have a dedicated call centre team that makes reminder calls prior to the due dates of the EMIs as well as calls post default on the EMIs. Default cases are initially handled by the tele-calling unit, while the rest are escalated to Loan Advisors. The tele-calling unit focuses on recovering EMIs through digital collection methods. The customer samples for these campaigns are selected through in-house data science models, which helps reduce the collection workload for the field teams. By utilizing digital tools, the tele-calling unit effectively supports recovery of payments from defaulting customers, contributing to efficiency in the overall collections process.

Soft Collectors

Loan Advisors

We follow a call and collect based method, wherein each loan advisor is allocated 20 to 30 cases per month to collect. Typically, they collect either from non-delinquent customers who have defaulted on their current month EMIs, or from customers who are in the 'below 30 DPD' bucket.

In branches where the case load for loan advisors is beyond their allocated capacity, the incremental cases are managed by a soft collector, who can handle collections for 70 to 80 cases per month. They are allocated cases either from non-delinquent customers who have defaulted on their current month EMIs, or from customers who are in the 'below 30 DPD' bucket

Hard Collectors

Hard collectors handle 30+ DPD, including write-offs at some locations. This team consists of collectors having specific experience in collections from deep delinquent customers and knowledge of the local area and market. Hard collectors have specific experience in collections from very delinquent customers. Each hard collector handles 50 to 60 cases per month.

Settlement Team

Our settlement team consists of a specialized four member unit which handles write offs post 330+ DPD. These individuals have collection experience of over three years in their respective geographies and recoveries from NPAs and write-off pools.

Collection Agencies

We also work with third-party collection agencies that do digital collections for us on NPAs and write-off pools. These agencies have considerable experience in working on write-offs and work with leading banks and NBFCs. They are not permitted to do physical cash collections and are required to do collections either through various online modes or by asking borrowers to visit our branches for payment. As on the date of this Draft Red Herring Prospectus, we work with twelve collection agencies.

Asset Quality Management

To maintain high asset quality, we conduct rigorous credit assessments before approving loans, which includes evaluating the borrower's financial health and the value of collateral. Once loans are disbursed, we continuously monitor repayment patterns and financial stability. This ongoing scrutiny allows us to identify early signs of distress, enabling us to implement preemptive measures to mitigate potential losses. We also track key performance indicators related to loan performance, such as delinquency rates and collection efficiency.

We have successfully been maintaining a robust asset quality while generating superior returns. The table below sets forth our portfolio at risk over 90 days rates (Stage 3 GNPA) and ROTA ratios for the periods indicated:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Stage 3 GNPA (%) ⁽¹⁾	3.32%	2.69%	3.19%	2.49%	3.29%
ROTA ⁽²⁾ (%)	4.03%*	4.35%*	4.29%	1.61%	(2.31%)

*Annualized

Notes:

⁽¹⁾ Gross NPA represents gross loan book pertaining to loans which are required to be classified as NPA as per the income recognition, asset classification and provisioning norms issued and modified by RBI from time to time.

⁽²⁾ ROTA is calculated as the profit after tax for the relevant year as a percentage of Average Total Assets in such year.

Monitoring Process

We implement a structured monitoring process to effectively oversee our loan portfolio. This involves regular review meetings and audits to assess the overall health of the asset book. We utilize data analytics to analyze borrower behavior and identify trends that could impact collections. This data-driven approach enables us to adjust strategies as needed, ensuring resilience against economic fluctuations.

Internal Audit

Our internal audit processes are designed to ensure operational integrity, compliance, and effective risk management throughout the organization. We follow a structured audit approach that includes both scheduled and surprise audits to evaluate the effectiveness of our internal controls, financial reporting accuracy, and adherence to regulatory standards. Audits are conducted across all branches and departments, with a particular focus on assessing the robustness of our lending practices, asset quality, and risk management frameworks.

Our internal audit team operates independently, reporting directly to senior management and the board to maintain transparency and accountability. We leverage both manual and automated tools to identify discrepancies, mitigate risks, and implement corrective actions swiftly. Our audit practices are aligned with industry best practices and regulatory requirements, allowing us to uphold high standards of governance and control.

Through ongoing monitoring and continual improvements, we ensure that our internal audit processes play a critical role in safeguarding our assets and supporting sustainable growth.

Capital Adequacy

The RBI currently requires NBFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on balance sheet and the risk adjusted value of off-balance sheet items, as applicable.

The table below sets forth certain details of our CRAR and other key metrics as of the periods indicated:

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
(₹ million, except percentages)					
Total assets (₹ million)	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Tier I Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Tier II Capital	-	-	-	-	-
Total Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Risk Weighted Assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.20

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
(₹ million, except percentages)					
Capital Adequacy Ratio (%)	37.61%	29.97%	32.79%	31.07%	36.03%
CRAR – Tier I Capital (%)	37.61%	29.97%	32.79%	31.07%	36.03%
CRAR – Tier II Capital (%)	-	-	-	-	-
Total Borrowings⁽¹⁾ to Tangible Equity⁽²⁾ Ratio⁽³⁾	2.56	3.78	2.83	3.03	2.16

Notes:

- Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralized borrowing principal outstanding as of the last day of the relevant period.
- Total Tangible Equity represents the aggregate of Equity share capital and Other equity balance less goodwill as of the last day of the relevant period.
- Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.

Credit Ratings

We hold a credit rating of A with a stable outlook as of July 2024, which was upgraded from A- (positive outlook) in Fiscal 2024. This upgrade was awarded by India Ratings and Research on July 19, 2024. The improved rating reflects our increased capital base, stable asset quality, and the overall robustness of our operations in serving the micro enterprise sector.

The table below sets forth certain information on our credit ratings as of the date of this Draft Red Herring Prospectus:

Rating Agency	Instrument / Issuer Rating	Amount (₹ million)	Rating
India Ratings	Non-convertible debentures	6,000.00	IND A (Stable)
India Ratings	Non-convertible debentures	13,084.50	IND A (Stable)
India Ratings	Long-term bank loans	3,000.00	IND A (Stable)
India Ratings	Long-term bank loans	7,000.00	IND A (Stable)
India Ratings	Commercial papers	500.00	IND A1 (Stable)
India Ratings	Principal protected market-linked debentures	50.00	IND PP-MLD A (Stable)
ICRA	Long-term bank facilities – unallocated	NA	ICRA A (Stable)

Risk Management Framework

Our risk management framework enables us to proactively identify challenges in the micro-enterprise sector and respond with agility, thereby protecting both our reputation and financial stability. As the landscape of micro-enterprise financing evolves, continuous monitoring and adaptation are essential to maintain resilience and promote financial inclusion. (Source: CRISIL Report) By systematically identifying, assessing, and mitigating risks, we strengthen our portfolio, ensure regulatory compliance, and enhance the rigor of our strategic decision-making processes.

This framework is supported by our Internal Capital Adequacy Assessment Process (“ICAAP”) policy, third-party risk monitoring, and quarterly reviews of Key Risk Indicators (“KRIs”). These mechanisms allow us to continuously monitor and address key risks, ensuring that we take timely actions to keep risks within acceptable limits while making informed decisions aligned with our strategic objectives.

We operate under a robust governance structure led by our Board of Directors and several specialized committees, including the Asset and Liability Committee, IT Strategy Committee, CSR Committee, Nomination and Remuneration Committee, InfoSec Committee, Risk Management Committee, and Audit Committee. These committees provide oversight and guidance on key operational and strategic areas.

The enterprise risk management is structured around a three-line defense model:

- **First Line of Defense – Operational Functions:** Functional heads are responsible for managing risks associated with day-to-day activities, focusing on control effectiveness, incident frequency, and compliance rate.
- **Second Line of Defense – Compliance Management and Risk Management:** Compliance management, led by our Chief Compliance Officer, ensures adherence to statutory and regulatory requirements, while Risk Management, led by our Chief Risk Officer, anticipates potential risks and develops strategic risk mitigation plans. This includes managing key risk indicators and implementing action plans to mitigate risks.
- **Third Line of Defense – Internal Audit:** Our internal audit team, headed by our Head of Audit & Vigilance, provides independent oversight by testing controls and processes to ensure coverage, quality, and timeliness.

The major types of risk we face in our businesses are credit risk, portfolio concentration risk, market and strategic risk, money laundering risk, operational risk, IT and cyber risk, and compliance risk.

Credit Risk

Credit risk refers to the possibility of losses due to a decline in the credit quality of borrowers. Credit losses can stem from defaults due to inability to pay or due to unwillingness to repay by customers. We manage credit risk through a board approved framework that details the policy norms, process and procedures to be adopted for credit appraisal and approval, subject to RBI guidelines issued from time to time under which each new customer is analyzed for creditworthiness before the loan is sanctioned.

Our unique cluster-focused underwriting framework, supported by proprietary data science methods along with multi-step customer verification processes help us address challenges of underwriting microenterprise businesses. As part of our multi-step customer verification, we have established processes by which separate set of verifications are conducted by relationship officers, the credit officer and the Branch Manager to ensure the quality of customers acquired. In addition, we have a clear segregation of functional responsibilities between credit underwriting/ approval, sourcing/ business, operations and debt management (which includes collection and recovery).

Portfolio Concentration Risk

Portfolio concentration risk arises from significant credit exposure to specific business segments, industries, geographies, or locations. To avoid excessive concentrations of risk, the Risk Management Committee has laid down specific guidelines to focus on maintaining a diversified portfolio across industry segments and geography. Identified concentrations of credit risks are controlled and managed accordingly.

Market and Strategic Risk

Market and strategic risk is the risk to earnings and capital resulting from our lack of responsiveness to changes in the business environment or poor strategic decision-making. The risks emanating out of the decisions we make on markets and resources can potentially impact our long-term competitive advantage. Risks relating to inherent characteristics of our industry include competitor scenario, technological landscape, the extent of linkage to economic environment and regulatory requirements.

Our Company has a structured strategic planning process leading to an annual operating plan and financial budget. Strategic planning considers macroeconomic conditions, competitive landscape and future trends. Important strategic matters are discussed with our Board of Directors, consisting of members with diversified experience. Management regularly reviews the strategy and operating plans to make necessary course corrections. We conduct benchmarking with our key competitors and any inputs from this exercise is integrated with our strategic goals. Annually, we do a review of strategic priorities, with participation from key middle level and senior-level personnel from all functions which helps in making our planning exercise collaborative as well as in building ownership of strategy across the organization.

Money Laundering Risk

Money laundering risk involves the potential for financial institutions or businesses to be used in illegal activities such as money laundering, financing terrorism, or other criminal activities. We mitigate this risk by adopting a

risk-based approach, continuously monitoring transactions, and conducting thorough customer due diligence.

Operational Risk

Operational risk refers to the inherent risks in business operations due to inadequate or failed internal processes, systems, people, or external events. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, periodic internal and process audits are conducted to assess adequacy of and compliance with our internal controls, procedures and processes. 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.

IT and Cyber Risk

IT and cyber risk is the risk of failure, disruption, unauthorized access, data loss, or destruction of systems, infrastructure, or processes. As we leverage a 'phygital' model to effectively deliver products and services to our target customers, technology forms the core of our operations. We have adopted a well-defined IT strategy since our inception which sets out processes and controls that are required to be maintained in relation to the IT systems to ensure performance stability and flexibility as well as IT security. Our IT strategy includes continuous cybersecurity tracking, crisis management protocols, regular IT risk assessments, and a robust Business Continuity and Disaster Recovery plan, along with stringent access controls.

Regulatory and Compliance Risk

Compliance risk arises from non-compliance with various regulations and statutory requirements, which can lead to legal penalties, fines, or reputational damage. We manage this risk by continuously monitoring compliance and regulatory updates, maintaining internal control over financial reporting, and utilizing external expertise in key compliance areas.

Reputational Risk

Reputational risk is related to adverse perception of the company, on the part of customers, counterparties, shareholders, investors and regulators. We manage reputation risk by training and instructing our employees to adhere to our Fair Practices Code in all their dealings with the customers. We also have a well-defined grievance redressal mechanism in place, to address any customer complaints, which is communicated to all our customers. In addition, we have established a central customer service team, who pro-actively reach out to customers, to ensure service quality as well as adherence to company policies by our branch employees. In addition, the Company monitors the interactions with all external parties and assesses their ongoing behavior, performance and risk that each of them represents to the Company.

Interest Risk

Interest rate risk is the risk where changes in market interest rates might adversely affect the Company's financial condition. The immediate impact of changes in interest rates is on the company's earnings. We manage this risk by pricing loan products to customers at a rate which covers interest rate risk. Measurement of such risk is done at the time of deciding rates to be offered to customers.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We have Asset Liability Management policy approved by the Board and we have constituted Asset Liability Committee to oversee our liquidity risk management function. We manage liquidity risk by maintaining sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Our Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planning funding requirements accordingly. The composition of our Company's liability mix ensures healthy asset-liability maturity pattern and well diversified resource mix.

Information Technology

Our information technology capabilities are a key component of our operations, enabling us to provide efficient and scalable solutions for our financial services. We utilize advanced digital platforms that support the entire loan lifecycle, including underwriting, disbursement, and collections. This technology-driven approach helps us streamline processes, enhance customer service, and maintain high operational efficiency across our extensive network.

We leverage a ‘phygital’ model, integrating on-the-ground presence with cutting-edge digital tools to better serve micro-enterprises. By utilizing data analytics, machine learning, and automation in our credit risk assessment processes, we can more effectively evaluate customers’ creditworthiness with increased speed and accuracy. Our IT infrastructure also ensures secure and reliable transactions, while fostering financial inclusion through a user-friendly digital interface. This focus on digital innovation enables us to scale operations, maintain cost efficiency, and adapt to the evolving needs of micro and small business customers.

We have a multilayered technology stack, offering a flexible and scalable infrastructure. In relation to the infrastructure, we utilize cloud-based infrastructure as a service from third party providers. Our approach allows for scaling of operations based on demand without incurring significant capital expenditures. The use of cloud services enhances availability and security of our technological infrastructure, eliminating the need for extensive physical resources.

On the application side, our technology stack is comprised on several key components:

1. *Channels.* Various business units and entities use channels to access the core applications and engines, such as CMS, LOS, Lead, CS App and SwitchPe through mobile applications. In addition, web-based portals provide access to core systems such as LMS and LOS. An API layer enables custom integration with external entities, supporting seamless communication with the core applications.
2. *Identity and Access Management.* Access to these channels is managed through stringent access control systems. This ensures secure authentication and authorisation across all channels, safeguarding sensitive data and preventing unauthorized access.
3. *Workflow Management.* The workflow for systems such as LOS and Lead Management is handled by a specialized workflow engine, ServoStream, from Servosys. This platform enables the creation of workflows that are deployed across both mobile applications and web portals. These workflows, along with customized business rules, facilitate smooth transaction processing across different departments. The system is also capable of managing deviations and handling error workflows, ensuring operational efficiency.
4. *Core Systems.* Our core systems include: a loan management system – Mifin from Qualtech Edge; a bookkeeping system – Navision from Microsoft; a collection management system – CG Collect from Credgenics; and a human resource management system – Adrenalin Max from Adrenalin eSystems. These systems are fundamental in supporting our daily operations and business processes.

Data Science and Artificial Intelligence

Our dedicated data science and AI team works closely with our distribution, credit and collections teams and has built various technological assets to facilitate the key decision-making processes across the customer life cycle. The models we use are as follows:

Upfront Bureau Screening Model

Utilizing this model, we screen new applications using bureau data in real-time to categories them into the following categories: strict rejects; straight passes; and ‘to be scrutinized’. This screening process is fully automated at branch level. This AI Model in combination with another heuristic policy rule engine, is deployed to automate upfront bureau screening in real-time.

Bounce Likelihood Model

This predicts the likelihood of a customer to bounce on the repayment of the loan at the next due date. This model is used for pre-EMI calling and for communication strategy and resource optimization.

Repeat Risk Model

This predicts the risk of delinquency of a customer if they were to be given a repeat loan, and is used for optimizing repeat loan offers and list finalization, as well as risk-based pricing of a loan.

Central Underwriting Credit Risk Model

This predicts the likelihood of delinquency within a year of disbursement at the point of credit appraisal, and is used in shortest processing time queueing and risk-based policy tuning. This model is used in straight-through processing of almost 32.14% of all cases (excluding allied agriculture) submitted by branch teams for central underwriting.

Early Payment Likelihood Model

This predicts the probability of a customer making an EMI payment earlier than expected, even after missing their payment for the month. This model is used for optimizing default collection calling and for communication strategy and resource optimization.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, we do not have any registered trademarks in India. We have made applications for three trademarks in India that are currently pending.

Sales and Marketing

We employ a multi-faceted sales and marketing strategy focused on reaching underserved micro enterprises in India. We leverage data analytics to identify customer needs and tailor financial products accordingly. We also emphasize on digital marketing channels to enhance visibility and accessibility. Our dedicated sales team, comprising 5,265 personnel as of September 30, 2024, is trained to build strong relationships with customers, ensuring a personalized approach. Additionally, we utilize community engagement initiatives to foster trust and educate potential borrowers about their financial solutions. In the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, our advertising and marketing expenses were ₹ 0.38 million, ₹ 0.23 million, ₹ 0.63 million, ₹ 0.17 million and ₹ 0.04 million, respectively, which accounted for 0.007%, 0.006%, 0.007%, 0.003% and 0.001% of our total expenses in the same periods.

Competition

We operate in a space that includes notable competitors in the MSME finance sector, such as Five Star, Veritas and Kinara. These companies, along with small finance banks and specialized NBFCs, are positioning themselves to capture additional market share. Furthermore, the growing liberalization of the financial sector in India is expected to bring new entrants, both domestic and foreign, increasing competition across the board. (*Source: CRISIL Report*) Additionally, consumer-facing companies with vast data repositories, such as e-commerce and payment service providers, are likely to enter the lending market, further intensifying the competitive landscape. (*Source: CRISIL Report*) Despite this, the significant untapped potential within the micro enterprise sector offers a lucrative business opportunity for us to expand and capture a larger share of this market. Our strategy is to ensure that we further build on our unique positioning in the micro enterprise lending space through our full product range of business loans, unique underwriting capabilities and diversified geographic presence.

Given our extensive experience in micro-enterprise financing, our robust digital infrastructure, and our strong customer-centric approach, we believe we are strategically positioned to outperform our competition. Our focus on addressing the largely under-served micro enterprise segment, combined with our data-driven underwriting and risk assessment capabilities, enables us to offer competitive financial solutions while maintaining operational efficiency. Furthermore, our ability to adapt to evolving market demands and leverage technology positions us to capitalize on the significant growth potential within this sector.

Insurance

We hold standard insurance policies typically found within our industry. Our main coverage includes directors' and officers' liability insurance, asset insurance, and a money insurance policy for cash in safes and during transit. Additionally, we have cyber insurance policy and fidelity insurance, and related risks. For further information on risks related to our insurance policies, see "**Risk Factors – 32. 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, cash flows and financial condition**" on page 48.

Human Resources

In the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, we had 8,388, 5,684, 6,825, 5,724 and 4,837 full-time employees, respectively, engaged in our operations in India. The table below sets forth details of our permanent employees, by function, as of September 30, 2024:

S. No.	Particulars	Number of Employees
(1)	Administration	9
(2)	Audit and vigilance	50
(3)	Central operations	22
(4)	Collection	530
(5)	Credit	1,270
(6)	Customer service	273
(7)	Data science and AI	6
(8)	Digital business	83
(9)	Distribution – Hypothecation Loans and 'Saral' Property Loans	4,936
(10)	Distribution – ML Centralized	44
(11)	Distribution – ML Decentralized	669
(12)	Field operations	357
(13)	Finance and legal	32
(14)	General management	7
(15)	HR	35
(16)	IT	43
(17)	Product	10
(18)	Risk	5
(19)	Strategy	7
Total		8,388

We do not engage third-party or direct selling agents for loan origination and relying on our own employees thereby ensuring quality sourcing. Instances of customer mis-selling or deviations from process discipline have been minimal.

We regularly organize training programs for our employees covering key areas such as lending operations, underwriting, due diligence, KYC and anti-money laundering standards, risk management, information technology, and grievance redressal. Additionally, we maintain active engagement with our employees through initiatives like "Life at Aye-Chaupal", conferences, and refresher training sessions to ensure continuous development and alignment with organizational goals.

The following table sets forth the attrition rate in the years/ periods indicated:

Particulars	As of September 30, 2024	As of September 30, 2023	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022
Number of Employees Exited	2,149	1,683	3,602	3,378	1,738
Attrition Rate* (%)	54.95%	57.59%	56.39%	63.72%	40.15%

*Attrition rate is calculated as overall exits including retired employees divided by average number of employees in the relevant period.

In the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, our employee benefits expenses were ₹ 1,739.09 million, ₹ 1,312.10 million, ₹ 2,752.11 million, ₹ 2,122.00 million and ₹ 1,757.60 million, respectively, which accounted for 30.35%, 35.54%, 32.61 %, 37.10% and 34.40% of our total expenses in the same periods.

Awards and Accolades

We have been recognised with a suite of awards and accolades which reflect our commitment to innovation and excellence in the MSME loans industry in India. The table below sets forth details of the awards we have received in the six months ended September 30, 2024 and Fiscals 2024, 2023 and 2022:

Year	Award	Awarding Organization or Authority
Fiscal 2024	Ranked 6 th Among Best Companies to Work For in India by “Great Place to Work”	Great Place to Work®
	Frost & Sullivan recognized us as the “Technology Innovation Leader in the Indian Inclusive Fintech Solution Industry for 2024”	Bharat Fintech Summit 2024
	Honored with a “Financial Inclusion Organization of the Year” at the prestigious Bharat Fintech Summit 2024	Frost & Sullivan
Fiscal 2023	Received the Elets 2 nd NBFC 100 Leader of Excellence Award for “Most Innovative Use of AI”	Elets Banking & Finance Post
	Ranked in the top 25 category for India’s Best Workplaces by “Great Place to Work”	Great Place to Work®
	Received “Best For-profit Project for Underserved Communities” award by “The Money Awareness and Inclusion Awards”	The Money Awareness and Inclusion Awards
	Featured amongst “India’s Best Workplaces for Millennials, 2023” by “Great Place to Work”	Great Place to Work®
	Received the “Inclusive Finance India Award” by Access Development Services under the category “Inclusive Enterprise Lending by Non-Banking Finance Company”	Inclusive Finance India Award by Access Development
	Received the “Best MSME Financing Institution” Award at the 5 th edition of the Emerging Businesses Awards hosted by BW Businessworld	Emerging Business Awards by BW Businessworld
Fiscal 2022	Received the Elets 2 nd “NBFC 100 Leader of Excellence Award” for “Financial Inclusion Crusader”	Elets Banking & Finance Post
	Recognised in the BFSI segment among the 30 Best Companies to Work for in India 2022 and Great Place to Work Institute (India).	Great Place to Work®
	Ranked second in the best companies to work for “Great Place to Work” in India 2022 and Great Place to Work Institute (India).	Great Place to Work®
	Received an award by Inaugural Edition of the BW Unicorn Summit & Awards for “Most Impactful Leadership Team”.	Business World Unicorn Summit & Awards

Corporate Social Responsibility

Financial inclusion is at the core of our corporate social responsibility (“CSR”) strategy. All our decisions are focused on balancing social and financial performance to aid comprehensive and sustainable development of micro enterprises. We remain committed to providing the necessary financial and beyond-financial support to these businesses.

In the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, our corporate social responsibility related expenses were ₹8.40 million, ₹ 5.00 million, ₹ 9.36 million, ₹5.30 million and ₹ 10.40 million, representing 0.15 %, 0.14% , 0.11% , 0.09% and 0.20% of our total expenses, respectively.

Foundation for Advancement of Micro Enterprises

Our not-for-profit arm, the Foundation for Advancement of Micro Enterprises (“FAME”) scheme, aims at creating a positive social impact in India. This initiative aims to enhance access to credit for micro entrepreneurs, particularly in underserved segments of society. By offering collateral-free loans and financial products tailored to the needs of small businesses, we empower women and marginalized communities, fostering entrepreneurship and economic growth. Our focus areas primarily comprise livelihood enhancement, rural development, skill development and benefit of the socially weaker population.

Certain key initiatives we have undertaken include:

1. Dairy Development Programme, launched in 2019, which aims to increase the income of rural households from dairy farming while also providing preventive healthcare services for cattle and livestock, such as the animal health camp in Meerut, where we conduct dairy awareness sessions to prevent livestock diseases and improve the productivity of cattle;
2. Sports Cluster Development Programme, launched in August 2023, which focuses on enhancing the skills of women in the sports manufacturing sector, acknowledging their vital contributions to the growth of this

industry. The initiative has also supported women in gaining greater decision-making influence within their families and communities;

3. Shoe Artisans Programme, launched in April 2022, to support the women shoe artisans of Agra in improving their skills, creating quality products and enhancing their livelihood opportunities; and
4. Development Initiative for Women Association, established in August 2023, which focusses on empowering women from marginalized communities in urban and semi-urban areas to establish their own savory businesses.

Properties

Our Registered Office is located at M-5, Magnum House-I, Community Centre, Karampura, West Delhi, New Delhi 110 015, Delhi, India which is leased by us. Further, our Corporate Office is located at Unit No. 701-711, 7th Floor, Unitech Commercial Tower-2, Sector-45, Arya Samaj Road, Gurugram 122 003, Haryana, India and is also leased by us.

As of September 30, 2024, we have a network of 499 branches and four offices, all of which are located on leased premises.

For details, see “*Risk Factors – 21. We do not own any of our branch offices, including our Registered Office and our Corporate Office. Any termination or failure by us to renew the lease and license agreements in a favorable and timely manner, or at all, could adversely affect our business, cash flows and results of operations. Additionally, we may be unable to enforce our rights under agreements with third parties due to inadequate stamping or nonregistration of such agreements.*” on page 42.

There is no conflict of interest between the lessors of the immovable properties (which are crucial for operations of our Company) and our Company, Key Managerial Personnel, Senior Management, Directors and Subsidiary.

KEY REGULATIONS AND POLICIES IN INDIA

Given below is an indicative summary of certain sector-specific and relevant laws, regulations, and policies in India, which are applicable to our Company. The information detailed in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below is only intended to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be treated as a substitute for professional legal advice. The indicative summaries are based on the current provisions of applicable law in India, which are subject to change or modification, or amendment by subsequent legislative, regulatory, administrative, or judicial decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations. For details, see “**Government and Other Approvals**” on page 460.

I. Industry specific regulations

The Reserve Bank of India Act, 1934

The RBI is entrusted with the responsibility of regulating and supervising NBFCs by virtue of powers vested in Chapter IIIB of the Reserve Bank of India Act, 1934 (“**RBI Act**”). The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions as the RBI may, with the previous approval of the Central Government, and by notification in the Official Gazette, specify.

A company would be categorized as an NBFC if it has minimum net owned fund of ₹20 million or such other 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 a non-banking financial company.

Pursuant to Section 45-IC of the RBI Act, every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared by such company. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

The Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**Scale Based Regulations**”) divide NBFCs into four layers based on their size, activity, and perceived risk. The lowest layer is the base layer (“**NBFC-BL**”), followed by the middle layer (“**NBFC-ML**”), upper layer (“**NBFC-UL**”) and top layer (“**NBFC-TL**”).

- Base layer – The base layer comprises of (a) non-deposit taking NBFCs with assets worth up to ₹10,000 million 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) NBFC not availing public funds and not having any customer interface.
- Middle layer – The middle layer comprises of (a) all deposit-taking NBFCs irrespective of asset size, (b) non-deposit-taking NBFCs with assets worth ₹10,000 million or more, and (c) NBFCs undertaking activities such as (i) Standalone Primary Dealer (“**SPD**”), (ii) Infrastructure Debt Fund-Non-Banking Financial Company (“**IDF-NBFC**”), (iii) Core Investment Company (“**CIC**”), (iv) Housing Finance Company (“**HFC**”) and (v) Non-Banking Financial Company-Infrastructure Finance Company (“**NBFC-IFC**”).
- Upper layer – The upper layer comprises the top ten NBFCs in terms of asset size, irrespective of any other factor and certain other NBFCs specifically identified by the RBI based on parameters set out in the Scale Based Regulations.

- Top layer – The Scale Based Regulations require the top layer to remain empty unless, in the opinion of the RBI, there is a substantial increase in the potential systemic risk from specific NBFCs in the upper layer. Such NBFCs will be moved from the upper layer to the top layer.

Under the Scale Based Regulations, all regulations applicable to an NBFC-BL are also applicable to an NBFC-ML, unless specified otherwise. Further, from October 1, 2022, all references to NBFC-ND (i.e., non-systemically important non- deposit taking NBFC) shall mean NBFC-BL and all references to NBFC-D (i.e., deposit taking NBFC) and NBFC-ND-SI (systemically important non-deposit taking NBFC) shall mean NBFC-ML or NBFC-UL, as the case may be.

Our Company is classified as NBFC-ML. The Scale Based Regulations prescribe the following requirements in relation to NBFC-MLs:

Corporate Governance

Constitution of committees

Set out below are the committees required to be constituted by all NBFC-MLs:

- (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 shall be the audit committee for the purposes of the Scale Based Regulations as well, and its powers and functions shall be as provided under Section 177 of the Companies Act 2013. The audit committee must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs.
- (ii) **Nomination and remuneration committee:** NBFCs are required to constitute a nomination and remuneration 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 for evaluating the overall risks faced by the NBFC including liquidity risk.
- (iv) **Asset-liability management committee:** NBFCs are required to constitute an asset liability management committee which will be responsible for ensuring adherence to the risk tolerance set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. 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 guidelines on liquidity risk management framework in the Scale Based Regulations.

Certain additional corporate governance requirements applicable to all NBFC-MLs pursuant to the Scale Based Regulations include:

- Key managerial personnel of such NBFCs are prohibited from holding office in any other NBFC-ML or NBFC- UL. However, such key managerial personnel can continue as a director on the board of directors of a subsidiary of such NBFC.
- Independent directors on board of directors of such NBFCs are prohibited from being appointed on the board of directors of more than three NBFCs (NBFC-ML or NBFC-ULs) at the same time.
- Such NBFCs are required to adopt a board approved compensation policy which is required to provide for, at minimum, (i) formation of a remuneration committee, (ii) principles for fixed and (iii) variable pay structures and claw back provisions.

In addition to the above- mentioned, all NBFCs are required to have at least one director that has work experience in a bank or an NBFC.

Further, in NBFCs from NBFC-ICC, NBFC-IFC, NBFC-MFI, NBFC-factors and IDF-NBFC categories with an asset size of more than ₹50,000 million are required to appoint a chief risk officer. The chief risk officer shall be a senior official in the hierarchy of an NBFC and shall possess adequate professional

qualification/experience in the area of risk management and shall be involved in the process of identification, measurement and mitigation of risks.

Fit and proper criteria: NBFCs are, *inter alia*, 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 Scale Based Regulations; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Scale Based Regulations; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Scale Based Regulations; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the NBFCs that fit and proper criteria in selection of the directors has been followed. The statement submitted by NBFC for the quarter ending March 31, shall be certified by the auditors. The RBI reserves the right to examine the 'fit and proper' criteria of directors of any NBFC-ML irrespective of the asset size of such NBFC-MLs.

Disclosure and Transparency: 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 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.

NBFC-ML are required to disclose *inter alia* the following in their annual financial statements:

- (i) registration/licensed/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, securitization/ assignment transactions and other disclosures, as prescribed under the Scale Based Regulations.

NBFCs are also required to disclose their capital to risk assets ratio exposure to real estate sector (direct and indirect) and maturity pattern of assets and liabilities in their balance sheet. Further, 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

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 however the same must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the 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. NBFCs are required to continue informing the RBI regarding any change in their directors or management.

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 NBFCs, at any point of time, shall not be less than 10%.

NBFCs risk exposure to a single counterparty or a group of connected counterparties is also kept under

control through ceiling limits on NBFCs investment and lending capacity to single counterparty or a group of connected counterparties. NBFCs are not to invest more than 25% of their Tier-I capital to a single party and more than 40% of their Tier-I capital to a single group of parties. The NBFCs are also mandated to formulate a policy for managing the exposure risk to single party/ single group of parties.

Prudential floor for expected credit loss

In accordance with the Scale Based Regulations and RBI circular on ‘Implementation of Accounting Standards’ dated March 13, 2020, NBFC-MLs are required to hold impairment allowances as required under Ind AS. In parallel, NBFC- MLs are required to maintain the asset classification and compute provisions in accordance with the prudential norms on ‘Income Recognition, Asset Classification and Provisioning’ including borrower / beneficiary wise classification, provisioning for standard as well as restructured assets, non-performing assets ageing etc.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity Risk Management Framework

Non-deposit taking NBFCs with an asset size of ₹1,000 million and above and all deposit taking NBFCs are required to adhere to the liquidity risk management framework prescribed under the Scale Based Regulations. The guidelines, *inter alia*, require the board of directors of the NBFCs to formulate a liquidity risk management framework, which ensures that it maintains sufficient liquidity, detailing entity-level liquidity risk tolerance, funding strategies, prudential limits, system for measuring, assessing and reporting/reviewing liquidity, framework for stress testing, liquidity planning under alternative scenarios/formal contingent funding plan, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projections.

Liquidity Coverage Ratio

All non-deposit taking NBFCs with an asset size of more than ₹50 billion and all deposit taking NBFCs irrespective of their asset size are required to adhere to the Guidelines on Liquidity Coverage Ratio (“LCR”) under the NBFC Scale Based Regulations. All non-deposit taking NBFCs with asset size of ₹100 billion and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset to survive any acute liquidity stress scenario lasting for 30 days. The stock of high-quality liquid asset to be maintained by the NBFCs is required to be a minimum of 100% of total net cash outflows over the next 30 calendar days. The liquidity coverage ratio requirement is binding on NBFCs 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 timeline prescribed below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of ₹50 billion and above but less than ₹100 billion shall also maintain the required level of LCR starting December 1, 2020, as per the timeline given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	30%	50%	60%	85%	100%

Asset Classification and Provisioning Norms

All 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 or carry more than normal risk attached to the business.

- (ii) a “sub-standard asset” means (a) an asset which has been classified as non-performing asset for a period not exceeding 12 months; (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is subject to the conditions stipulated in the Scale Based 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 NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent it is not written off by the 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 more than 90 days; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of more than 90 days or on which interest amount remained overdue for a period of more than 90 days; (c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of more than 90 days; (d) a bill which remains overdue for a period of 90 days 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 more than 90 days; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of more than 90 days; (g) the lease rental and hire purchase instalment, which has become overdue for a period of more than 90 days; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset. Provided that in the case of lease and hire purchase transactions, an NBFC is required to classify each such account on the basis of its record of recovery.

Standard Asset Provisioning

NBFC-MLs are required to make provisions for standard assets of 0.40% of the outstanding, which shall not be reckoned for arriving at the net NPAs (“**Non Performing Assets**”). 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 NBFCs.

Regulation of Excessive Interest Charged by NBFCs

- (i) The board of directors of each 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 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 NBFCs is required to set out appropriate internal principles and procedures in determining interest rates and processing and other

charges. In this regard, the guidelines indicated in the Fair Practices Code about transparency in respect of terms and conditions of the loans are to be kept in view.

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 Scale Based Regulations. NBFCs that are required to implement Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in Annex II of the Scale Based Directions. Disclosure requirements for notes to accounts specified in Scale Based Directions shall continue to apply.

Fair Practices Code

All NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Scale Based Regulations. The Scale Based Regulations 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 Scale Based Regulations also prescribe general conditions to be observed by NBFCs in respect of loans and requires the board of directors of 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 NBFCs.

Penal Charges in Loan Accounts

Penalties for non-compliance with material terms and conditions of a loan contract by a borrower shall be treated as 'penal charges' and shall not be levied as a 'penal interest' that is added to the rate of interest charged on advances. No further interest shall be computed on such penal charges. The Scale Based Regulations prohibit regulated entities, which include NBFCs, from introducing any additional component to the rate of interest and stipulate that all NBFCs shall formulate a board approved policy on penal charges or similar charges on loans. The quantum of penal charges shall be reasonable without being discriminatory within a particular loan or product category. In addition to being displayed on the NBFCs' website, the reasons for penal charges shall be clearly disclosed by the NBFCs to the customers in the loan agreement and the key fact statement.

Credit Concentration Norms

NBFCs are required to review extant sectoral exposure limits approved by the board of directors with respect to sub-segments under consumer credit, in particular for all unsecured consumer credit exposures. The risk management committee on an ongoing basis is required to monitor and ensure strict adherence to the limits so fixed.

Declaration of Dividend

The Scale Based Regulations 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 Scale Based Regulations, 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 Scale Based Regulations also prescribe to the board of directors of the NBFCs to consider the decision to roll out dividends in light of certain definite factors, such as, (i) supervisory findings of the RBI on divergence in classification and provisioning of NPAs, (ii) qualifications in the auditor's report to the financial statements and (iii) long term growth plans of the NBFC. NBFCs, other than NBFC-BL, that declare dividend have to report dividend declared during the financial year in the format prescribed under the Scale Based Regulations.

Instructions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

The Scale Based Regulations specify the activities that cannot be outsourced and also 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 Scale Based Regulations is required to formulate an outsourcing policy which is to be approved by its board of directors.

RBI notification – Compliance Function and Role of Chief Compliance Officer- NBFCs dated April 11, 2022

The Scale Based regulation- Revised Regulatory Framework for NBFCs by the RBI, 2021, dated October 22, 2021, as amended (“**SBR Framework**”), reflects the RBI’s attempt to premise the regulatory framework for NBFCs on the scale, size, leverage, risk, and complexity of its operations. In this respect, the Scale Based Regulations have been implemented by RBI.

The RBI notification – Compliance Function and Role of Chief Compliance Officer- NBFCs dated April 11, 2022 (“**CCO RBI Notification**”) mandates NBFC-UL and NBFC-ML to have an independent Compliance Function and a Chief Compliance Officer (“**CCO**”) latest by April 1, 2023, and October 1, 2023, respectively. The Board/Audit Committee shall ensure that an appropriate Compliance Policy is put in place and implemented. The senior management of the NBFCs shall carry out an exercise, at least once a year, to identify and assess the major compliance risk facing the NBFC and formulate plans to manage it.

Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023

The RBI Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023 dated December 29, 2023 (“**Internal Ombudsman Directions**”), inter alia applies to a NBFCs where the deposit-taking NBFCs with 10 or more branches and non-Deposit taking NBFCs with asset size of Rs.50 billion and above and having public customer interface, banks, credit information companies. The Internal Ombudsman Directions mandates NBFCs to have consolidated existing mechanisms from various instructions and guidelines to streamline the rules applicable to regulated entities regarding the appointment and functioning of the Internal Ombudsman. These Directions aim to strengthen the internal grievance redressal system of regulated entities by standardizing procedures such as complaint escalation to the Internal Ombudsman, appointment qualifications, and the complaint resolution process. Regulated entities are required to establish a mechanism for quarterly and annual reporting to the Consumer Education and Protection Department, Central Office, RBI, following the formats outlined in the Internal Ombudsman Directions.

The Internal Ombudsman Directions require regulated entities to appoint one Internal Ombudsman, and may further appoint one or more deputy Internal Ombudsman, depending on the volume of complaints received by them. The Internal Ombudsman Directions specifies the prerequisites for appointment of the ombudsman, the role and responsibilities of the ombudsman and the procedure for complaint redressal by the ombudsman.

Master Direction – Know Your Customer (KYC) Direction, 2016 dated February 25, 2016

The RBI issued the Master Directions on Know Your Customer (“**KYC**”) dated February 25, 2016, (updated as on November 6, 2024) as amended (“**RBI KYC Directions**”), mandating regulated entities to adhere to specific customer identification procedures, including the video-based customer identification process (“**V-CIP**”). These Directions apply to all RBI-regulated entities, 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, non-banking financial companies (“**NBFCs**”), miscellaneous non-banking companies, and residuary non-banking companies.

In terms of the RBI KYC Directions, every entity regulated thereunder shall duly adopt a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. All NBFCs are required to ensure compliance with the KYC policy through specification of who constitutes ‘senior management’ for the purpose of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of the compliance of KYC and anti-money laundering policies and procedures; concurrent/internal audit system to verify the compliance with KYC and anti-money laundering policies and procedures; and submission of quarterly audit and compliance to the audit committee. The RBI KYC Directions further

require that such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off. Regulated entities shall apply a risk-based approach for mitigation and management of the risks and shall have board approved policies, controls and procedures in this regard. Further, regulated entities shall implement a customer due diligence programme, having regard to identified risks and size of business, and regulated entities should monitor implementation of controls and enhance them if necessary.

The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by NBFCs, amongst others. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards and ensure compliance with requirements/obligations as per applicable provisions of the Unlawful Activities Prevention (“UAPA”) Act, 1967. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were further amended to:-

- (1) enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002, and the rules made thereunder;
- (2) accommodate authentication as per the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016; and
- (3) use of an Indian resident’s Aadhar number as a document for the purposes of fulfilling KYC requirement.

The RBI KYC Directions were further updated with a view to leveraging the digital channels for customer identification process by regulated entities, whereby the RBI has decided to permit video-based customer identification process as a consent based alternate method of establishing the customer’s identity, for customer onboarding. In the accounts opening procedure by NBFCs, in case a person who desires to open an account is not able to produce documents, NBFCs may at their discretion open accounts subject to certain conditions, including monitoring of the account. For opening accounts of a trust, regulated entities are required to ensure that the trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in the RBI KYC Directions.

The RBI KYC Directions have been updated pursuant to the notification dated April 28, 2023 to require regulated entities to undertake enhanced due diligence measures for non-face-to-face onboarding of customers, without meeting the customer physically or through V-CIP, through use of digital channels such as CKYCR, DigiLocker, equivalent e-document, etc., and non-digital modes such as obtaining copy of officially valid documents certified by additional certifying authorities as allowed for NRIs and PIOs. Additionally, the amendments incorporate instructions on ensuring meticulous compliance with Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005. The amendments also incorporate the recent amendments to the PMLA and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The RBI KYC Directions were further amended pursuant to latest notifications dated November 6, 2024, a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 vide Gazette Notification dated July 19, 2024, (b) incorporate instructions in terms of the corrigendum dated April 22, 2024 issued by the Government of India to the Order dated February 2, 2021 on the ‘Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967’, and (c) revise certain existing instructions.

Master Directions on Fraud Risk Management in Non-Banking Financial Companies (including Housing Finance Companies) dated July 15, 2024

The Master Directions on Fraud Risk Management issued in Non-Banking Financial Companies dated July 15, 2024, (“**Fraud Risk Management Directions**”) aims to provide a framework to NBFCs for prevention, early detection and timely reporting of incidents of fraud to Law Enforcement Agencies and RBI. The Fraud Risk management Directions delineates the requisite frameworks for NBFCs, to address and mitigate fraud risks effectively. It mandates the establishment of comprehensive internal control systems and enhanced employee training protocols. Furthermore, it stipulates the implementation of robust monitoring mechanisms to detect and deter fraudulent activities. The Directions` also require

prompt reporting and thorough investigation of any fraud incidents. A risk-based approach to fraud prevention is emphasized throughout the framework. The prescribe penal framework includes debarment of persons or Entities classified and reported as fraud by NBFCs and also entities and persons associated with such entities, shall be debarred from raising of funds and / or seeking additional credit facilities from financial entities regulated by RBI, for a period of five years from the date of full repayment of the defrauded amount or mutually agreed settlement amount of a compromise settlement.

Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024 dated February 27, 2024

The Master Direction Reserve Bank of India (Filing of Supervisory Returns) Directions dated February 27, 2024 (“**Directions on Filing Returns**”), outlines the requirements and procedures for the filing of supervisory returns by regulated entities. It establishes timelines, formats, and guidelines for submission, ensuring compliance with regulatory standards. The Direction aims to enhance transparency and facilitate effective supervision by the Reserve Bank or mid-layer NBFCs, the timeline for filing supervisory returns as per the Master Direction issued by the Reserve Bank of India typically includes: timelines for submission of returns, in general, will depend on the frequency at which the return is to be submitted. The Directions on Filing Returns prescribes timelines for submission of returns, such timeline will depend on the frequency at which the return is to be submitted.

Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 dated September 29, 2016

The Master Direction – Non-Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2016 dated September 29, 2016 (“**Auditor’s Report Directions**”) set out disclosures that are to be included in every auditor’s report on the accounts of an NBFC such as: (i) compliance with requirement to obtain certificate of registration from the RBI; (ii) the validity of such NBFC’s certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (iii) compliance with net owned fund requirements as laid down in the Master Directions.

Additionally, every auditor of a non-banking financial company not accepting public deposits is required include a statement in accounts of the NBFC on following matters: (i) whether the board has passed a resolution for non-acceptance of any public deposits; (ii) whether the NBFC has accepted any public deposits during the relevant period/year; (iii) whether the NBFC has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the NBFC-ND-SI Directions; (iv) in case of NBFC-ND-SI: (a) whether the capital adequacy ratio as disclosed in the return submitted to the RBI by the NBFC, has been correctly arrived at and whether such ratio is in compliance with the minimum Capital to Risk (Weighted) Assets Ratio prescribed by the RBI; (b) whether the NBFC has furnished to the RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio within the stipulated period; and (v) whether the non-banking financial company has been correctly classified as NBFC-MFI as defined in the NBFC-ND-SI Directions.

Master Direction – Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 dated April 10, 2023

The Master Direction – Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 dated April 10, 2023 (“**IT Outsourcing Directions**”) by the RBI provides guidelines for outsourcing information technology services by financial institutions, including banks, NBFCs, and payment system operators. The directions recognise the extensive usage of information technology and information technology enabled services to support the business models, products and services offered by regulated entities to their customers. The aim of the IT Outsourcing Directions is to ensure that outsourcing arrangements neither diminish regulated entities ability to fulfil its obligations to customers nor impede effective supervision by the RBI. As per the directions, a regulated entity shall take steps to ensure that the service provider employs the same high standard of care in performing the services as would have been employed by the regulated entity itself, had the same activity not been outsourced. The regulated entities need to ask their service providers to develop and establish a robust framework for documenting, maintaining, and testing business continuity plan and disaster recovery plan.

A regulated entity can also outsource any IT activity/IT enabled service within its business group/conglomerate, subject to conditions specified in the directions. Regulated entities intending to

outsource any of its IT activities are required put in place a comprehensive board approved IT outsourcing policy which shall incorporate, *inter alia*, the roles and responsibilities of the board, committees of the board (if any) and senior management, IT function, business function as well as oversight and assurance functions in respect of outsourcing of IT services. The IT Outsourcing Directions also require regulated entities to immediately notify the RBI in the event of breach of security and leakage of confidential customer related information. The RBI has the power to impose penalties for violations of the directions. These directions shall come into effect from October 1, 2023.

Master Directions – Information Technology Governance, Risk, Control and Assurance Practices, dated November 7, 2023

The RBI notified the Master Directions – Information Technology Governance, Risk, Control and Assurance Practices, dated November 7, 2023 (“**IT Governance Directions**”) to consolidate and update regulations pertaining to the governance of information technology and the risks, assurance practices, control mechanisms and disaster management associated with IT and cyber security. The IT Governance Directions apply to all NBFCs.

The key requirements are as follows:

IT Governance

The IT Governance Directions lays down a framework for information technology that focuses on strategic alignment, risk management, resource management, performance management and disaster recovery management. NBFCs are obligated to set up an IT Governance Framework that specifies the governance structure adhering to the business objectives of the respective NBFC, that specifies the roles of the board of directors and includes adequate oversight mechanisms to mitigate risks associated with cyber and information security. Under the IT Governance Framework, an IT Strategy Committee (“**ITSC**”) must be established that shall, *inter alia*, ensure that the NBFC has an effective IT strategic planning process and the NBFC’s IT governance provides for accountability. The risk management policy, which shall include IT related risks and cyber security related risks, shall be reviewed periodically by the risk management committee of the board, in consultation with the ITSC.

IT Infrastructure and Services Management

The IT Governance Directions also mandates NBFCs to have a framework that supports their information systems and infrastructure to ensure operational resilience. In the event there are third-parties handling the NBFC’s information technology or cyber security, the NBFC is required to put in place appropriate vendor risk assessment processes to, *inter alia*, mitigate risk and to eliminate and address any conflict of interests.

IT Information and Security Risk Management

Under the IT Governance Directions, NBFCs are mandated to set up a framework that, *inter alia*, contains internal control and processes to mitigate and manage risks, identifies critical information systems and provides for the fortification of the same and contains procedures and controls to ensure a secure transmission/ storage/ processing of data and information.

Business Continuity Plan and Disaster Recovery Policy

The IT Governance Directions prescribe a business continuity plan and disaster recovery policy in order to reduce the likelihood and impact of disruptive incident and to ensure the continuity of business. Disaster recovery drills in relation to critical information are required to be done at least on a half-yearly basis and for other information systems, as per the risk assessment of the NBFC.

Information System Audit

The IT Governance Directions states that the audit committee of the board shall overlook the functioning of the Information System (“**IS**”) Audit. All entities are required to have an IS audit policy that shall describe the mandate, scope and purpose of the audit. The audit committee, under the IT Governance Directions, has to review the critical issues related to IT, information security and cyber security and thereafter, provide guidance to the management regarding the same.

RBI Circular on Streamlining of Internal Compliance monitoring function – leveraging use of technology dated January 31, 2024

An assessment of internal compliance monitoring systems in select supervised entities (“SEs”) was recently conducted by the RBI. It was observed that SEs have adopted varying levels of automation, from macro-enabled spreadsheets to workflow-based software solutions. The review highlighted that compliance monitoring automation remains a work in progress, with significant manual intervention still present. The implementation of comprehensive, integrated, enterprise-wide workflow-based solutions is thus deemed necessary to enhance effectiveness. Such solutions should facilitate effective communication among stakeholders, manage compliance requirements, escalate non-compliance issues, and provide a unified dashboard view.

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, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors’ family members, referees and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m., for recovery of overdue loans, making false and misleading representations, etc.

RBI circular on Securitization of Standard Assets dated September 24, 2021

Securitisation involves transactions where credit risk in assets are redistributed by repackaging them into tradeable securities with different risk profiles which may give investors of various classes access to exposures which they otherwise might be unable to access directly. While complicated and opaque securitisation structures could be undesirable from the point of view of financial stability, prudentially structured securitisation transactions can be an important facilitator in a well-functioning financial market in that it improves risk distribution and liquidity of lenders in originating fresh loan exposures. The RBI, to regulate the issuance of securitisations, introduced the STA Directions to be applicable to all Scheduled Commercial Banks (including Small Finance Banks but excluding Regional Rural Banks), all All-India Term Financial Institution and all NBFCs. These directions enunciated the assets which were eligible for securitisation and provided for skin-in-the-game requirements by way of specifying Minimum Retention Requirement(s) (“MRR”) for any lender who transfers from its balance sheet a single asset or a pool of assets to a Special Purpose Entity (“SPE”) as a part of a securitisation transaction and would include other entities of the consolidated group to which the lender belongs.

RBI circular on Co-Lending by Banks and NBFCs to Priority Sector dated November 5, 2020

The RBI introduced the co-lending model to increase the affordability and outreach of capital to underserved sections of the economy. By entering co-lending arrangements, banks and NBFCs can combine the relative advantages of the two to provide financial services. Banks are permitted to co-lend with registered NBFCs, not forming part of their promoter group, (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs are required to retain minimum 20% share of the individual loans on their books. The bank and the NBFCs will have to maintain their own individual customer accounts but there is a requirement for the funds to be disbursed via an escrow account maintained with the bank. The liability for the representations and warranties found in the master agreement will be ascribed to the originating NBFCs. The co-lenders will be mutually required to set up a framework for loan monitoring and recovery, put in place a suitable arrangement for grievance redressal, arrange for the creation of security and charge and include loans under the co-lending mechanism in the scope of their internal/statutory audit to ensure compliance with their respective internal guidelines.

Draft Guidelines on ‘Digital Lending – Transparency in Aggregation of Loan Products from Multiple Lenders’

Pursuant to the Digital Lending Guidelines dated September 2, 2022 (the “**Digital Lending Guidelines**”) issued by RBI, outsourcing arrangements entered into by a regulated entity, shall not diminish its

obligations and it shall continue to conform to the extant guidelines on outsourcing. A regulated entity is required to ensure that activities including loan servicing, repayment, etc., shall be executed by the borrower directly in the regulated entity's bank account without any pass-through account/ pool account of a third party. Further, a regulated entity is required to ensure that any fees or charges payable to the lending service provider (for carrying out functions like customer acquisition, underwriting support, pricing support, servicing monitoring, recovery of specific loan or loan portfolio on behalf of a regulated entity) shall be paid directly by the regulated entity and not charged to the borrower. A regulated entity shall provide a key fact statement to the borrower before the execution of the contract in a standardized format for all digital lending products. Additionally, any fees, charges, etc., which are not mentioned in the key fact statement cannot be charged by a regulated entity to the borrower at any stage during the term of the loan. A regulated entity shall also ensure that lending service providers and digital lending apps/ platforms do not store personal information of borrowers except some basic minimal data that may be required to carry out their operation.

Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023

The Guidelines on Default Loss Guarantee in Digital Lending dated June 8, 2023 (the “**DLG Guidelines**”), *inter alia*, set out requirements in relation to default loss guarantee (“**DLG**”) arrangements including the structure of DLG arrangements, eligibility of the DLG provider, disclosure requirements and also sets out an upper limit on the DLG provided. The DLG is required to be invoked within a maximum overdue period of 120 days, unless made good by the borrower before that. Further, the period for which the DLG agreement will remain in force should not be less than the longest tenor of the loan in the underlying loan portfolio.

The regulated entity is responsible for recognising individual loan assets in the portfolio as NPA and consequent provisioning.

The DLG Guidelines also prescribe due diligence requirements of NBFCs prior to entering into or renewal of a DLG arrangement. NBFCs are required to obtain sufficient information to satisfy themselves that the entity extending the DLG would be able to honour it.

Guidelines on Risk-based Internal Audit System for Select NBFCs and Urban Co-operative Banks dated February 3, 2021

In terms of the Guidelines on Risk-based Internal Audit (“**RBIA**”) System for Select NBFCs and Urban Co-operative Banks dated February 3, 2021, as amended (the “**RBIA Guidelines**”), the non-deposit taking NBFCs with an asset size of ₹50,000 million and above are required to implement the RBIA framework in accordance with RBIA Guidelines. The RBIA Guidelines, *inter alia*, are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by the NBFCs. Under the RBIA Guidelines, the board of directors of the NBFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. It is also mandated that the policy be reviewed periodically, and that the internal audit function is not outsourced. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of NBFCs should be conducted at least on an annual basis.

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 Master Direction –Transfer of Loan Exposures, dated September 24, 2021 (“**Master Direction – Transfer of Loan Exposures**”), applicable to transfer and acquisitions of loan exposures by scheduled 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. 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, among others, 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

- (1) Norms and procedure for transfer or acquisition of such loans;
- (2) Valuation methodology to be followed to ensure that the realizable value of stressed loans, including the realizability of the underlying security interest, if available, is reasonably estimated;
- (3) Delegation of powers to various functionaries for taking decision on the transfer or acquisition of the loans;
- (4) Stated objectives for acquiring stressed assets; and
- (5) 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, jointly or severally, is ₹1,000 million or more, 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 NBFCs 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 six months in their books and are generally prohibited to acquire those loans which have been transferred as stressed loans in the previous six 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 two years; (b) six months in case of loans with tenor of more than two years.

Disclosure and Reporting

Under the Master Direction – Transfer of Loan Exposures, 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.

Implementation of 'Core Financial Services Solution' by Non-Banking Financial Companies dated February 23, 2022

Pursuant to this circular, an NBFC-ML with 10 and more 'fixed point service delivery units' is mandated

to adopt 'Core Financial Services Solution' ("CFSS"), akin to the Core Banking Solution adopted by banks on or before September 30, 2025. The CFSS shall provide for (i) seamless customer interface in digital offerings and transactions relating to products and services with anywhere / anytime facility, (ii) enable integration of NBFCs' functions, (iii) provide centralised database and accounting records, and be able to generate suitable MIS, both for internal purposes and regulatory reporting. It also requires the relevant NBFCs to furnish a quarterly progress report on implementation of the Core Financial Services Solution, along with various milestones as approved by the board of directors/committee of the board of directors, to the Senior Supervisory Manager Office of the RBI starting from quarter ending March 31, 2023.

RBI Clarifications – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated November 12, 2021, and February 15, 2022

Classification as Special Mention Account and Non-Performing Asset

The borrower accounts shall be flagged as overdue by the lending institutions as part of their day-end processes for the due date, irrespective of the time of running processes. Similarly, classification of borrower accounts as Special Mention Account ("SMA") as well as NPA shall be done as part of day-end process for the relevant date and the SMA or NPA classification date shall be the calendar date for which the day end process is run. In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.

NPA classification in case of interest payments

In case of interest payments in respect of term loans, an account will be classified as NPA if the interest applied at specified rests remains overdue for more than 90 days.

Upgradation of accounts classified as NPAs

Loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. With regard to upgradation of accounts classified as NPA due to restructuring, non-achievement of date of commencement of commercial operations, etc., the instructions as specified for such cases shall continue to be applicable.

Statement on Development and Regulatory Policies

The Statement on Development and Regulatory Policies dated August 6, 2020, as amended on June 7, 2024 ("Statement on DRP Policies") facilitated revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("Prudential Framework") to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. Moreover, in order to ameliorate the stress being faced by smaller NBFCs and micro-finance institutions ("MFIs") in obtaining access to liquidity, the RBI decided to provide an additional special liquidity facility ("ASLF") of ₹50 billion to NABARD for a period of one year at the RBI's policy repo rate for refinancing NBFC-MFIs and other smaller NBFCs of asset size of ₹5,000 million and less to support agriculture and allied activities and the rural non-farm sector.

The Statement on Development and Regulatory Policies dated June 7, 2024, proposed the establishment of a Digital Payments Intelligence Platform aimed at mitigating the risk of payment fraud. Additionally, a new mechanism for delegated payments is under consideration, which would permit payments made by another individual on behalf of the primary user's bank account. Furthermore, the limit for tax payments via UPI transactions has been increased from ₹0.1 million to ₹0.5 million.

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding Regional Rural Banks), UCBs and NBFCs (including HFCs) dated April 27, 2021

The RBI had issued the guidelines which are applicable to all commercial banks (excluding Regional Rural Banks ("RRBs"), Primary (Urban) Co-operative Banks ("UCBs"), and Non-Banking Finance Companies ("NBFCs") (including Housing Finance Companies but excluding non-deposit taking

NBFCs with asset size below ₹10 billion). Pursuant to these RBI guidelines, there are certain eligibility criteria and procedures to be adhered by the aforementioned entities for appointment/reappointment of statutory central auditors/statutory auditors. Further, NBFCs do not have to take prior approval of RBI for appointment of statutory central auditors/statutory auditors, but all NBFCs need to inform the RBI about the appointment or removal of Statutory Central Auditors/Statutory Auditors for each year, within one month of such appointment and/or decision taken in relation of removal, as the case may be.

Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 (“**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.

The Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999

The Insurance Act 1938 (the “**Insurance Act**”) along with the various regulations, guidelines and circulars issued by Insurance Regulatory and Development Authority (“**IRDAI**”), govern, amongst other matters, registration of the insurers, opening of new places of business, accounts and balance sheet, audit of financial statements, actuarial report and abstract, insurance intermediaries and agents, investment of funds, valuation of assets and liabilities, solvency margins, restrictions on dividends, limits on expenses of management, commission and/or remuneration and/or rewards payable to insurance agents and intermediaries, reinsurance, and obligation of insurers in respect of rural and social sectors. The IRDAI came into existence by virtue of promulgation of the Insurance Regulatory and Development Authority Act, 1999 (the “**IRDA Act**”) to regulate, promote and ensure orderly growth of the insurance sector in India and to protect the interests of policyholders. Insurers are required to be registered with the IRDAI under the Insurance Act for carrying out any class of insurance business, including health insurance in India. Insurers are required to pay an annual fee, failure to pay which will render their certificate of registration liable to be cancelled by the IRDAI. In case a person carries on insurance business without registering itself with the IRDAI, such person is liable for a penalty of up to ₹250,000,000 and imprisonment of up to 10 years. The Insurance Act stipulates, among other things, certain requirements with respect to the capital structure for insurers including minimum paid-up equity share capital, net owned funds and equal voting rights. Insurers are required to maintain records of policies, including the details of policyholders, record of claims including details of discharge or rejection of claims, record of insurance agents, beneficial owner, etc. Insurers are required to maintain its books of accounts in the form of a balance sheet, a profit and loss account, a separate account of receipts and payments, a revenue account and are required to maintain separate accounts for shareholder’s funds and policyholders’ funds. Further, they are required to conduct an annual audit and submit periodical returns, within six months from the end of the period to which the return pertains to, to the IRDAI. The maximum penalty under the Insurance Act for non-compliance with the Insurance Act or any IRDAI regulation or guideline is a fine of ₹100,000 for each day during which such non-compliance continues, or ₹10,000,000, whichever is less for each violation.

IRDAI (Registration of Corporate Agents) Regulations, 2015

Corporate agents are granted a certificate of registration by IRDAI in accordance with the IRDAI (Registration of Corporate Agents) Regulations, 2015 for solicitation and servicing of insurance business for any of the specified category of life, general and health. A corporate agency registration is valid for a period of three years from the date of issuance, unless the same is suspended or cancelled by the IRDAI. The grant and renewal of a corporate agency registration is subject to the applicant meeting the eligibility criteria prescribed in the IRDAI Registration of Corporate Agents Regulations. The criteria includes matters such as: (a) whether the applicant has the necessary infrastructure and trained personnel/manpower for effectively undertaking the activities as a corporate agent; (b) whether the principal officer, directors and other employees of the applicant have violated the code of conduct set out under the IRDAI Registration of Corporate Agents Regulations in the last three years; (c) whether any person, directly or indirectly connected with the applicant, has been refused in the past the grant of a licence/registration by the IRDAI; and (d) whether the applicant, in case the principal business of the applicant is other than insurance, maintain an arms-length relationship in financial matters between its activities as Corporate Agent and other activities. The IRDAI notified the Insurance Regulatory and Development Authority of India (Insurance Intermediaries) (Amendment) Regulations, 2022 on December 5, 2022. As per these regulations, depending on the type of registration (i.e. General, Life,

Health or Composite) a corporate agent is permitted to act as a corporate agent for a maximum of nine life, nine general and/ or nine health insurers and is required to adopt a board approved open architecture policy on the same. The corporate agents are required to adhere to a code of conduct on soliciting and servicing of insurance policies as prescribed by the regulations.

II. Laws relating to intellectual property rights

Trademarks Act

The Trade Marks Act governs the statutory protection of trademarks and prohibits any use of deceptively similar trademarks, among others. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading, and to obtain relief in case of infringement of registered trademarks. Indian law permits the registration of trademarks for both goods and services. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trademark, whether individual or joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future.

III. Other regulations

The Digital Personal Data Protection Act, 2023

The Digital Personal Data Protection Act, 2023 (“**DPDP Act**”) received the assent of the President on August 11, 2023 and is currently not in effect. The DPDP Act, has replaced the existing data protection provision, as contained in Section 43A of the IT Act. The DPDP Act provides for the processing of digital personal data in a manner that recognise both the rights of individuals to protect their personal data with the need to process such personal data for lawful and other incidental purposes. The DPDP Act provides that personal data may be processed only in accordance with the provisions of this act and only for a lawful purpose after obtaining the consent of the individual. A notice must be given before or along request for seeking consent. The Consent obtain shall be free, specific, informed, unconditional and unambiguous with a clear affirmative action, and shall signify an agreement to the processing of her personal data for the specified purpose and be limited to such personal data as is necessary for such specified purpose. It further imposes certain obligations on data fiduciaries including (i) ensure the accuracy, consistency and completeness of data, (ii) build reasonable security safeguards to prevent personal data breach, (iii) inform the Data Protection Board of India (the “**DPB**”) and affected persons in the event of a personal data breach, and (iv) erase personal data as soon as the data principal has withdrawn her consent or as soon as its reasonable to assume that the purpose has been met and retention is not necessary for legal purposes (storage limitation), whichever is earlier. In case of government entities, storage limitation and the right of the data principal to erasure will not apply.

The Central Government will establish the DPB. Key functions of the DPB, *inter alia*, include: (i) on receipt of an intimation of personal data breach, to direct any urgent remedial or mitigation measures in the event of a personal data breach, and to inquire into such personal data breach and impose penalty; (ii) on a complaint received in respect of a personal data breach or a breach in observance by a data fiduciary of its obligations in relation to her personal data or the exercise of her rights, or on a reference made to it by the central government or a state government, or in compliance of the directions of any court, to inquire into such breach and impose penalty, and (iii) the board of directors of the NBFCs may, on a representation made to it by a person affected by a direction, or on a reference made by the Central Government, modify, suspend, withdraw or cancel such direction and, while doing so, impose such conditions as it may deem fit. The DPB members will be appointed for two years and will be eligible for re-appointment. The Central Government will prescribe details such as the number of members of the DPB and the selection process.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated on August 12, 1993, as a private limited company under the Companies Act 1956, under the name 'Doda Finance Private Limited', at Jalandhar, Punjab pursuant to a certificate of incorporation issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. * Pursuant to the share purchase agreement dated January 10, 2014 entered into by and between Suresh Chander, Kamlesh Jagota, Meenu Bala, Bheem Sen, Naresh Basi, Tripta, Shiv Kumar, Raman Kumar, Hari Kisan Lal, Sunita Dayi, Sanjay Sharma, Vikram Jetley and our Company, the shareholding of Doda Finance Private Limited was transferred to our Sanjay Sharma and Vikram Jetley and the name of our Company was changed to 'Aye Finance Private Limited' pursuant to resolutions dated February 17, 2014 and dated March 15, 2014, passed by our Board and our Shareholders, respectively and a fresh certificate of incorporation dated March 28, 2014 was issued to our Company by the Registrar of Companies, Punjab and Chandigarh consequent to the change of name. Subsequent to a change in our registered office from the state of Punjab to the National Capital Territory of Delhi pursuant to resolutions dated July 22, 2014 and August 18, 2014 passed by our Board and Shareholders, respectively and a fresh certificate of registration dated August 10, 2015, was issued by the RoC. Upon the conversion of our Company to a public limited company, pursuant to resolutions dated October 16, 2024 and October 17, 2024 passed by our Board and our Shareholders, respectively, the name of our Company was changed to "Aye Finance Limited". A fresh certificate of incorporation dated December 10, 2024 was issued by the RoC consequent to our Company's conversion into a public limited company.

Prior to the change of the name of our Company from Doda Finance Private Limited, RBI had granted a certificate of registration dated December 15, 2000 bearing no. B-06.00369 for registration as an NBFC under Section 45-IA of the Reserve Bank of India Act, 1934. Subsequently, the RBI granted a certificate of registration dated November 27, 2015, bearing no. B-14.03323 to our Company, for registration as an NBFC under Section 45-IA of the Reserve Bank of India Act, 1934.

**The minutes of the meeting of the Board noting the initial subscription to the MoA is not available. We have relied on the memorandum of association date July 28, 1993 and the certificate of incorporation dated June 12, 1993 issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. For details, see "Risk Factors – 44. Certain of our historical records are not traceable, and there have been some delays and inaccuracies in the filing of certain forms with the RoC. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard." on page 53.*

Changes in our Registered Office

Except as disclosed below, there has been no change in the registered office of our Company since its incorporation.

Date of change	Details of change in the address of registered office	Reasons for change
July 1, 2015	Change of registered office from Moga Road, opposite bus stand shahkot, Jalandhar 144 702, Punjab, India to M-5, Magnum House-1, Community Centre, Karampura,, West Delhi, New Delhi 110 015, Delhi, India.	To handle our operations effectively and thereby carrying business more economically and efficiently.

Main objects of our Company

The main objects contained in our Memorandum of Association are as follows:

1. *"To carry on the business of a finance company and provide finance (whether short term or long term loan or working capital finance, development finance, factoring, leasing, guarantees or any other debt related funding) to micro, small and medium scale enterprises and to individuals;*
2. *To carry on the business of providing consultation, technical assistance, technology solutions and training and development inputs to businesses and individuals for sustained livelihoods and for improving their financial viability; and*
3. *To act as an intermediary or agent for banks, mutual funds, insurance companies, commodity futures and derivatives funds, social venture funds, investment funds, pension funds and other financial institutions for distributing their products and services."*

The main objects clause as contained in the Memorandum of Association enable our Company to undertake its existing activities.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the last 10 years preceding the date of this Draft Red Herring Prospectus:

Date of Shareholder's resolution/ Effective date	Particulars
December 23, 2014	<p>Clause (V) of the Memorandum of Association was amended to reflect the change from: <i>"V. The Authorized Share Capital of the Company is ₹80,000,000 (Rupees Eight Crore only) comprising of 800,000 equity shares of ₹10 each."</i> to <i>"V. The Authorized Share Capital of the Company is ₹80,000,000 (Rupees Eight Crore only) comprising of 5,500,000 (Fifty Five Lac) equity shares of ₹10 (Rupees Ten) each and 2,500,000 (Twenty Five Lac) preference shares of ₹10 (Rupees Ten) each with power to increase, reduce, divide and/or sub divide the Share Capital or reclassify them into several classes and attach thereto respectively such preferential, priority, deferred, qualified or special rights, privileges, conditions or restrictions, whether in regard to dividend, voting, return of capital, distribution of assets or otherwise, as may be determined in accordance with laws, rules and regulations from time to time of the Company and to vary, modify, or abrogate such rights, privileges, conditions or restrictions in such manner as may from time to time be provided by the regulations/resolutions of the Company or are provided for in the Articles of Association of the Company and to consolidate or sub divide or reorganize shares or issue shares of higher or lower denominations."</i></p>
January 18, 2015	<p>Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹80,000,000 consisting of 5,500,000 equity shares of ₹10 each and 2,500,000 preference shares of ₹10 each to ₹250,000,000 consisting of 7,500,000 equity shares of ₹10 each and 17,500,000 preference shares of ₹10 each.</p>
January 18, 2015	<p>Amendment to Clause III of the Memorandum of Association to reflect the following change in the objects of our Company: III. The objects to be pursued by the Company are as follows:- "a) Main objects to be pursued by the company are:- 1.1 To carry on the business of a finance company and provide finance (whether short or long term loan or working capital finance, development finance, factoring, leasing, guarantees or any other debt related funding) to micro, small and medium scale enterprises and to individuals; 1.2 To carry on the business of providing consultation, technical assistance, technology solutions and training and development inputs to businesses and individuals for sustained livelihoods and for improving their financial viability; and 1.3 To act as intermediary or agent for banks, mutual funds, insurance companies, commodity futures and derivatives funds, social venture funds, investment funds, pension funds and other financial institutions, for distributing their products and services. b) Matters which are necessary for furtherance of the objects specified in clause III(a)are: 1. To lend money either on mortgage of immovable property or hypothecation or pledge of movable property or without security, for such persons or Companies and upon such terms and conditions as the Company may deem fit, provided that the Company shall not carry on the business of banking as defined by the Banking Regulation Act 1949. 2. To guarantee the payment of money on secured or unsecured basis or payable under or in respect of promissory notes, bonds debentures, debenture-stock contracts, mortgage charges obligation instruments and securities and generally to issue all kinds of indemnities and guarantees or become surety for the performance of any contracts or obligations of any Company, Authority, or any person. 3. Subject to section 183, 185 & 186 of the Act and the Regulations made there under and the Directions issued by the Reserve Bank of India, to receive money on loan and borrow or raise money in such manner and at such time or times as the Company thinks fit and in particular by the issue of debentures, debentures stock, perpetual or otherwise, or securitized structures and to secure the repayment of any money borrowed, raised or owing by mortgage, charge or lien upon all or any of the properties or assets or revenues and profits of the Company both present and future, including its uncalled capital and also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company or such other person or company to give the lenders the power to sell and such other powers as may seem expedient and purchase, redeem or pay off any such securities. 4. To draw, make, accept, discount, execute and issue bills of exchanges, promissory notes, bills of lading, warrants, debentures and such other negotiable or transferable instruments, of all types or securities and to open Bank Accounts of any type and to operate the same in the ordinary course of the Company.</p>

Date of Shareholder's resolution/ Effective date	Particulars
	<p>5. To invest and deal with the moneys of the Company, not immediately required, upon such securities and in such manner as may, from to time be determined.</p> <p>6. To acquire by purchase, exchange, lease or otherwise any movable or immovable property and any rights or privileges and to either retain the property or turn it to account as the Company may deem necessary or convenient for the purpose of any of its objects.</p> <p>7. To enter into partnership or into any arrangement for sharing profits, union of interest, joint venture, reciprocal concession or co-operation with persons or companies carrying on or engaged in or being authorized to carry on any business or transaction of this Company.</p> <p>8. To take or otherwise acquire and hold shares in any other Company having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directed or indirectly to benefit this Company.</p> <p>9. To acquire and take over the whole or any part of the business, goodwill, trademarks properties and liabilities of any person or persons, firm, companies or undertakings either existing or new, engaged in or carrying on or proposing to carry on business, this Company is authorized to carry on, possession of any property or rights suitable for the purpose of the Company and to pay for the same either in cash or in shares or partly in cash and partly in shares or otherwise.</p> <p>10. Subject to Sections 230 to 232 of the Act, amalgamate with any other company of which all or any of their objects companies having similar to the objects of the Company in any manner whether with or without the liquidation.</p> <p>11. To establish, or promote or concur in establishing or promote any company for the purpose of acquiring all or any of the properties, rights and liabilities of this Company for purpose that may seem to directly or indirectly benefit the Company's objects and to underwrite shares and securities therein.</p> <p>12. To undertake and execute any trusts, including being a trustee, the undertaking of which may seem to the Company desirable, either gratuitously or otherwise.</p> <p>13. To establish, for any of the objects of the Company, branches or appoint agencies to establish any firm or firms at places in or outside India as the Company may deem expedient.</p> <p>14. To procure the Company to be registered or recognized in or under the laws of any place outside India and to do all act necessary for carrying on in any foreign country for the business or profession of the Company.</p> <p>15. To appoint agents, sub-agents, dealers, managers canvassers, sales representatives or salesmen for transacting all or any kind of the main business of which this Company is authorized to carry on and to constitute agencies of the Company in India or in any other country and establish depots and agencies in different parts of the world.</p> <p>16. Subject to any law for the time being in force, to undertake or take part in the formation supervision or control of the business or operations of any person, firm, body corporate, association undertaking carrying on the main business of the Company.</p> <p>17. To transact all kinds of agency business, and in particular in relation to the investment of money the sale of property and the collection and receipt of money and to act as Managing Agents of any firm or Company.</p> <p>18. To purchase or otherwise acquire, build, carry out, equip, maintain, alter, improve, develop, manage, work, control and superintend any plants, warehouse, sheds, offices, shops, stores, buildings, machinery, apparatus, labour lines and houses, warehouses, and such other works and conveniences necessary for carrying on the main business of the Company.</p> <p>19. To import, buy, exchange, alter, improve and manipulate in all kinds of plants, machinery, apparatus, tools and things necessary or convenient for carrying on the main business of the Company.</p> <p>20. To vest any movable or immovable property, rights or interests required by or received or belonging to the Company in any person or company on behalf of or for the benefit of the Company and with or without any declared trust in favour of the Company.</p> <p>21. To undertake or promote scientific research relating to the main business or class of business of the Company.</p> <p>22. To negotiate and enter into agreements and contracts with Indian and foreign individuals, companies, corporations and such other organizations for technical, financial or any other such assistance for carrying out all or any of the main objects of the Company or for the purpose of activity research and development of manufacturing projects on the basis of know-how, financial participation or technical collaboration and acquire necessary formulas and patent rights for furthering the main objects of the Company.</p> <p>23. To apply for, obtain, purchase or otherwise acquire and renew any patents, patent rights, brevets, inventions, processes scientific technical or other assistance manufacturing processes know-how and other information, designs, patterns, copyrights, trade-mark, licenses concessions and the like rights or benefits, conferring an exclusive or non-exclusive or limited or unlimited right of use thereof, which may seem capable of being used for or in connection with the main objects of the Company or the acquisition or use of which may seem calculated directly or indirectly to benefit the Company on payment of any fee royalty or other</p>

Date of Shareholder's resolution/ Effective date	Particulars
	<p>consideration and to use, exercise, develop, improve or grant licenses in respect thereof or otherwise turn to account the property, right or information so acquired.</p> <p>24. To apply for and obtain any order under any Act or Legislature, charter, privilege concession, license or authorization of any Government, State or other Authority for enabling the Company to carry on any of its main objects and ancillary objects into effect or for extending any of the powers of the Company or for effecting and modification of the constitution of the Company or for any other such purpose which may seem expedient and to oppose any proceeding or applications which may seem expedient or calculated directly or indirectly to prejudice the interest of the Company.</p> <p>25. To enter into any arrangements with any Government or Authorities or any persons or companies that may seem conducive to the objects of the Company or any of them and to obtain from any such Government, authority, person or company any rights, privileges, charters, contracts, licenses and concessions which the Company may think desirable to obtain and to carry out, exercise and comply therewith.</p> <p>26. To sell, mortgage, exchange, lease, grant licenses, easements and other rights and in any other manner deal with or dispose of undertakings, properties, assets, rights and effects of the company or any part thereof for such consideration as may be expedient and in particular for any shares, stocks, debentures or other securities of any other Company.</p> <p>27. To remunerate any persons or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any shares in the Company's capital, or any debentures, debenture-stock, or other securities of the Company, or in or about the formation or promotion of the Company, or the acquisition of property by the Company, or the conduct of its business.</p> <p>28. Subject to the Provisions of Section 66 of Act, to distribute among the members in specie or otherwise any property of the Company or any proceeds of sale or disposal of any property of the Company in the event of winding up.</p> <p>29. To distribute as dividend or bonus among the member or to place to reserve or otherwise to apply, as the Company may, from time to time, determine any money received by way of premium on debentures issued at a premium by the Company and any money received in respect of forfeited shares, money arising from the sale by the Company of forfeited shares, subject to provisions of Sec. 52 of the Companies Act, 2013.</p> <p>30. To employ agents or experts to investigate and examine into the condition, prospects, value, character and circumstances of any business concerns and undertakings and generally of any assets, properties or rights which the Company propose to acquire.</p> <p>31. To accept gifts, bequests, devisers, subsidy or grants of any movable or immovable property or any right or interests therein from members or others.</p> <p>32. To create any reserve fund, sinking fund, or any other such special funds whether for depreciation, repairing, improving, research, extending or maintaining any of the properties of the Company or for any other such purpose conducive to the interest of the Company.</p> <p>33. Subject to the provisions of Section 180 to 183 of the Companies Act, 2013 to subscribe contribute, gift any money, rights or assets for any national educational, religious, charitable, scientific, public, general or usual objects or to make gifts of money or such other assets to any institutions, clubs, societies, associations, trusts, scientific research associations, funds, universities, college or any Individual, body of individuals or bodies corporate.</p> <p>34. To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation, provident or gratuity funds for the benefit of and give or procure the giving of the gratuities, pensions, allowances, bonuses or emoluments of any persons who are or were at any time in the employment or service of the company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company or who are or were at any time Directors or officers of the Company or any other company as aforesaid and the wives, widows, families and dependents of any such persons and also to establish and subsidies and subscribe to any institutions, associations, club or funds calculated to be for the benefit of or advance aforesaid and make payments to or towards the any such persons as aforesaid and to do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.</p> <p>35. To pay for any property or rights acquired by or for any services rendered to the Company and in particular to remunerate any person, firm or company introducing business to the Company either in cash or fully or partly-paid up shares with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise or by any securities which the Company has power to issue or by the grant of any rights or options or partly in one mode and partly in another and generally on such terms as the Company may determine, Subject to the provision of section 314 of Act.</p> <p>36. To pay out of the funds of the Company all costs, charges and expenses of and incidental to the formation and registration of the Company and any company promoted by the Company</p>

Date of Shareholder's resolution/ Effective date	Particulars
	<p><i>and also all costs, charges, duties, impositions and expenses of and expenses of and incidental to the acquisition by the Company of any property or assets.</i></p> <p><i>37. To send out to foreign countries, its directors, employees or any other person or persons for investigation possibilities of main business or trade procuring and buying any machinery or establishing trade and business connections or for promoting the interests of the Company and to pay all expenses incurred in this connection.</i></p> <p><i>38. To compensate for loss of office of any Managing Director or Directors or other officers of the Company within the limitations prescribed under the Companies Act, 2013 or such other status or rule having the force of law and to make payments to any persons whose office of employment or duties may be determined by virtue of any transaction in which the Company is engaged.</i></p> <p><i>39. To agree to refer to arbitration any dispute, present or future between the Company and any other company, firm, individual or any other body and to submit the same to arbitration in India or abroad either in accordance with Indian or any foreign system of law.</i></p> <p><i>40. To adopt such means of making known the products of the Company as may seem expedient, and in particular by advertising in the press by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals, and by granting prizes, rewards, and donations.”</i></p>
February 6, 2015	The amendments undertaken pursuant to Shareholders' meeting dated January 18, 2015 were rescinded such that Clause (V) of the Memorandum of Association was amended to reflect the authorized share capital of our Company as ₹80,000,000 consisting of 5,500,000 equity shares of ₹10 each and 2,500,000 preference shares of ₹10 each,
July 28, 2015	Clause (V) of the Memorandum of Association was amended to reflect the reclassification of the authorized share capital of our Company from ₹80,000,000 consisting of 5,500,000 equity shares of ₹10 each and 2,500,000 preference shares of ₹10 each to ₹80,000,000 consisting of 5,000,000 equity shares of ₹10 each and 3,000,000 preference shares of ₹10 each
July 28, 2015	Clause (V) of the Memorandum of Association was amended to reflect the increase in the authorized share capital of our Company ₹80,000,000 consisting of 5,000,000 equity shares of ₹10 each and 3,000,000 preference shares of ₹10 each to ₹150,000,000 consisting of 5,000,000 equity shares of ₹10 each and 10,000,000 preference shares of ₹10 each
October 19, 2016	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹150,000,000 consisting of 5,000,000 equity shares of ₹10 each and 10,000,000 preference shares of ₹10 each to ₹170,000,000 consisting of 5,000,000 equity shares of ₹10 each and 12,000,000 preference shares of ₹10 each.
May 17, 2018	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹170,000,000 consisting of 5,000,000 equity shares of ₹10 each and 12,000,000 preference shares of ₹10 each to ₹280,000,000 consisting of 5,000,000 equity shares of ₹10 each and 23,000,000 preference shares of ₹10.
April 30, 2020	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹280,000,000 consisting of 5,000,000 equity shares of ₹10 each and 23,000,000 preference shares of ₹10 each to ₹341,000,000 consisting of 5,000,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each.
October 9, 2020	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹341,000,000 consisting of 5,000,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each to ₹346,000,000 consisting of 5,500,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each.
November 17, 2023	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹346,000,000 consisting of 5,500,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each to ₹453,100,000 consisting of 6,730,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each and 4,740,000 preference shares of ₹20 each.
August 16, 2024	Clause (V) of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company from ₹453,100,000 consisting of 6,730,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each and ₹4,740,000 preference shares of ₹20 each to ₹820,000,000 consisting of 43,420,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each and 4,740,000 preference shares of ₹20 each.
October 17, 2024	Clause (V) of the Memorandum of Association was amended to reflect the reclassification of the authorized share capital of our Company from ₹820,000,000 consisting of 43,420,000 equity shares of ₹10 each and 29,100,000 preference shares of ₹10 each and 4,740,000 preference shares of ₹20 each to ₹820,000,000 consisting of 82,000,000 equity shares of ₹10 each
October 17, 2024	Clause (V) of the Memorandum of Association was amended to reflect the sub-division in the face value of equity shares of the Company from ₹10 each to ₹2 each. The authorized share capital of our Company was amended from ₹820,000,000 consisting of ₹82,000,000 equity

Date of Shareholder's resolution/ Effective date	Particulars
	shares of ₹10 each to ₹820,000,000 consisting of ₹410,000,000 equity shares of ₹2 each
October 17, 2024	The name of our Company was changed from "Aye Finance Private Limited" to "Aye Finance Limited", consequent to the conversion of our Company from a private limited company to a public limited company.

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	Events
2014	The shareholding of Doda Finance Private Limited was transferred to Sanjay Sharma and Vikram Jetley and the name of our Company was changed to Aye Finance Private Limited
2015	Raised series A and A1 funding from Accion Africa-Asia Investment Company and SAIF Partners India V Limited
	Our Company obtained the certificate of registration as NBFC from RBI in the name of Aye Finance Private Limited
	Disbursed loans of approximately ₹290 million
	Opened our first branch in Rajasthan and Punjab and Haryana, respectively
	Expanded our network to 16 branches
2016	Raised series B funding from LGT Capital Invest Mauritius PCC with Cell E/VP
	Opened our first branch in Tamil Nadu and Karnataka, respectively
	Commenced digital journey through an automated loan origination and decision process
2017	Reached a landmark of 33,000 customers (across loan portfolios)
	Crossed AUM of ₹3,400.00 million
2018	Raised series C funding from CapitalG LP
	Expanded to 100 branches across 18 states and 3 union territories
	Got classified by the RBI as a 'systemically important NBFC'
2019	Raised series D funding from Maj Invest Financial Inclusion Fund II K/S and Alpha Wave India Fund I LP
	Crossed 200,000 customers, AUM of ₹15,900.00 million and 3,000 plus employees
2020	Raised series E equity round during covid times from CapitalG International LLC, A91 Emerging Fund I LLP, MAJ Invest Financial Inclusion Fund II K/S, Alpha Wave India I LP and LGT Capital Invest Mauritius PCC with Cell E/VP
	Expanded to 203 branches in 16 states and 2 union territories
2021	Expanded to 308 branches in 17 states and 3 union territories
2022	Expanded to 395 branches in 18 states and 3 union territories
	Crossed 5,000 employees
2024	Raised series F funding from British International Investment plc and Waterfield Alternative Investments Fund I
	Disbursed loans of approximately ₹100,000 million
2024	Expanded to 499 branches in 18 states and 3 union territories
2024	Raised series G funding from ABC Impact
2024	Crossed AUM of ₹50,000.00 million

Key awards, accreditations and recognitions

The table below sets forth some of the significant awards, accreditations and recognitions received by our Company.

Calendar Year	Key awards, accreditations and recognitions
2018	Received the "Skoch Award-Skoch Order of Merit" for qualifying in top ranking digital economy projects in India to enable financial inclusion of micro enterprises
	Received the "award for building the Next Billion category from Facebook on the Indian Startup Day
2019	Received the "DigiDhan Mission-FinTech Award for Promotion of Digital Payments" award for innovation of digital payments through lending
	Received the award for "Best Financial Inclusion Initiative-Cluster-Based Credit Assessment of Micro Enterprises" from BusinessWorld Digital India
	Received the ETBFSI excellence award for innovation in financial services-innovative NBFC of the year
	Received "Inclusive Finance India" award under the category "Non-Banking Finance Company lending to Micro and Small Enterprises"

Calendar Year	Key awards, accreditations and recognitions
2020	Ranked 14 th by “Great Place to Work Institute (India)” in India’s best companies to work for in 2020
2021	Ranked nine by “Great Place to Work Institute (India)” in best large workplaces in Asia for 2021
	Received an award for the “SME Financier of the Year”, Asia in the gold category by the SME Finance Forum
	Ranked fourth by by “Great Place to Work Institute (India)” in India’s best companies to work for in 2021
	Received an award for the best financial inclusion initiative by “Banking Frontiers”
	Recognized in BFSI Segment among the best companies to work for in India by “Great Place to Work”
2022	Received the Elets first “NBFC 100 Leader of Excellence Award” for “Financial Inclusion Crusader”
	Recognized in BFSI Segment among the top 30 best companies to work for in India by “Great Place to Work”
	Ranked second in the best companies to work for “Great Place to Work” in India 2022 and Great Place to Work Institute (India).
	Received an award by Inaugural Edition of the BW Unicorn Summit & Awards for “Most Impactful Leadership Team.
2023	Received the Elets 2 nd NBFC 100 Leader of Excellence Award for “Most Innovative Use of AI”
	Recognized in top 25 category for India’s Best Workplaces by “Great Place to Work”
	Received “Best For-profit Project for Underserved Communities” award by “The Money Awareness and Inclusion Awards”
	Featured amongst “India’s Best Workplaces for Millennials, 2023” by “Great Place to Work”
	Received the “Inclusive Finance India Award” by Access Development Services under the category “Inclusive Enterprise Lending by Non-Banking Finance Company”
	Received the “Best MSME Financing Institution” Award at the 5 th edition of the Emerging Businesses Awards hosted by BW Businessworld
2024	Frost & Sullivan, leading global research and consulting firm, recognized us as the “Technology Innovation Leader in the Indian Inclusive Fintech Solution Industry for 2024”
	Ranked sixth, Best Companies to work for in India by “Great Place to Work”
	Honored with a “Financial Inclusion Organization of the Year” at the prestigious Bharat Fintech Summit 2024

Significant financial and strategic partnerships

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partnerships.

Time/cost overrun

As on the date of this Draft Red Herring Prospectus, there has been no time or cost over-run in respect of our business operations.

Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks

As on the date of this Draft Red Herring Prospectus, there has been no instance of rescheduling/ restructuring of borrowings with financial institutions/banks.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see “*Our Business*” and “- *Major events and milestones of our Company*” on pages 201 and 258, respectively.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

There has neither been any material acquisition or divestment of any business or undertaking nor has our Company undertaken any merger, amalgamation or revaluation of assets in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Summary of key agreements and shareholders' agreements

Except as set forth below, there are no other outstanding arrangements or agreements, deeds of assignment, acquisition agreements, shareholders agreements, inter-se agreements, any agreements between our Company and Shareholders, or agreements of like nature or agreements comprising any clauses/covenants which are material to our Company and which need to be disclosed or non-disclosure of which may have bearing on the investment decision in the Offer. Further, there are no clauses/covenants that are adverse or prejudicial to the interest of the minority/public Shareholders of our Company.

All the terms defined below for a particular agreement shall be specific to the description of the agreements included in this section.

Amended and restated shareholders' agreement dated September 18, 2024 entered into by and among (i) our Company, (ii) IMP2 Assets Pte. Ltd., British International Investment plc, Waterfield Alternative Investments Fund I, Elevation Capital V Limited, A91 Emerging Fund I LLP, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP and MAJ Invest Financial Inclusion Fund II K/S, (collectively, the "Investors"), (iii) Umesh Kumar Gupta and Gitika Gupta (jointly), Ashok Prabhakar Nadkarni, Deepa Pandit and Sumant Misra (collectively, the Angel Investors"), (iv) Sanjay Sharma, Shvet Corporation LLP, Shankh Corporation LLP (collectively, the "Founders") and (v) Namrata Sharma (the "Shareholders' Agreement" or "SHA"), as amended pursuant to the amendment cum waiver agreement to the SHA dated December 12, 2024 ("Amendment Agreement").

Pursuant to various share subscription agreements and share purchase agreements, the aforementioned shareholders have subscribed to or acquired Equity Shares and Preference Shares in our Company. Our Company, Investors, Angel Investors, Founders and Namrata had entered into the SHA, to record their mutual understanding with respect to *inter alia*, their *inter se* rights and obligations in the management of our Company by virtue of them being Shareholders of our Company. The Investors are entitled to certain rights under the Shareholders' Agreement which include (i) restrictions on transfer of Equity Shares; (ii) anti-dilution protection; (iii) liquidation preference; and (iv) information and inspection rights.

Under the Shareholders' Agreement, the parties thereof have certain rights with respect to the Equity Shares and our Company, including, amongst others, as follows:

- (1) **Board of Directors:** The parties have agreed that for so long as (i) Elevation Capital holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**Elevation Capital Director**"); (ii) A91 and Waterfield Entities holds at least six percent of the share capital of the Company on a fully diluted basis, A91 shall have the right to nominate and maintain one Director on the Board ("**A91 Director**"); and (iii) LGT Capital holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**LGT Capital Director**"); (iv) CapitalG Entities holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**CapitalG Director**"); (v) Alpha Wave holds at least six percent of the share capital of the Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**Alpha Wave Director**"); (vi) BII holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**BII Director**"); (vii) ABC Impact holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board ("**ABC Impact Director**"); and (viii) so long as Sanjay Sharma is in the employment of our Company, he shall have the right to be on the Board of our Company.
- (2) **Observer:** Each of the investors who holds at least five per cent of our Company's share capital calculated on a fully diluted basis shall be entitled to appoint one observer to the Board.
- (3) **Indemnity:** Our Company is required to indemnify and hold the Investor Directors harmless from all claims, proceedings and liabilities to the maximum extent permitted under applicable laws.

The Shareholders' Agreement shall automatically terminate in respect to each party, in its entirety, immediately upon the listing of the Shares in accordance with the terms of the Shareholders' Agreement without any further act or deed, including any corporate action, *inter alia*, amendment to the articles of association and change of the board of directors, required on the part of any party and without prejudice to any existing or accrued rights or liabilities of any party under the Shareholders' Agreement prior to the date of such termination, subject to the

survival of certain provisions related to definitions and interpretation, confidentiality, notices, miscellaneous and governing law, dispute resolution etc.

In view of the Offer, the parties to the SHA have entered into the Amendment Agreement with the objective of facilitating of the Offer. Pursuant to the Amendment Agreement, the parties have amended certain provisions of the Shareholders' Agreement and have provided certain waivers and consents on some matters in relation to the Offer, including, *inter alia*, (i) appointment of Directors representing investors on committees constituted by our Board; (ii) waiver of right to appoint observers from the date of filing of the RHP; (iii) waiver of information and inspection rights from the date of filing of the RHP; (iv) waiver of right of first refusal and tag along right to the extent of proposed transfers in the initial public offering and in a secondary-pre IPO sale.

The Amendment Agreement will stand automatically terminated on the date which is the earliest of the following (“**Long Stop Date**”): (a) termination of the SHA in accordance with the terms thereof; (b) March 31, 2026 or such other date as may be mutually agreed in writing by the parties, if the listing of the Equity Shares pursuant to the IPO is not completed by then; (c) the date on which the Board decides not to undertake the IPO and/or to withdraw any offer document filed with any regulatory authority in respect of the IPO, including any draft offer document filed with the SEBI; or (d) expiry of 12 months from the date of receipt of final observations from SEBI on the DRHP, if the listing of the Equity Shares pursuant to the IPO is not completed by then.

The Articles of Association of our Company consist of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the date of the listing of the Equity Shares in connection with Offer on the recognized stock exchange(s) in India or till the Long Stop Date. In case of any inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall prevail and be applicable until the Long Stop Date. All articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of the Equity Shares on the recognized stock exchange(s) in India pursuant to the Offer 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 or by its Shareholders. Alternatively, all the articles of Part A shall automatically terminate and cease to have any force and effect from the Long Stop Date (if not on account of listing of the Equity Shares pursuant to the IPO) and the provisions of Part B shall continue to be in effect and be in force, without any further corporate or other action, by our Company or by its Shareholders.

For further details, see “*Main Provisions of our Articles of Association*” on page 522.

Our holding company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiary, associates and joint ventures

As on the day of this Draft Red Herring Prospectus, our Company has one Subsidiary, details of which are as set forth below. As on the date of this Draft Red Herring Prospectus, our Company does not have any associates or joint ventures.

Foundation for Advancement of Micro Enterprises

Corporate Information

Foundation for Advancement of Micro Enterprises (“**FAME**”) was incorporated on April 4, 2019, under section 8 of the Companies Act, 2013. The registered office of FAME is at Unit No. 701 to 711, 7th floor, Unitech Commercial Tower 2, Sector 45, Gurugram 122 003, Haryana, India. Its CIN is U85300HR2019NPL079587.

Nature of business

FAME is *inter alia* engaged to act for social welfare, education, promote skill development programme, research orientation programme and to create health awareness program.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorised share capital of FAME is ₹10,000,000 divided into 1,000,000 equity shares of ₹10 each. The issued, subscribed and paid-up equity share capital of FAME is ₹2,500,000 divided into 250,000 equity shares of ₹10 each.

Shareholding Pattern

Sr. No.	Name of the shareholders	Numbers of equity shares of ₹10 each	Percentage of equity shareholding (%)
1.	Our Company	249,999	99.99
2.	Brij Mohan *	1	Negligible
Total		250,000	100.00

* As a nominee shareholder of our Company.

Accumulated profits or losses

Since FAME is registered as a non-profit company under Section 8 of the Companies Act 2013, there is no revenue and therefore no profits or losses are accounted for by the Company.*

**Since FAME is registered as a non-profit company under Section 8 of the Companies Act 2013, FAME is prohibited to distribute any dividend / economic benefits to its members; hence our Company is unable to earn any variable return/ economic benefits from the voting rights through its holding in equity shares of FAME. Accordingly, the above investment does not meet the definition of control under Indian Accounting Standard (Ind AS) 110 – Consolidated Financial Statements. Hence consolidation is not required.*

Interest in our Company

Our Subsidiary does not have any business interest in our Company. For details of related party transactions between our Company and our Subsidiary, see “**Summary of this Draft Red Herring Prospectus – Summary of Related Party Transactions**” on page 25.

Common Pursuits

As on the date of this Draft Red Herring Prospectus, there are no common pursuits between our Subsidiary and our Company.

Agreements with Key Managerial Personnel, Senior Management, Director or any other employee of our Company

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by a Key Managerial Personnel, Senior Management or Director or any other employee of our company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

In terms of the Companies Act, 2013 and our Articles of Association, our Company is authorized to have a maximum of 11 Directors. As on the date of this Draft Red Herring Prospectus, we have 7 Directors on our Board, comprising one Managing Director, one Non-Executive Director, and five Independent Directors of which two are woman Independent Directors. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the rules made thereunder, the SEBI Listing Regulations and Scale Based Regulations.

The following table sets forth details regarding our Board as of the date of this Draft Red Herring Prospectus:

Name, designation, address, occupation, date of birth, term, period of directorship and DIN	Age (in years)	Directorships in other companies
<p>Govinda Rajulu Chintala</p> <p><i>Designation:</i> Chairperson and Independent Director</p> <p><i>Address:</i> 401, Krishi Vihar, NABARD Quarters, Amerpet, Opposite Lal Bungalow, Sanathnagar, Hyderabad, Telangana 500 018, India</p> <p><i>Occupation:</i> Banker</p> <p><i>Date of birth:</i> July 15, 1962</p> <p><i>Term:</i> For a period of five years with effect from September 1, 2023 to August 31, 2028 and not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since September 1, 2023</p> <p><i>DIN:</i> 03622371</p>	62	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> ▪ Annapurna Finance Private Limited ▪ IIFL Samasta Finance Limited ▪ NSL Krishnaveni Sugars Limited ▪ NSL Sugars Limited <p><i>Foreign companies</i> Nil</p>
<p>Sanjay Sharma</p> <p><i>Designation:</i> Managing Director, Executive Director</p> <p><i>Address:</i> 504/21, Heritage City, M.G. Road, DLF Phase-II, Gurugram, Haryana 122 008, India</p> <p><i>Occupation:</i> Service</p> <p><i>Date of birth:</i> June 16, 1961</p> <p><i>Term:</i> For a period of five years with effect from July 5, 2024 to July 4, 2029 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since November 27, 2013</p> <p><i>DIN:</i> 03337545</p>	63	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> ▪ Foundation for Advancement of Micro Enterprises <p><i>Foreign companies</i> Nil</p>
<p>Sanjaya Gupta</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> K-74A, 2nd Floor, Hauz Khas Enclave, Hauz Khas, New Delhi, Delhi 110 016, India</p> <p><i>Occupation:</i> Consultant</p> <p><i>Date of birth:</i> January 1, 1963</p> <p><i>Term:</i> For a period of five years with effect from September 1, 2023 to August 31, 2028 and not liable to retire by rotation</p>	61	<p><i>Indian companies</i></p> <p>Nil</p> <p><i>Foreign companies</i></p> <p>Nil</p>

Name, designation, address, occupation, date of birth, term, period of directorship and DIN	Age (in years)	Directorships in other companies
<p><i>Period of Directorship:</i> Director since September 1, 2023</p> <p><i>DIN:</i> 02939128</p>		
<p>Kanika Tandon Bhal</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 68, Vikramshila Apartments, IIT Campus, New Delhi, Delhi 110 016, India</p> <p><i>Occupation:</i> Academics</p> <p><i>Date of birth:</i> October 24, 1964</p> <p><i>Term:</i> For a period of five years with effect from September 1, 2023 to August 31, 2028 and not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since September 1, 2023</p> <p><i>DIN:</i> 06944916</p>	60	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> ▪ New Delhi Municipal Council Smart City Limited ▪ Ramagundam Fertilizers and Chemicals Limited <p><i>Foreign companies</i> Nil</p>
<p>Vinay Baijal</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 701, Lodha Grandeur, Sayani Road, Opp S T Bus Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India</p> <p><i>Occupation:</i> Consultant</p> <p><i>Date of birth:</i> June 15, 1951</p> <p><i>Term:</i> For a period of five years with effect from August 16, 2024 to August 15, 2029 and not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since August 16, 2024</p> <p><i>DIN:</i> 07516339</p>	73	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> ▪ Dreamplug Paytech Solutions Private Limited ▪ Indifi Capital Private Limited ▪ Indifi Technologies Private Limited ▪ Infinity Fincorp Solutions Private Limited <p><i>Foreign companies</i> Nil</p>
<p>Padmaja Nair</p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Apartment B, Kings Crest, 8, Millers Road, Near Government Railway Station, Bangalore 560 046, Karnataka, India</p> <p><i>Occupation:</i> Retired</p> <p><i>Date of birth:</i> July 8, 1953</p> <p><i>Term:</i> For a period of five years with effect from October 17, 2024 to October 16, 2029 and not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since October 17, 2024</p> <p><i>DIN:</i> 06841868</p>	71	<p><i>Indian companies</i></p> <ul style="list-style-type: none"> ▪ UC Inclusive Credit Private Limited <p><i>Foreign companies</i> Nil</p>
<p>Aditya Misra**</p> <p><i>Designation:</i> Non-Executive, Non-Independent Director</p>	34	<p><i>Indian companies</i></p> <p>Nil</p> <p><i>Foreign companies</i></p>

Name, designation, address, occupation, date of birth, term, period of directorship and DIN	Age (in years)	Directorships in other companies
<p><i>Address:</i> E-101, Pearls Gateway Towers, Sector – 44, Noida 201 303, Uttar Pradesh, India</p> <p><i>Occupation:</i> Professional</p> <p><i>Date of birth:</i> September 25, 1990</p> <p><i>Term:</i> For a period of five years with effect from September 28, 2024 to September 27, 2029 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since September 28, 2024</p> <p><i>DIN:</i> 09376632</p>		Nil

** *Representative of ABC Impact.*

Brief profiles of our Directors

Dr. Govinda Rajulu Chintala is an Independent Director and the Chairperson of the Board of Directors of our Company. He has been associated with our Company since September 2023. He holds a bachelors of science degree in agriculture from the Andra Pradesh Agriculture University and a masters of science degree from Indian Agricultural Research Institute, New Delhi. He has served as the chairman of the National Bank for Agriculture and Rural Development (NABARD) and as the managing director of NABFINS (NABARD Financial Services Limited). He has also been the director of Bankers Institute of Rural Development (BIRD) and has also served on the board of governors of the Institute for Rural Management Anand and as a director on the board of Deposit Insurance and Credit Guarantee Corporation (DICGC).

Sanjay Sharma is the founder and Managing Director of our Company. He holds bachelor of technology degree in mechanical engineering from Indian Institute of Technology Bombay and a post graduate diploma from the Indian Institute of Management, Bangalore. He started his long career in banking and financial services with the Hongkong and Shanghai Banking Corporation Limited in 1988. He has been associated with Standard Chartered Bank, both in India and UAE. Later, he served as a vice president in HDFC Bank where he headed the direct banking business. He was part of the leadership team in the personal financial services division of ICICI Limited, which was responsible for launching all its retail asset products including automobile finance, home finance, consumer durables finance, and personal loans. He also served as senior vice president – customer operations & service delivery at Max New York Life Insurance Company Limited. Prior to being associated with our Company, he served as the CEO of Tamweel International, a division of Tamweel PJSC, a UAE based mortgage finance company.

Sanjaya Gupta is an Independent Director of our Company. He has been associated with our Company since September 1, 2023. He holds a bachelors of commerce degree from the University of Lucknow and a master of business administration degree from University of Lucknow. Previously, he was associated with HDFC Bank, ABN AMRO Central Enterprise Services Private Limited Bank, American International Group Inc., PNB Housing Finance Limited as the managing director and as a director on the board of directors of India Shelter Finance Corporation Limited.

Kanika Tandon Bhal is an Independent Director of our Company. She has been associated with our Company since September 1, 2023. She holds a bachelors of arts degree from the University of Lucknow, a master of arts degree from Kanpur University and a PhD from the Indian Institute of Technology, Kanpur. She is a professor in the department of management studies with the Indian Institute of Technology, Delhi.

Vinay Baijal is an Independent Director of our Company. He has been associated with our Company since August 16, 2024. He holds a bachelors of science degree from the University of Allahabad and a masters of science degree from University of Allahabad. Previously, he served as the chief general manager with the RBI and was also associated with Microfinance Institutions Network. He has served as a member of the World Bank Task Force on International Standards on Credit Data Reporting as well of the National Core Committee to deal with FATF Assessment of India in 2009.

Padmaja Nair is an Independent Director of our Company. She has been associated with our Company since October 17, 2024. She holds a bachelor of arts degree from Lady Shri Ram, University of Delhi and a master of arts (history) degree from University of Delhi. She currently serves on the board of UC Inclusive Credit Private Limited and has previously held several leadership positions including the designation of general manager in the State Bank of India and vice president of SBI Capital Markets Limited.

Aditya Misra is a Non-Executive Non- Independent Director of our Company. He has been associated with our Company since September 28, 2024. He holds a bachelors of technology degree from Indian Institute of Technology, Bombay. He is currently a director of investments at ABC Impact (a member of Temasek Trust Asset Management Pte. Ltd.). Previously, he was also associated with Omidyar Network India Advisors Private Limited and A.T. Kearney Limited.

Relationship between Directors, Key Managerial Personnel and Senior Management

None of our Directors, Key Managerial Personnel and Senior Management are related to each other.

Arrangement or understanding with major shareholders, customers, suppliers or others

Other than our Managing Director, Sanjay Sharma, who has a right to be appointed as and shall be entitled to continue as a director on our Board, subject to continued employment with our Company, pursuant to the Shareholders' Agreement and Aditya Misra, who is a representative of ABC Impact, on our Board, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors, Key Managerial Personnel or Senior Management has been appointed. For further details, see "*History and Certain Corporate Matters – Summary of key agreements and shareholders' agreements – Shareholders' Agreement*" on page 260.

Terms of Appointment of our Directors

Terms of Appointment of our Executive Director

Sanjay Sharma

Pursuant to resolutions passed by our Board dated May 24, 2024 and December 11, 2024 respectively, and resolutions passed by our Shareholders dated June 26, 2024 and December 11, 2024, respectively and the appointment letter dated July 5, 2024, Sanjay Sharma was re-appointed as the Managing Director of our Company for a period of 5 years with effect from July 5, 2024. The terms of appointment of Sanjay Sharma are provided in the employment agreement issued by our Company to Sanjay Sharma dated September 20, 2024 read with addendum letter dated December 11, 2024 (together the "**Employment Agreement**") entered into by and between our Company and Sanjay Sharma.

The details of remuneration for Sanjay Sharma are stated below with effect from April 1, 2024:

S.No.	Particulars	Details
1.	Salary and other allowances	₹34.04 million
2.	Perquisites	(a) ₹1.00 million group medical cover for self, spouse and two dependent kids; (b) ₹1.00 million group personal accident cover; (c) Reimbursement of mobile phone expenses; (d) Reimbursement of petrol expenses for personal car used for official purpose; and (e) Yearly bonus as approved by the Board

Terms of Appointment of our Non-Executive Non-Independent Director

Our Non-Executive Non-Independent Director is not entitled to receive any sitting fees and remuneration.

Terms of Appointment of our Independent Directors

Pursuant to the resolution dated February 12, 2024 passed by our Board, the Independent Directors are entitled to sitting fees as follows:

Board Meeting		Committee Meeting
Chairperson of the Board (Independent Director)	Other Independent Directors	Independent Director
₹ 100,000 per meeting	₹ 70,000 per meeting	₹ 35,000 per meeting

Payment or Benefit to Directors of our Company

Details of the remuneration and sitting fees paid to the Directors in the last Financial Year, by our Company are as disclosed below:

1. *Compensation to our Executive Director*

The remuneration paid by our Company to our Managing Director, Sanjay Sharma, during Financial Year 2024 was ₹36.86 million.

2. *Compensation to our Non-Executive Non-Independent Director*

No compensation was paid to our Non-Executive Non-Independent Director.

3. *Compensation paid to our Independent Director*

The details of the sitting fees paid to the Independent Directors during the Financial Year 2024 is as follows:

		(₹ in million)
Name	Remuneration*	
Govinda Rajulu Chintala		0.80
Sanjaya Gupta		0.72
Vinay Baijal**		0.46
Kanika Tandon Bhal		0.65
Padmaja Nair***		-*

*Remuneration amount includes employer's contribution in provident fund.

**Vinay Baijal resigned from the post of independent director with effect from September 2, 2023 and was reappointed as an independent director with effect from August 16, 2024.

***Padmaja Nair was appointed after completion of Financial Year 2024. Accordingly, she has not received any remuneration.

Remuneration paid by our Subsidiary

None of our Directors have received or were entitled to receive any remuneration, sitting fees or commission from our Subsidiary in Fiscal 2024.

Loans to Directors

No loans have been availed by our Directors from our Company.

Bonus or profit-sharing plan for our Directors

Other than the yearly bonus to which our Managing Director, Sanjay Sharma, is entitled to in accordance with the employment agreement dated September 20, 2024, none of our Directors are party to any bonus or profit-sharing plan of our Company.

Shareholding of our Directors in our Company

Except as disclosed in “*Capital Structure – Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company*” on page 93, none of our Directors hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Contingent and deferred compensation payable to our Directors

There is no contingent or deferred compensation payable to our Directors in the preceding financial year, which does not form part of their remuneration.

Service contracts with Directors

There are no service contracts entered into with any Directors, which provide for benefits upon termination of employment.

Interest of Directors

All 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 a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends in respect of such Equity Shares), held by them or held by the entities in which they are associated as partners, promoters, directors, proprietors, members or trustees, or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer and any dividend and other distributions payable in respect of such Equity Shares

Certain of our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they hold directorships or any partnership firm in which they are partners in the ordinary course of business.

Except in the ordinary course of business and as disclosed in “***Other Financial Information – Related Party Transactions***” at page 386, our Directors do not have any other business interest in our Company.

Interest in land and property

None of our Directors are interested in any property acquired or proposed to be acquired of or by our Company.

None of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Interest in promotion or formation of our Company

Our Company does not have any identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act 2013.

Confirmations

Our Directors are not, and during the five years prior to the date of this Draft Red Herring Prospectus, have not been a director on the board of any listed company whose shares have been/ were suspended from being traded on the stock exchange(s) during the term of his/her directorship in such company.

None of our Directors is or has been a director on the board of any listed companies whose shares have been/had been delisted from any stock exchange(s) in India 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 as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/her or by the firm or company in which he/she is interested, in connection with the promotion or formation of our Company.

None of our Directors have been identified as a ‘Wilful Defaulter’ or ‘Fraudulent Borrower’, as defined under the SEBI ICDR Regulations.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name of Director	Date of Change	Reasons
Kartik Srivatsa	December 12, 2024	Resignation as Non- Executive Non-Independent Director
Kaushik Anand Kalyana Krishnan	December 12, 2024	Resignation as Non- Executive Non-Independent Director
Navroz Darius Udawadia	December 12, 2024	Resignation as Non- Executive Non-Independent Director
Gaurav Malhotra	December 12, 2024	Resignation as Non- Executive Non-Independent Director
Vivek Kumar Mathur	December 12, 2024	Resignation as Non- Executive Non-Independent
Padmaja Nair	October 17, 2024	Appointment as an Independent Director
Aditya Misra	September 28, 2024	Appointment as Non – Executive Non-Independent Director
Vinay Baijal	August 16, 2024	Appointment as an Independent Director
Gaurav Malhotra	June 26, 2024	Appointment as a Non – Executive Non-Independent Director
Govinda Rajulu Chintala	September 1, 2023	Appointment as an Independent Director
Kanika Tandon Bhal	September 1, 2023	Appointment as an Independent Director
Sanjaya Gupta	September 1, 2023	Appointment as an Independent Director
Arpita Pal Agarwal	September 2, 2023	Resignation as an Independent Director
Navin Kumar Maini	September 2, 2023	Resignation as an Independent Director
Vinay Baijal	September 2, 2023	Resignation as an Independent Director
Sumiran Das	March 9, 2023	Resignation as Non-Executive Director
Arpita Pal Agarwal	September 29, 2022	Appointment as Independent Director
Kanika Tandon Bhal	September 1, 2022	Resignation as an Independent Director
Vikram Jetley	January 1, 2022	Resignation as Non-Executive Director

Note: Changes on account of reappointment have not been considered.

Borrowing Powers

Pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 and our Articles of Association, subject to applicable laws and pursuant to the special resolution passed by our Shareholders on September 27, 2024, our Board is authorized to borrow such sum or sums of money or monies for the purposes of the business of our Company as may be required from time to time, on such terms and conditions and with or without security as our Board may think fit, which together with the monies already borrowed by our Company, provided that the total amount of money/ monies so borrowed by our Board shall not at any time exceed the limit of ₹70,000.00 million.

Corporate Governance

As on the date of this Draft Red Herring Prospectus, there are seven Directors on our Board comprising one Non-Executive Non-Independent Director, one Managing Director and five Independent Directors out of which we have two independent women directors on our Board.

Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations, the Companies Act 2013 and the Scale Based Regulations (as applicable) in relation to the composition of our Board and constitution of committees thereof.

Our Company undertakes to take all necessary steps to continue to comply with all the applicable requirements of SEBI Listing Regulations and the Companies Act 2013.

Board committees

Our Company has constituted the following Board committees in terms of the SEBI Listing Regulations, the Companies Act 2013 and the Scale Based Regulations (as applicable):

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee;
- (d) Risk Management Committee; and
- (e) Corporate Social Responsibility Committee.

Audit Committee

The Audit Committee was last re-constituted at a meeting of our Board held on December 11, 2024. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act 2013 and Regulation 18 of the SEBI Listing Regulations and the and the Scale Based Regulations. The Audit Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Dr. Govinda Rajulu Chintala	Chairperson
2.	Sanjaya Gupta	Member
3.	Vinay Baijal	Member
4.	Aditya Misra	Member

Scope and terms of reference:

The Audit Committee shall be responsible for, among other things, as may be required by the stock exchange(s) from time to time, the following:

Powers of Audit Committee

The Committee will provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to:

- (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;
- (4) To secure attendance of outsiders with relevant expertise, if it considers necessary as may be prescribed under the Companies Act, 2013 (together with the rules notified thereunder) and SEBI Listing Regulations;
- (5) To have full access to information contained in records of Company; and
- (6) Such other powers as may be prescribed under the Companies Act and the SEBI Listing Regulations.

Role of Audit Committee

The role of the Audit Committee shall include the following:

- (1) recommendation to Board for appointment, re-appointment, replacement, removal, remuneration and terms of appointment of auditors including the internal auditor, cost auditor and statutory auditor, or any other external auditor of the Company and the fixation of the audit fee;
- (2) oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) matters required to be 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;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;

- f) disclosure of any related party transactions; and
 - g) modified opinion(s) in the draft audit report.
- (5) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 - (6) reviewing, and monitoring with the management, the statement of uses/ application of funds, and the end use raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;
 - (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - (8) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;
 - a) Recommend criteria for omnibus approval or any changes to the criteria for approval of the Board;
 - b) Make omnibus approval for related party transactions proposed to be entered into by the Company for every financial year as per the criteria approved;
 - c) Review of transactions pursuant to omnibus approval;
 - d) Make recommendation to the Board, where Audit Committee does not approve transactions other than the transactions falling under Section 188 of the Companies Act, 2013.

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Company and appointing a registered valuer in terms of Section 247 of the Companies Act, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (13) 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;
- (14) discussion with internal auditors of any significant findings and follow-up thereon;
- (15) 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;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) reviewing the functioning of the whistle blower mechanism;

- (19) overseeing the vigil mechanism established by the Company, with the Chairperson of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- (20) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (21) reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;
- (22) considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- (23) formulating, reviewing and making recommendations to the Board to amend the terms of reference of Audit Committee from time to time;
- (24) approving the KPIs for disclosure in the offer documents, and approval of KPIs once every year, or as may be required under applicable law;
- (25) reviewing compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively; and
- (26) carrying out any other functions required to be carried out by the Audit Committee as may be decided by the Board and/or as provided under the Companies Act, the SEBI Listing Regulations, Scale Based Regulations, and/or any other applicable laws, as and when amended from time to time, or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.
- (27) Ensuring that an Information System Audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor; and
- Statement of deviations in terms of the SEBI Listing Regulations:
 - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and
 - b) annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of the SEBI Listing Regulations.
- The financial statements, in particular, the investments made by any unlisted subsidiary; and
- Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last re-constituted at a meeting of our Board held on December 11, 2024. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act, the SEBI Listing Regulations and the Scale Based Regulations. The Nomination and Remuneration

Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Kanika Tandon Bhal	Chairperson
2.	Sanjaya Gupta	Member
3.	Vinay Bajjal	Member

Scope and terms of reference:

The Nomination and Remuneration Committee shall be responsible for, *inter alia*, the following:

- (1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration Policy**”);
- (2) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
- (3) Formulation of criteria for evaluation of independent directors and the Board;
- (4) Devising a policy on Board diversity;
- (5) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director), its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- (6) Analysing, monitoring and reviewing various human resource and compensation matters;
- (7) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- (8) 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;
- (9) Recommend to the board, all remuneration, in whatever form, payable to senior management;
- (10) The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:
 - a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- (11) perform such functions as are required to be performed by the Nomination and Remuneration Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity)

Regulations, 2021, as amended, including the following:

- a) administering the employee stock option plans of the Company, as may be required;
 - b) determining the eligibility of employees to participate under the employee stock option plans of the Company;
 - c) granting options to eligible employees and determining the date of grant;
 - d) determining the number of options to be granted to an employee;
 - e) determining the exercise price under the employee stock option plans of the Company; and
 - f) construing and interpreting the employee stock option plans of the Company and any agreements defining the rights and obligations of the Company and eligible employees under the employee stock option plans of the Company, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans of the Company.
- (12) frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.
- (13) carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as may be decided by the Board and/or as provided under the Companies Act, the SEBI Listing Regulations and/or any other applicable laws, as and when amended from time to time, or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was last re-constituted by way of a Board resolution dated December 11, 2024. The composition and terms of reference of the Stakeholders' Relationship Committee are in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Dr. Govinda Rajulu Chintala	Chairperson
2.	Sanjay Sharma	Member
3.	Sanjaya Gupta	Member

Scope and terms of reference:

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

- (1) Resolve the grievances of the stakeholders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review of measures taken for effective exercise of voting rights by stakeholders.
- (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar & share transfer agent.

- (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends/interest/principal amount and ensuring timely receipt of interest payments/principal repayments/dividend warrants/annual reports/statutory notices by the stakeholders of the Company.
- (5) The Stakeholders' Relationship Committee shall lay down policies, procedures and ask for report on status of compliances and various measures taken.

Risk Management Committee

The Risk Management Committee was last re-constituted at a meeting of our Board held on December 11, 2024. The composition and terms of reference of the Risk Management Committee are in compliance with Regulation 21 of the SEBI Listing Regulations and the Scale Based Regulations. The Risk Management Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Sanjaya Gupta	Chairperson
2.	Dr. Govinda Rajulu Chintala	Member
3.	Sanjay Sharma	Member
4.	Vinay Baijal	Member

Scope and terms of reference:

The Risk Management Committee shall be responsible for *inter alia*, as may be required by the under applicable law, the following:

- (1) Review, assess and formulate the risk management system and policy of the Company from time to time and recommend for an amendment or modification thereof, 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 Risk Management Committee;
 - b) measures for risk mitigation including systems and processes for internal control of identified risks; and
 - c) business continuity plan.
- (2) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;
- (5) Approve the process for risk identification and mitigation;
- (6) Decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;
- (7) Monitor the Company's compliance with the risk structure;
- (8) Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;
- (9) Approve major decisions affecting the risk profile or exposure and give appropriate directions;
- (10) Consider the effectiveness of decision making process in crisis and emergency situations;

- (11) Generally, assist the Board in the execution of its responsibility for the governance of risk;
- (12) Keep the Board of directors of the Company informed about the nature and content of its discussions, recommendations and actions to be taken;
- (13) To review the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;
- (14) Implement and monitor policies and/or processes for ensuring cyber security;
- (15) To review and recommend potential risk involved in any new business plans and processes;
- (16) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors;
- (17) Monitor and review regular updates on business continuity;
- (18) Monitoring and reviewing of the risk management plan, and;
- (19) Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was last reconstituted at a meeting of our Board held on December 11, 2024. The composition and terms of reference of the Corporate Social Responsibility Committee are in compliance with Section 135 and other applicable provisions of the Companies Act 2013. The Corporate Social Responsibility Committee currently comprises:

S. No.	Name of our Director	Designation
1.	Kanika Tandon Bhal	Chairperson
2.	Sanjay Sharma	Member
3.	Padmaja Nair	Member

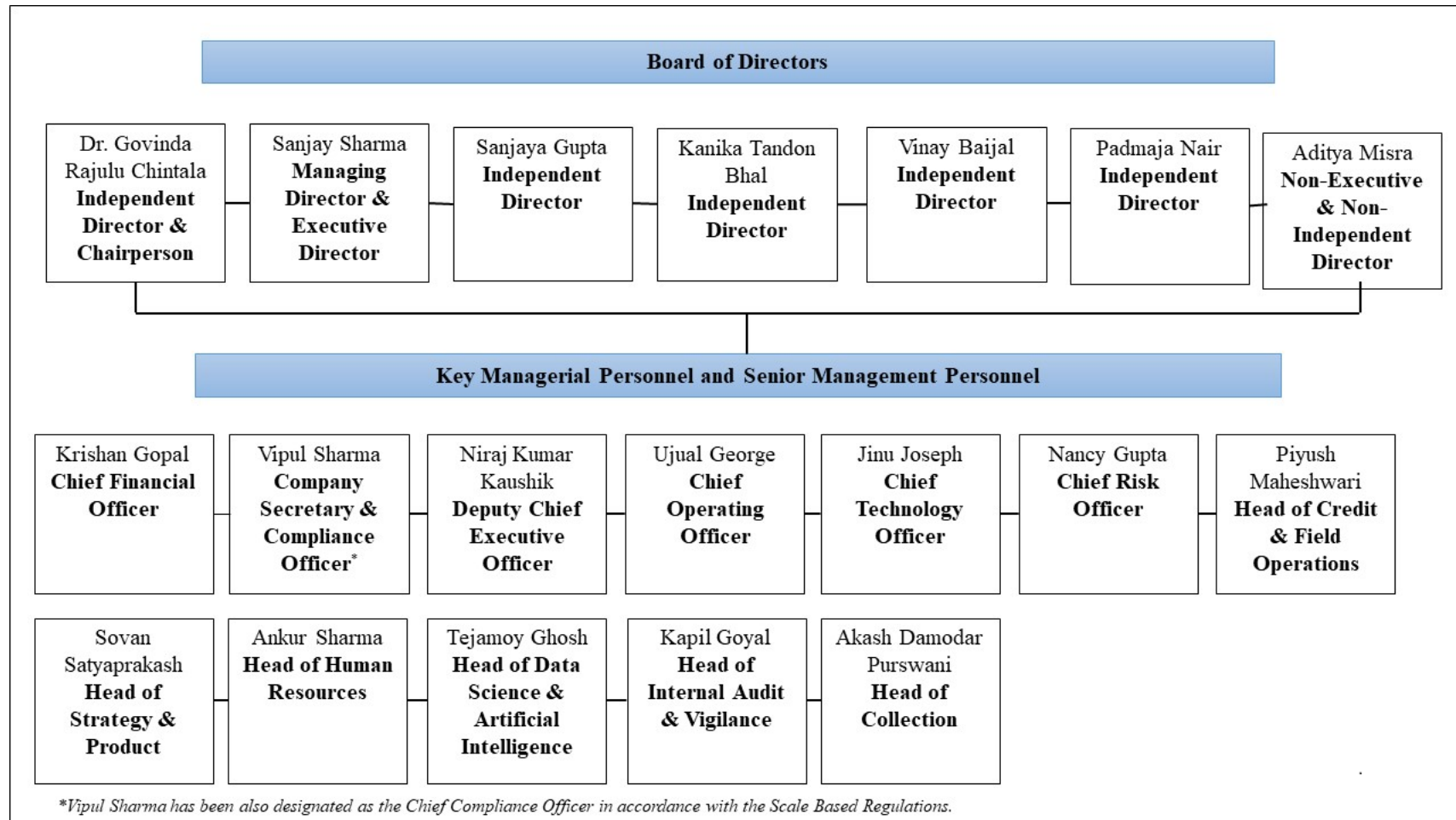
Scope and terms of reference:

The Corporate Social Responsibility Committee shall be authorized to perform the following functions:

- (i) Formulate CSR policy and seek approval from the Board of Directors. Also, review the policy on a yearly basis.
- (ii) Formulate and share the CSR action plan with budget for the year with the Board of Directors and seek approval. Implement the activities either through its Section 8 Company-Foundation for Advancement of Micro Enterprises (FAME) or directly through its own team or through any other permitted mode.
- (iii) Monitors the spending of the allocated amount on CSR activities once approved by the Board of Directors and create a transparent monitoring mechanism of CSR initiatives.
- (iv) Submit periodic reports (once in six months at the minimum) to the Board for the activities undertaken.
- (v) Monitor the corporate social responsibility policy of the Company from time to time.

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Management Organization Chart



Key Managerial Personnel and Senior Management

Key Managerial Personnel

In addition to our Managing Director, Sanjay Sharma whose details are provided in ‘- *Brief Profiles of our Directors*’ on page 265, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below:

Krishan Gopal is the Chief Financial Officer of our Company. He has been associated with our Company since May 2023. He is responsible for leading our corporate finance, treasury, investor relations, accounting functions and overseeing the financial and regulatory reporting. Prior to joining our Company, he had worked as the Group Chief Financial Officer at DMI Finance Private Limited and as chief financial officer at Satin Creditcare Network Limited. He has also been associated with Price Waterhouse, Deloitte Haskins & Sells and PNB Housing Finance Limited. He is a member of the Indian Institute of Chartered Accountants of India. In Financial Year 2024, he received an aggregate compensation of ₹ 14.14 million (includes share based payments and provident fund contributions) from our Company.

Vipul Sharma is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since January 2024. He has been designated as the Chief Compliance Officer with effect from May 25, 2024 for a period of three years. He is responsible for all regulatory compliances including those of Ministry of Corporate Affairs, Securities and Exchange Board of India and Reserve Bank of India. Prior to joining our Company, he was previously associated with AU Small Finance Bank Limited, Satin Creditcare Network Limited, Hero Group, Jubilant Bhartia Group and Jaypee Group. He holds a bachelors of commerce degree from Dr. Harisingh Gour Vishwavidhyalaya, Sagar and is a member of the Institute of Company Secretaries of India. In Financial Year 2024, he received an aggregate compensation of ₹ 0.79 million* (includes provident fund contributions) from our Company.

**Remuneration paid in their prior role as deputy vice president 2 (finance & legal).*

Senior Management

In addition to Sanjay Sharma, the Managing Director, Krishan Gopal, the Chief Financial Officer of our Company and Vipul Sharma, the Company Secretary and Compliance Officer of our Company who are also our Key Managerial Personnel and whose details have been disclosed above, the details of our Senior Management as on the date of this Draft Red Herring Prospectus are as set forth below:

Niraj Kumar Kaushik is the Deputy Chief Executive Officer of our Company. He has been associated with our Company since March 2019. He is responsible for overseeing sales and collection departments. Prior to joining our Company, he was executive vice president and head-central underwriting with Religare Finvest Limited and national head-credit PSBL at Bajaj Financial Services Limited. In the past he has also been associated with Royal Bank of Scotland N.V, Larsen & Toubro Limited and ICICI Personal Financial Services Limited. He pursued bachelors in engineering at Malaviya National Institute of Technology Jaipur and diploma in business management at Institute of Management Technology, Ghaziabad. In Financial Year 2024, he received an aggregate compensation of ₹ 25.55 million (includes a one-time ex gratia payment, share based payments and provident fund contributions) from our Company.

Ujwal George is the Chief Operating Officer of our Company. He has been associated with our Company since December 2020. He is responsible for overseeing operations, customer service, tele sales, tele collections and IT functions. Prior to joining our Company, he served on the management committee of RBL Bank as the chief of staff and head of transformation. He has previously been associated with Abu Dhabi Commercial Bank PJSC as head – operations & IT and Barclays Bank PLC as COO-CIBWM Operations. He holds a bachelors of science degree in Physics from University of Calicut and post graduate diploma in management from Indian Institute of Management, Bangalore. In Financial Year 2024, he received an aggregate compensation of ₹ 23.60 million (includes share based payments and provident fund contributions) from our Company.

Jinu Joseph is the Chief Technology Officer of our Company. He has been associated with our Company since January 2023. He is responsible for overseeing all technology functions including core business applications, Infrastructure and Technology governance and risk. Prior to joining our Company, he served as senior vice president in information technology in IDFC First Bank and as Head of IT in Abu Dhabi Commercial Bank PJSC. He has previously been associated with Barclays Bank PLC, Accenture Services Private Limited, IBM India Private Limited, Polaris Software Lab Limited and Citicorp Overseas Software Limited. He holds a bachelors of

engineering degree in electronics and communications from Mangalore University and masters of business administration degree from the Institute for Technology and Management. In Financial Year 2024, he received an aggregate compensation of ₹ 8.32 million (includes share based payments and provident fund contributions) from our Company.

Nancy Gupta is the Chief Risk Officer of our Company. She has been associated with our Company since May 2016 and her current term as CRO is from July 2024 till July 2027. She heads the risk function of the company and is responsible for risk management and mitigation. She joined our Company after completing her post graduation. She holds a bachelors of computer science and engineering degree from Rajasthan Technical University and post graduate diploma in management from Institute of Management Technology, Ghaziabad. In Financial Year 2024, she received an aggregate compensation of ₹ 4.19 million (includes share based payments and provident fund contributions) from our Company.

Piyush Maheshwari is the Head of Credit & Field Operations of our Company. He has been associated with our Company since March 2015. He is responsible for overseeing credit underwriting and field operations of our Company. Prior to joining our Company, he was previously associated with RBS Business Services Private Limited, J.P. Morgan Services India Private Limited and UBS Services Centre (India) Private Limited. He pursued bachelor of commerce degree from Sriram College of Commerce, University of Delhi and holds a master of business administration degree from Narsee Monjee Institute of Management Studies. In Financial Year 2024, he received an aggregate compensation of ₹ 10.58 million (includes share based payments and provident fund contributions) from our Company.

Sovan Satyaprakash is the Head of Strategy & Product of our Company. He has been associated with our Company since May 2016. He is responsible for overseeing the strategy, product and supply chain lending functions. Prior to joining our Company, he was associated with Tata Consultancy Services. He pursued for the bachelor of technology degree in mechanical engineering from Orissa Engineering College, Bhubaneswar and a post graduate diploma in management (finance) from Institute of Management Technology, Ghaziabad. In Financial Year 2024, he received an aggregate compensation of ₹ 9.74 million (includes share based payments and provident fund contributions) from our Company.

Ankur Sharma is the Head of Human Resources of our Company. He has been associated with our Company since February 2018. He is responsible for all human resource functions including learning and development, talent acquisition and HR operations of our Company. Prior to joining our Company, he was associated with Raymond Limited, Dr Reddy's Laboratories Limited and Evauleserve SEZ (Gurugram) Private Limited. He holds bachelors of engineering degree from the University of Delhi and a masters of human resource management degree from XLRI-Xavier School of Management, Jamshedpur. In Financial Year 2024, he received an aggregate compensation of ₹ 10.76 million (includes a one-time ex gratia payment, share based payments and provident fund contributions) from our Company.

Tejamoy Ghosh is the Head of Data Science & Artificial Intelligence of our Company. He has been associated with our Company since March 2019. He is responsible for overseeing data sciences and artificial intelligence of our Company. Prior to joining our Company, he was associated with Quattro Processing Services Private Limited and WNS Global Services Private Limited. He holds a bachelors of science degree from University of Calcutta and a master of arts (economics) degree from Jawaharlal Nehru University New Delhi. In Financial Year 2024, he received an aggregate compensation of ₹ 12.25 million (includes a one-time ex gratia payment, share based payments and provident fund contributions) from our Company.

Kapil Goyal is the Head of Internal Audit & Vigilance of our Company. He has been associated with our Company since November 2023 and his current term as Head of Internal Audit is from August 2024 till August 2027. He is responsible for overseeing audit and vigilance functions of our Company. Prior to joining our Company, he was previously associated with Home Credit India Finance Private Limited and Jubilant FoodWorks Limited. He is a chartered accountant from the Institute of Chartered Accountants of India. In Financial Year 2024, he received an aggregate compensation of ₹ 1.42 million (includes provident fund contributions) from our Company.

Akash Damodar Purswani is the Head of Collection of our Company. He has been associated with our Company since September 2019. He is responsible for overseeing overdue collections, settlements and legal recovery. He was previously associated with Religare Finvest Limited, Bajaj Finserv Limited, The Royal Bank of Scotland N.V., Citicorp Finance (India) Limited and SREI Infrastructure Finance Limited. He holds a bachelor of commerce degree from Gujarat University and a post graduate diploma in International Business from K.J. Somaiya Institute of management studies and research. In Financial Year 2024, he received an aggregate

compensation of ₹ 10.73 million (includes a one-time ex gratia payment, share based payments and provident fund contributions) from our Company.

Status of Key Managerial Personnel and Senior Management

All the Key Managerial Personnel and Senior Management are permanent employees of our Company.

Relationship among Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and Senior Management are related to each other.

Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management

Except as disclosed above under “*Bonus or profit-sharing plan for our Directors*” on page 267, none of our Key Managerial Personnel or Senior Management are party to any bonus or profit-sharing plan of our Company.

Loans to Key Managerial Personnel and Senior Management

No loans have been availed by our Key Managerial Personnel and Senior Management from our Company as on the date of this Draft Red Herring Prospectus.

Shareholding of Key Managerial Personnel and Senior Management in our Company

Except as disclosed in “*Capital Structure – Shareholding of our Directors, Key Managerial Personnel and Senior Management in our Company*” on page 93, none of our Key Managerial Personnel or Senior Management, hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

Service Contracts with Directors and Key Managerial Personnel and Senior Management

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Except statutory benefits upon termination of their employment in our Company, no Key Managerial Personnel or Senior Management are entitled to any benefit upon termination of employment or superannuation.

Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management, which does not form part of their remuneration.

Interest of Key Managerial Personnel and Senior Management

For details of the interest of our Executive Directors in our Company, see “*Interest of Directors*” above.

None of our Key Managerial Personnel or Senior Management have any interest in our Company except to the extent of their remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business.

Further, our Key Managerial Personnel or Senior Management may be regarded as interested in the Equity Shares which may be allotted to them (together with dividends in respect of such Equity Shares). Our Key Managerial Personnel or Senior Management may also be deemed to be interested to the extent of options granted to them under the Employee Stock Option Plans. For details, see “*Capital Structure–Employee Stock Option Plans*” on page 95.

Ankur Sharma and Piyush Maheshwari are trustees of the Aye Finance Employees Welfare Trust.

Changes in Key Managerial Personnel or Senior Management during the last three years

Except as disclosed below and in “*Changes in our Board during the last three years*” on page 268, there are no other changes in our Key Managerial Personnel or Senior Management during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Name	Date of Change	Reasons
Vipul Sharma	May 25, 2024	Appointment as Company Secretary and Compliance Officer*
Tripti Pandey	May 24, 2024	Resignation as Company Secretary, Compliance Officer and Chief Compliance Officer
Krishan Gopal	July 7, 2023	Appointment as Chief Financial Officer
Mayank Shyam Thatte	May 24, 2023	Resignation as Chief Financial Officer
Jinu Joseph	April 1, 2023	Designated as Chief Technology Officer
Kapil Goyal	August 13, 2024	Designated as Head of Internal Audit & Vigilance
Nancy Gupta	July 13, 2024	Designated as Chief Risk Officer

* Vipul Sharma was also designated as the Chief Compliance Officer in accordance with the Scale Based Regulations.

Employee stock option and stock purchase schemes

For details of the Employee Stock Option Plans of our Company, see “*Capital Structure – Employee Stock Option Schemes*” on page 95.

Payment or benefit to Key Managerial Personnel and Senior Management of our Company

No non-salary related amount or benefit has been paid or given to any of our Company’s officers including our Key Managerial Personnel and Senior Management within the two preceding years of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment. For details on related party transactions, see “*Summary of this Draft Red Herring Prospectus- Summary of Related Party Transactions*” and “*-Restated Financial Statements – Note – 36 – Related Party Disclosures*” on pages 25 and 330, respectively.

OUR PRINCIPAL SHAREHOLDERS

Our Company does not have an identifiable promoter in terms of SEBI ICDR Regulations and the Companies Act 2013. Consequently, there are no members forming part of the ‘promoter group’ in terms of the SEBI ICDR Regulations.

Principal Shareholders

1. *Shareholders who control 15% or more of the voting rights in our Company*

As on the date of this Draft Red Herring Prospectus, except for Elevation Capital, who holds 16.19% on a fully diluted basis of the issued and paid up share capital of our Company, as on the date of this Draft Red Herring Prospectus, no Shareholder individually or as a group controls 15% or more of the voting rights in our Company. See “*Capital Structure – Notes to Capital Structure – Details of shareholding of the major Shareholders of our Company*” and “*History and Certain Corporate Matters – Summary of key agreements and shareholders’ agreements – Shareholders’ Agreement*” on pages 93 and 260, respectively.

2. *Persons who have the right to appoint director(s) on our Board*

Under the Shareholders’ Agreement, the parties thereof have the following rights with respect to the right to nominate Directors:

For so long as (i) Elevation Capital holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**Elevation Capital Director**”); (ii) A91 and Waterfield Entities holds at least six percent of the share capital of the Company on a fully diluted basis, A91 shall have the right to nominate and maintain one Director on the Board (“**A91 Director**”); and (iii) LGT Capital holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**LGT Capital Director**”); (iv) CapitalG Entities holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**CapitalG Director**”); (v) Alpha Wave holds at least six percent of the share capital of the Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**Alpha Wave Director**”); (vi) BII holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**BII Director**”); (vii) ABC Impact holds at least six percent of the share capital of our Company on a fully diluted basis, they shall have the right to nominate and maintain one Director on the Board (“**ABC Impact Director**”); and so long as the Sanjay Sharma is in the employment of our Company, he shall have the right to be on the Board of our Company.

The Shareholders’ Agreement including the right to nominate Directors shall automatically terminate in respect to each party, in its entirety, immediately upon the listing of the Shares in accordance with the terms of the Shareholders’ Agreement.

For details, see “*History and Certain Corporate Matters –Shareholders’ agreements and other agreements –Shareholders’ agreements*” on page 260.

DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, our Company does not have any formal dividend policy.

The declaration and payment of dividend on the Equity Shares, if any, will be recommended by our Board and will be as approved by our Shareholders, at their discretion, in accordance with the provisions of the Articles of Association and applicable law, including the Companies Act, 2013, read with the rules notified thereunder, each as amended, together with the applicable rules issued thereunder, and will depend on a number of factors, including but not limited to profits, capital requirements, contractual obligations and restrictions, restrictive covenants in financing arrangements, the overall financial condition of our Company and other factors considered relevant by our Board.

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividend in the foreseeable future. For details in relation to risks involved in this regard, see ***“Risk Factors – 45. Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, profit after tax available for distribution, cash flows, working capital requirements and capital expenditure and the terms of our financing arrangements.”*** On page 54.

SECTION V – FINANCIAL STATEMENTS

RESTATED FINANCIAL STATEMENTS

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**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL
INFORMATION**

To,
The Board of Directors
Aye Finance Limited
(Formerly Known as Aye Finance Private Limited)
Unit No. – 701-711, 7th Floor,
Unitech Commercial Tower-2,
Sector-45, Arya Samaj Road,
Gurugram – 122003, India

Dear Sirs,

- 1) We, S S Kothari Mehta & Co. LLP, Chartered Accountants, have examined, the Restated Financial Information of Aye Finance Limited (Formerly Known as Aye Finance Private Limited) (the “**Company**” or the “**Issuer**”) comprising the Restated Statement of Assets and Liabilities as at September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flows for the Six months ended September 30, 2024 and September 30, 2023 and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary statement of material accounting policies, other explanatory information, Annexures (collectively, the “Restated Financial Information”), as approved by the Board of Directors of the Company (the “Board of Directors”) at their meeting held on December 11, 2024 for the purpose of inclusion in the Draft Red Herring Prospectus (“**DRHP**”), prepared by the Company in connection with its 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 (“**the Act**”);
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), (the “**Guidance Note**”).
- 2) The Company’s management is responsible for the preparation of the Restated Financial Information which have been approved by Board of Directors for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India (“SEBI”) and the stock exchanges where the equity shares of the Company are proposed to be listed (“Stock Exchanges”), in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company in accordance with the basis of preparation stated in Annexure V to the Restated Financial Information.

The Board of Directors of the company are responsible for designing, Implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the Company is also responsible for identifying and ensuring that the Company complies with the Act, the ICDR Regulations and the Guidance Note.

- 3) We have examined such Restated Financial Information taking into consideration:

- a) The terms of reference and our engagement agreed upon with you in accordance with our engagement letter dated August 22, 2024 in connection with the proposed IPO of equity shares of the Company;
- b) The Guidance Note – The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
- c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated 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 proposed IPO of equity shares of the Company.

- 4) These Restated Financial Information have been compiled by the Company’s management from:
 - i. the audited Special Purpose Interim Financial Statements of the company as at and for the Six months ended September 30, 2024 and September 30, 2023 prepared in accordance with recognition and measurement principles under Indian Accounting Standard (Ind AS) 34 “Interim Financial Reporting”, specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India (the “Special Purpose Interim Financial Statements”) which have been approved by the Board of Directors at their Board meeting held on December 11, 2024.
 - ii. the audited Financial statement of the Company as at and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 prepared in accordance with Indian Accounting Standard as prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India which has been approved by the Board of Directors at their meeting held on May 24, 2024, May 23, 2023, and May 26, 2022, respectively.
- 5) For the purpose of our examination, we have relied on:
 - a) Auditor’s reports issued by us dated December 11, 2024 on the Special Purpose Interim Financial Statements of the Company as at and for the Six months ended September 30, 2024 and September 30, 2023 as referred in Paragraph 4 (i) above.
 - b) Auditor’s reports issued by us dated May 24, 2024 on the Financial Statement of the Company as at and for the year ended March 31, 2024 as referred in Paragraph 4 (ii) above.
 - c) Auditors’ reports issued by S.R. Batliboi & Associates LLP, Chartered Accountants (the “**Previous Auditor**”) dated May 23, 2023 and May 26, 2022 on the Financial Statement of the company as at and for the year ended March 31, 2023 and March 31, 2022 respectively, as referred in paragraph 4(ii) above.

- 6) a) The audit reports issued by us referred in paragraph 5(b) included following matters which did not require any adjustment in the Restated Financial Information:

Report on Other Legal and Regulatory Requirements paragraphs with respect to our audit reports issued by us referred in paragraph 5(b).

Reporting on Audit Trail

Based on our examination which included test checks, the Company has used accounting software and loan management software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit logs at database level for the accounting software were not enabled and certain parameters of audit trail were not captured for loan management software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, wherein the audit trail functionality was enabled As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, thus reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

- ⁽¹⁾ The audit report issued by the Previous Auditor for the financial year ended March 31, 2022 referred in paragraph 5I included the following emphasis of matter paragraph – Assessment of COVID 19 Impact.

We draw attention to Note 54 to the financial statements, which describes the uncertainty continuing to be caused by COVID 19 pandemic and related events impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic. 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 for the respective years as per paragraph 5 above, we report that:
- i. the Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications, as may be applicable, retrospectively in the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 and in the Special Purpose Interim Financial Statements of the Company as at and for the Six months ended September 30, 2023 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the Six months ended September 30, 2024;
 - ii. there are no qualifications in the auditor's reports which require any adjustments; and
 - iii. the Restated Financial Information has been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.
- 8) 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.
- 9) The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Financial Statements and audited Financial Information mentioned in paragraph 4 above.

- 10) 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 Predecessor Auditor, nor should this report be construed as a new opinion on any of the Financial Information referred to herein.

- 11) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

- 12) Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI and the Stock exchanges as applicable in connection with the proposed IPO. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S S Kothari Mehta & Co. LLP
Chartered Accountants
Firm Registration No.: 000756N / N500441

Vijay Kumar
Partner
Membership No.: 092671
UDIN: 24092671BKFBWE9598

Place: New Delhi
Date: December 11, 2024

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure I-Restated Statement of Assets and Liabilities
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	Notes	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
ASSETS						
Financial assets						
Cash and cash equivalents	3	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40
Bank balances other than cash and cash equivalents	4	1,907.89	1,868.10	2,036.70	1,214.16	2,242.20
Derivative financial instruments	12	24.15	3.46	-	30.70	-
Loans	5	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
Investments	6	227.61	573.13	106.09	844.60	1,551.10
Other financial assets	7	318.80	281.28	306.55	228.12	70.90
Total financial assets		56,902.26	40,457.00	47,746.47	30,598.30	22,269.70
Non-financial assets						
Current tax assets (net)	8	244.38	87.30	117.36	75.28	82.13
Deferred tax assets (net)	9	524.90	283.59	439.37	293.35	473.30
Property, plant and equipment	10A	127.48	54.97	89.61	54.65	47.80
Right of use assets	10C	262.94	174.41	214.31	211.50	205.80
Intangible assets under development	37	23.78	11.69	29.53	4.70	0.60
Intangible assets	10B	34.64	9.60	13.20	5.50	13.70
Other non-financial assets	11	104.67	81.24	80.67	51.30	63.40
Total non-financial assets		1,322.79	702.80	984.05	696.28	886.73
Total assets		58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Derivative financial instruments	12	-	-	31.52	-	38.90
Debt securities	13	13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
Borrowings (other than debt securities)	14	26,957.90	20,519.71	24,766.47	13,963.11	5,985.10
Lease liabilities	15	285.50	202.51	236.31	242.90	233.50
Other financial liabilities	16	517.15	303.09	554.23	160.65	327.75
Total financial liabilities		41,633.66	32,236.31	35,811.96	23,365.16	15,807.55
Non-financial liabilities						
Current tax liabilities (net)	8	105.30	122.85	-	-	-
Provisions	17	333.39	270.59	302.86	226.70	231.38
Other non-financial liabilities	18	186.37	140.10	254.64	123.20	63.45
Total non-financial liabilities		625.06	533.54	557.50	349.90	294.83
EQUITY						
Equity share capital	19	377.88	304.53	399.31	304.53	304.53
Other equity	20	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52
Total equity		15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Total liabilities and equity		58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Summary of material accounting policies	2					

The above Statement should be read with Annexure V- Material accounting policies and explanatory notes to Restated financial statements and Annexure VI- Statement of Restatement Adjustment to Audited financial statements.

In terms of our report attached
For S S Kothari Mehta & Co. LLP
Chartered Accountants
FRN: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Limited (Formerly known as Aye Finance Private Limited)

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
December 11, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
December 11, 2024

Govinda Rajulu Chintala
Chairperson and Independent Director
DIN: 03622371
Aland
December 11, 2024

Krishan Gopal
Chief Financial Officer
Gurugram
December 11, 2024

Vipul Sharma
Company Secretary
M. No: A27737
Gurugram
December 11, 2024

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure II-Restated Statement of Profit and Loss
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	Notes	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations						
Interest income	21	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Fees and commission income	23	250.04	215.72	478.64	254.80	135.70
Net gain on derecognition of financial instruments under amortised cost category	22	17.01	86.90	189.48	125.10	-
Net gain on fair value changes	24	252.96	143.70	247.20	189.50	84.90
Total revenue from operations		6,922.40	4,720.11	10,402.18	6,234.25	4,319.20
Other income	25	248.05	110.40	315.32	199.10	115.70
Total income		7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Expenses						
Finance cost	26	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net loss on fair value changes	27	62.59	26.90	61.80	65.70	21.00
Impairment on financial instruments	28	1,013.90	413.49	1,314.01	733.50	1,211.00
Employee benefit expenses	29	1,739.09	1,312.10	2,752.11	2,122.00	1,757.60
Depreciation and amortization expense	10	97.63	65.61	145.44	114.47	99.70
Other expenses	30	523.58	392.49	900.27	704.12	434.22
Total expenses		5,729.36	3,691.58	8,438.94	5,719.39	5,109.02
Profit / (Loss) before tax		1,441.09	1,138.93	2,278.56	713.96	(674.12)
Tax expense:						
Current tax		445.72	339.87	706.29	105.52	-
Deferred tax charge/(credit)		(82.63)	11.17	(144.52)	169.91	(160.62)
Income tax expense		363.09	351.04	561.77	275.43	(160.62)
Profit / (Loss) for the year / period (A)		1,078.00	787.89	1,716.79	438.53	(513.50)
Other comprehensive (loss) / income						
Items that will not be reclassified subsequently to profit or loss						
Re-measurement gains/ (losses) on defined benefit plans		(11.56)	(5.61)	(5.61)	39.90	13.08
Income tax effect		2.90	1.41	1.50	(10.02)	(3.32)
Other comprehensive (loss) / income (B)		(8.66)	(4.20)	(4.11)	29.88	9.76
Total comprehensive income / (loss) for the year / period (A+B)		1,069.34	783.69	1,712.68	468.41	(503.74)
Earnings per share (equity share, par value of Rs. 2 each)						
Basic (in Rs)*		6.09	5.08	10.62	2.83	(3.31)
Diluted (in Rs)*		5.97	5.02	10.50	2.79	(3.31)
Face value per share (in Rs)**		2.00	2.00	2.00	2.00	2.00

* Not annualised for September 30, 2024 & September 30, 2023

**Face value reduced from Rs. 10 to Rs. 2 as a result of subsequent event of split. Refer Note 54-Subsequent event.

Summary of material accounting policies

2

The above Statement should be read with Annexure V- Material accounting policies and explanatory notes to Restated financial statements and Annexure VI- Statement of Restatement Adjustment to Audited financial statements.

In terms of our report attached
For S S Kothari Mehta & Co. LLP
Chartered Accountants
FRN: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Limited (Formerly known as Aye Finance Private Limited)

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
December 11, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
December 11, 2024

Govinda Rajulu Chintala
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Krishan Gopal
Chief Financial Officer
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December 11, 2024

Vipul Sharma
Company Secretary
M. No: A27737
Gurugram
December 11, 2024

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure III-Restated Statement of Cash Flows
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities					
Profit / (Loss) before tax	1,441.09	1138.93	2278.56	713.96	(674.12)
Adjustments for:					
Depreciation and impairment of PPE	45.13	18.98	50.85	41.27	45.20
Depreciation on right of use assets	52.50	46.63	94.59	73.20	54.50
Loss/ (Gain) on fair value of cross currency swap	6.92	26.90	62.16	(3.90)	(5.20)
Unrealised (gain) / loss on investments in mutual fund	-	0.92	-	(1.36)	(0.32)
Profit on sale of mutual fund units	(197.29)	(95.12)	(210.10)	(118.54)	(79.38)
Impairment of financial instruments	240.22	178.60	768.00	208.50	62.20
Profit on Early Termination of lease	(2.12)	-	(2.59)	-	-
Provision on Investment	-	-	2.50	-	-
Loans and advances written off	783.51	235.20	553.14	500.00	1,132.10
Loss on settlement	9.40	6.49	16.81	25.00	16.70
(Profit)/loss on sale of property, plant and equipment (net)	(0.35)	(0.06)	0.50	-	0.20
Expense on employee stock option scheme	37.47	26.74	46.99	57.06	40.50
Unrealised Interest income on security deposit	(2.11)	(5.04)	(6.32)	(1.40)	-
Interest on leases liabilities	19.41	8.60	22.11	31.60	27.70
Operating profit before working capital changes	2,433.78	1,587.77	3,677.20	1,525.39	620.08
Movements in working capital:					
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	128.81	(653.94)	(822.54)	1,029.54	(560.70)
(Increase) / Decrease in loan portfolio	(6,164.16)	(5,953.57)	(15,814.73)	(9,410.83)	(3,080.40)
(Increase) / Decrease in other financial assets	(13.20)	(53.90)	(82.67)	(159.52)	90.20
(Increase) / Decrease in other non financial assets	(24.00)	(29.94)	(29.37)	12.10	(14.80)
Increase / (Decrease) in other financial liabilities (excluding lease liabilities)	(32.94)	144.44	390.24	(167.10)	267.42
Increase in derivative financial instruments	-	-	-	(69.60)	21.00
Increase / (Decrease) in other non financial liabilities	(68.27)	16.90	131.43	59.75	(61.50)
Increase / (Decrease) in provisions	18.97	38.28	70.55	65.04	24.86
Cash used in operations	(3,721.01)	(4,903.96)	(12,479.89)	(7,115.23)	(2,693.84)
Income taxes paid	(467.44)	(229.04)	(748.37)	(88.67)	(24.90)
Net cash used in operating activities (A)	(4,188.45)	(5,133.00)	(13,228.26)	(7,203.90)	(2,718.74)
Cash flow from investing activities					
Purchase of property, plant and equipment, excluding right of use assets	(103.68)	(33.00)	(116.13)	(44.29)	(54.90)
Sale of property, plant and equipment, excluding right of use assets	1.21	0.43	0.46	-	-
Purchase of investments	(53,650.26)	(28,203.60)	(71,885.00)	(37,438.10)	(15,647.70)
Sale of investments	53,726.03	28,569.27	72,831.11	38,264.50	16,158.60
Net cash used in investing activities (B)	(26.70)	333.10	830.44	782.11	456.00
Cash flow from financing activities					
Proceeds from issue of equity shares (including securities premium net of issue expenses)	2,498.51	-	3,020.87	-	-
Amount received from issue of share warrants	-	-	0.95	-	-
Proceeds from issue of debt securities	6,240.00	4,137.10	6,787.00	4,926.51	2,372.20
Redemption of debt securities	(2,590.32)	(1,924.60)	(5,562.07)	(5,150.31)	(2,604.30)
Proceeds from borrowings (other than debt securities)	12,859.98	14,029.30	28,395.00	12,677.23	4,150.10
Repayment of borrowings (other than debt securities)	(10,731.19)	(7,472.06)	(17,591.63)	(4,736.35)	(1,847.56)
Payment of lease liabilities (including interest)	(66.18)	(52.81)	(112.70)	(97.40)	(73.80)
Net cash generated from financing activities (C)	8,210.80	8,716.93	14,937.42	7,619.68	1,996.64
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,995.65	3,917.03	2,539.60	1,197.89	(266.10)
Cash and cash equivalents at the beginning of the period	5,265.89	2,726.29	2,726.29	1,528.40	1,794.50
Cash and cash equivalents at the end of the year (refer note 3)	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure III-Restated Statement of Cash Flows
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Components of cash and cash equivalents as at the end of the period					
Cash in hand	71.22	62.60	92.02	49.31	32.70
Balance with banks - on current account	2136.70	1378.79	2,271.41	373.66	713.30
Deposits with original maturity of less than or equal to 3 months	7053.62	5201.93	2,902.46	2,303.32	782.40
Total cash and cash equivalents	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40

Note:

The above cash flow statement has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - "Statement of Cash Flows".

Summary of material accounting policies 2

The above Statement should be read with Annexure V- Material accounting policies and explanatory notes to Restated financial statements and Annexure VI- Statement of Restatement Adjustment to Audited financial statements.

In terms of our report attached
For S S Kothari Mehta & Co. LLP
Chartered Accountants
FRN: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Limited (Formerly known as Aye Finance Private Limited)

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
December 11, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
December 11, 2024

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Chairperson and Independent Director
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Aland
December 11, 2024

Krishan Gopal
Chief Financial Officer
Gurugram
December 11, 2024

Vipul Sharma
Company Secretary
M. No: A27737
Gurugram
December 11, 2024

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure IV-Restated Statement of changes in equity
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid*										
Balance at the beginning of the reporting year (A)	48,30,520	48.31	48,30,500	48.31	48,30,500	48.31	48,30,500	48.31	48,30,500	48.31
Changes in share capital due to prior period errors (B)	-	-	-	-	-	-	-	-	-	-
Amount recoverable from ESOP Trust (face value of 5,60,294 shares of Rs.10 each held by trust) (C)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)
Restated balance at the beginning of the current/previous Reporting period (A+B-C)	42,70,226	42.70	42,70,206	42.70	42,70,206	42.70	42,70,206	42.70	42,70,206	42.70
Changes in share capital during the period	3,35,17,794	335.18	-	-	20	0.00	-	-	-	-
Balance at the end of the reporting year	3,77,88,020	377.88	42,70,206	42.70	42,70,226	42.70	42,70,206	42.70	42,70,206	42.70

Compulsorily Convertible Cumulative Preference Shares (CCPS)

Particulars	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Preference shares of Rs. 10 each issued, subscribed and fully paid*										
Balance at the beginning of the reporting period	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82
Changes in share capital due to prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current/previous Reporting period	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82
Changes in share capital during the period	(2,61,82,448)	(261.82)	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82

Compulsorily Convertible Cumulative Preference Shares (CCPS)

Particulars	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Preference shares of Rs. 20 each issued, subscribed and fully paid*										
Balance at the beginning of the reporting period	47,39,244	94.78	-	-	-	-	-	-	-	-
Changes in share capital due to prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current/previous Reporting period	47,39,244	94.78	-	-	-	-	-	-	-	-
Changes in share capital during the period	(47,39,244)	(94.78)	-	-	47,39,244	94.78	-	-	-	-
Balance at the end of the reporting period	-	-	-	-	47,39,244	94.78	-	-	-	-

*Impact of subsequent event of split not considered Refer Note 54

Total Equity Share Capital	3,77,88,020	377.88	3,04,52,654	304.53	3,51,91,918	399.31	3,04,52,654	304.53	3,04,52,654	304.53
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Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure IV-Restated Statement of changes in equity
(All amounts in Indian Rupees millions, unless otherwise stated)

B. Other equity

Particulars	Reserves and Surplus						Total
	Statutory reserve under section 45IC of RBI Act	Securities premium	Share option outstanding account	Retained earnings	Other comprehensive income	Share warrants	
Balance at the April 01, 2024	583.60	9,519.49	219.05	1,607.63	30.98	0.95	11,961.75
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the April 01, 2024	583.60	9,519.49	219.05	1,607.63	30.98	0.95	11,961.75
Profit for the six months	-	-	-	1,078.00	-	-	1,078.00
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	215.60	-	-	(215.60)	-	-	-
Other comprehensive income for the period	-	-	-	-	(8.66)	-	(8.66)
Transfer to / from share option outstanding account	-	-	37.47	-	-	-	37.47
Utilisation / lapses of share option outstanding	-	-	-	-	-	-	-
Premium on Issue of share capital	-	2,520.89	-	-	-	-	2,520.89
Share warrants converted into Equity shares of Rs. 10 each	-	-	-	-	-	(0.95)	(0.95)
Balance at the end of the September 30, 2024	799.20	12,040.38	256.52	2,470.04	22.32	-	15,588.45
Balance at the April 01, 2023	261.30	6,593.40	172.06	213.14	35.09	-	7,274.99
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the April 01, 2023	261.30	6,593.40	172.06	213.14	35.09	-	7,274.99
Profit for the six months	-	-	-	787.89	-	-	787.89
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	157.57	-	-	(157.57)	-	-	-
Other comprehensive income for the period	-	-	-	-	(4.20)	-	(4.20)
Transfer to / from share option outstanding account	-	-	26.74	-	-	-	26.74
Utilisation / lapses of share option outstanding	-	-	-	-	-	-	-
Balance at the end of the September 30, 2023	418.87	6,593.40	198.80	843.46	30.89	-	8,085.42

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure IV-Restated Statement of changes in equity
(All amounts in Indian Rupees millions, unless otherwise stated)

Particulars	Reserves and Surplus						Total
	Statutory reserve under section 45IC of RBI Act	Securities premium	Share option outstanding account	Retained earnings	Other comprehensive income	Share warrants	
Balance at the end of the reporting year 2021	151.30	6,593.40	74.50	398.11	(4.55)	-	7,212.76
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the end of the reporting year 2022	151.30	6,593.40	74.50	398.11	(4.55)	-	7,212.76
Loss for the year	-	-	-	(513.50)	-	-	(513.50)
Other comprehensive income for the year	-	-	-	-	9.76	-	9.76
Transfer to / from share option outstanding account	-	-	46.70	-	-	-	46.70
Utilisation / lapses of share option outstanding	-	-	(6.20)	-	-	-	(6.20)
Balance at the end of the reporting year 2022	151.30	6,593.40	115.00	(115.39)	5.21	-	6,749.52
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the end of the reporting year 2022	151.30	6,593.40	115.00	(115.39)	5.21	-	6,749.52
Profit for the year	-	-	-	438.53	-	-	438.53
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	110.00	-	-	(110.00)	-	-	-
Other comprehensive income for the year	-	-	-	-	29.88	-	29.88
Transfer to / from share option outstanding account	-	-	57.06	-	-	-	57.06
Balance at the end of the reporting year 2023	261.30	6,593.40	172.06	213.14	35.09	-	7,274.99
Change in accounting policy or prior period errors	-	-	-	-	-	-	-
Restated balance at the end of the reporting year 2023	261.30	6,593.40	172.06	213.14	35.09	-	7,274.99
Profit for the year	-	-	-	1,716.79	-	-	1,716.79
Transfer to / (from) statutory reserve under 45IC of RBI Act 1934	322.30	-	-	(322.30)	-	-	-
Other comprehensive income for the year	-	-	-	-	(4.11)	-	(4.11)
Transfer to / from share option outstanding account	-	-	46.99	-	-	-	46.99
Premium on Issue of share capital	-	2,926.09	-	-	-	-	2,926.09
Money received against share warrants	-	-	-	-	-	0.95	0.95
Balance at the end of the reporting year 2024	583.60	9,519.49	219.05	1,607.63	30.98	0.95	11,961.75

Summary of material accounting policies

The above Statement should be read with Annexure V- Material accounting policies and explanatory notes to Restated financial statements and Annexure VI- Statement of Restatement Adjustment to Audited financial statements.

In terms of our report attached
For S S Kothari Mehta & Co. LLP
Chartered Accountants
FRN: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Limited (Formerly known as Aye Finance Private Limited)

per Vijay Kumar
Partner
Membership No: 092671
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December 11, 2024

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Chief Financial Officer
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December 11, 2024

Vipul Sharma
Company Secretary
M. No: A27737
Gurugram
December 11, 2024

1 General information

Aye Finance Limited (Formerly known as Aye Finance Private Limited) "the Company" was incorporated to carry on the business of a finance company and to provide finance (whether short or long term loan or working capital finance, development finance, factoring, leasing, guarantees or any other debt related funding) to micro, small and medium scale enterprises and to individuals. On July 18, 2014, the Company received a certificate of registration from the Reserve Bank of India vide registration no. B-14.03323 under Section 45-IA of the Reserve Bank of India Act, 1934 to carry on the business of a Non-Banking Financial Company (NBFC) without acceptance of public deposits. The Company is currently a systemically important non deposit taking Non Banking Finance Company (ND-NBFC) as defined under Section 45 – IA of the Reserve Bank Of India Act, 1934. Accordingly, all provisions of the Reserve Bank of India Act, 1934 and all directions, guidelines or instructions of the Reserve Bank of India that have been issued from time to time and are in force and as applicable to a Non deposit taking Non-Banking Financial Company are applicable to the Company. The registered office of the Company is situated in Delhi.

The Company has issued debentures on a private placement basis and the said securities are listed with Bombay Stock Exchange (BSE) on Debt market segment.

The Company's Restated Financial Statements for the six months ended 30 September 2024 and 30 September 2023 and for the years ended 31 March 2024, 31 March 2023, and 31 March 2022 were approved for issue by the Board of Directors, in accordance with resolution passed on 11th December 2024.

2 Material accounting policies:

2.1 Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of Companies Act, 2013, (the 'Act'), other relevant provisions of the Act. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Any directions issued by the RBI or other regulators are implemented as and when they become applicable.

2.2 Basis of preparation:

The financial statements have been prepared on a going concern basis the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The Restated financial information comprise the Restated Statement of Assets and Liabilities as at September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Statement of Profit & Loss account (including Other Comprehensive Income), the Restated Statement of Cash Flows and the Restated Statement of Changes in Equity for years ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022; and material accounting policies and other explanatory information to the Restated financial statement (collectively, the 'Restated financial Statements or Restated financial information), has been specifically prepared by the management for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") and National Stock Exchange of India Limited and BSE Limited, where the Equity Shares are proposed to be listed (the "Stock Exchanges") in connection with the proposed Initial Public Offer ("IPO") of equity shares of the Company (referred to as the "Issue"), in accordance with the requirements of:-

- a. Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act") and
- b. Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
- c. The Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India.

2.3 Presentation of financial statements:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2020, as amended ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis.

The Company uses accrual basis of accounting except in case of significant uncertainties. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the millions upto two decimals, except when otherwise indicated. The regulatory disclosures as required by RBI Master Directions to be included as a part of the Notes to Accounts are also prepared as per the Ind AS financial statements.

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- (a) The normal course of business
- (b) The event of default
- (c) The event of insolvency or bankruptcy of the Group and / or its counterparties

2.4 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(a) Interest income

EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at fair value through other comprehensive income ('FVOCI') and fair value through profit and loss (FVTPL). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is recorded as and when realised.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

(b) Net gain or fair value changes

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss.

(c) Net gain / (loss) on de recognition of financial instruments under amortised cost category

Gains arising out of direct assignment transactions comprise 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 cash flows, on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in statement of profit and loss.

Income from direct assignment transaction represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and consideration received (including any new asset obtained less any new liability).

(d) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. This includes cheque bouncing charges, late payment charges and prepayment charges etc. which are recorded as and when realised.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IndAS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from other financial charges including cheque bouncing charges, foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(e) Insurance claims:

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.5 Leases:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116

The Company as a lessee

The Company's lease asset classes primarily consist of leases for its various office spaces. The Company assesses whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee. The company has not exercised the exemption to exclude short term leases or low value leases.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates pertaining to the company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

2.6 Employee benefits:

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

(a) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(b) Post employment benefits:

(i) Defined contribution plan

The Company's contribution to Employee Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund under the relevant Acts are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined benefit plan

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

(c) Long-term employee benefits

Compensated absences with respect to leave encashment benefits payable to employees of the Company while in service, on retirement, death while in service or on termination of employment with respect to accumulated leaves outstanding at the year end are accounted for on the basis of an actuarial valuation as at the balance sheet date. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

(d) Termination benefits

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

2.7 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is measured in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws.

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.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) 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 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 realised, 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 consequences 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 and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Current tax and deferred tax for the year

Current tax and deferred tax are 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 and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment:

(a) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

(b) Depreciation and amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss. The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. Leasehold improvements are amortised over the period of lease.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets is acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for up to the date of sale deduction and discernment as the case may be.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives has been revised, the unamortized depreciable amount is charged over the revised remaining useful lives of the assets.

(c) Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

2.9 Intangible assets / Intangible assets under development:

(a) Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a written down basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(b) Derecognition of Intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

(c) Useful lives of intangible assets

Estimated useful lives of the intangible asset for the current and comparative periods are as follows:

Computer software: 3 years

(d) Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Intangible Assets Under Development.

2.10 Impairment of non financial assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of impairment loss are recognized in the Statement of Profit and Loss.

2.11 Provisions, contingent liabilities and contingent assets:

(a) Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

(b) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(c) Contingent assets

Contingent assets are not recognized in the financial statements, however they are disclosed when an inflow of economic benefits is probable.

2.12 Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date in accordance with IND AS 102, Share-based payments. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

The company has constituted an Employee Stock Option Plan 2016. The Plan provides for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The company has constituted an Employee Stock Option Plan 2020. The company has transferred all the ungranted options under Employee Stock Option Plan 2016 to Employee Stock Option Plan 2020 while options granted under the Employee Stock Option Plan 2016 continue to be governed by the conditions of Employee Stock Option Plan 2016. Both plans provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

2.13 Financial instruments:

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(a) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial asset are adjusted to the fair value on initial recognition.

Subsequent measurement

For the purpose of Subsequent measurement, the Company classifies financial assets in following categories:

- (i) Financial assets at amortized cost
- (ii) Financial assets at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in statement of profit and loss.

Financial investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 recognised in statement of profit and loss.

All other equity investments are measured at fair value, with value changes recognised in Profit and loss, except for those equity investments for which the company has elected to present the changes in fair value through OCI.

De-recognition of 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.

(b) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial liabilities are adjusted to the fair value on initial recognition.

Subsequent measurement

Subsequent to initial recognition, all liabilities are measured at amortized cost using the effective interest method except for derivatives, financial liabilities designated for measurement at FVTPL which are measured at fair value.

De-recognition of financial liabilities

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets and liabilities subsequent to their initial recognition.

Modification of financial assets and financial liabilities

Financial assets

The Company evaluates whether the cash flows from a financial asset are modified and the modified asset is substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

In case the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in statement of profit and loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

2.14 Impairment of Financial Instruments

In accordance with Ind As-109, the Company applies expected credit loss(ECL) model for measurement and recognition of impairment loss of financial assets other than those measured through profit and loss (FVTPL)

(a) Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs (Lifetime expected Credit losses) and 12 months ECLs are calculated on collective basis.

(b) Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1

When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been 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. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3 and facilities where the credit risk has been increased due to restructuring and loan has been reclassified from stage 1.

Stage 3

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Definition of Default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

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 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

(c) Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD)

Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD)

Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Loss Given Default (LGD)

Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

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, Unemployment rates, Benchmark rates set by the Reserve Bank of India, 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 are embedded in the methodology to reflect such macro-economic trends reasonably.

The mechanics of the ECL method are summarised below:

Stage 1

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to the EAD and multiplied by the expected LGD.

Stage 2

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3 / Regulatory Stage 3

For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

(d) Loss allowances for ECL are presented in the statement of financial position as follows:

- (i) for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- (ii) for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(e) Write offs

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.15 Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in statement of profit and loss.

Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain/(loss) on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain/(loss) on fair value changes.

2.16 Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company's accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements. The Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described as follows:

(a) Level 1 financial instruments

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

(b) Level 2 financial instruments

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

(c) Level 3 financial instruments

Include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

2.17 Significant management judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are significant management estimation/uncertainty and judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Defined benefit obligation

Management estimates of these obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") 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 judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Fair value of financial instruments : The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

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.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

Property, plant and equipment

Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities

At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.

Impairment of financial assets

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

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3	Cash and cash equivalents	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Cash on hand	71.22	62.60	92.02	49.31	32.70
	Balances with banks:					
	On current accounts	2,136.70	1,378.79	2,271.41	373.66	713.30
	Deposit with original maturity of less than three months	7,053.62	5,201.93	2,902.46	2,303.32	782.40
		9,261.54	6,643.32	5,265.89	2,726.29	1,528.40

Note (1): Cash in hand includes balance in prepaid cards obtained by Company for its routine expenses from the banks.

Note (2): Balances with banks in current accounts do not earn any interest. Short-term deposits are made for varying periods of between one day and three months, depending upon the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

4	Bank balances other than cash and cash equivalents	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Fixed deposit with balance maturity for more than three months	21.64	151.69	463.43	50.00	2,108.70
	Balances with banks to the extent held as margin money or security against borrowing, guarantees and other commitments					
	Balance held as security against borrowings	67.07	366.01	65.07	373.99	37.00
	Balance held as security against securitisation	1,819.18	1,350.40	1,508.20	790.17	96.50
		1,907.89	1,868.10	2,036.70	1,214.16	2,242.20

Note: Fixed deposits and margin money deposits with banks earns interest at fixed rates or floating rates based on daily bank deposit rates.

5	Loan portfolio	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	At Amortised cost:					
	Revolving working capital	-	0.10	-	0.10	0.10
	Term loans	46,666.65	31,769.12	41,296.60	26,056.88	17,396.40
	Staff loan	38.60	31.88	37.39	32.23	25.60
	Total - Gross	46,705.25	31,801.10	41,333.99	26,089.21	17,422.10
	Less: Impairment loss allowance	1,542.98	713.39	1,302.75	534.78	545.00
	Total - Net	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
	(A) Based on security					
	(I) Secured	26,271.23	20,517.00	24,742.10	17,927.40	10,956.90
	Secured against mortgage of property	5,887.58	2,574.20	4,537.50	1,669.59	1,439.30
	Secured against hypothecation of Inventory, Stock etc.	20,383.65	17,942.80	20,204.60	16,257.81	9,517.60
	(II) Unsecured	20,434.02	11,284.10	16,591.89	8,161.81	6,465.20
	Total (A) Gross	46,705.25	31,801.10	41,333.99	26,089.21	17,422.10
	Less: Impairment loss allowance	1,542.98	713.39	1,302.75	534.78	545.00
	Total (A) Net	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
	(B) Based on region					
	(I) Loans in India					
	(i) Public sector	-	-	-	-	-
	(ii) Others	46,705.25	31,801.10	41,333.99	26,089.21	17,422.10
	Total (B) (I) Gross	46,705.25	31,801.10	41,333.99	26,089.21	17,422.10
	Less: Impairment loss allowance	1,542.98	713.39	1,302.75	534.78	545.00
	Total (B) (I) Net	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
	(II) Loans outside India	-	-	-	-	-
	Less: Impairment loss allowance	-	-	-	-	-
	Total (B) (II) Net	-	-	-	-	-
	Total (B) (I) and (B) (II) Net	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10

Note:

For the period ended September 30, 2024, management overlay of Rs. 145 millions (September 30, 2023 Rs. Nil, March 31, 2024 Rs. 200.1 millions, March 31, 2023 Rs. Nil and March 31, 2022 Rs. Nil is considered in Stage 3 of the Hypothecated Portfolio, as an additional provision, to factor future contingency and change in market conditions basis the risk perceived and as a matter of prudence.

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6	Investments	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Investments measured at fair value through profit or loss					
	Mutual funds	-	407.64	-	585.10	1,192.90
	Mutual Funds held as security in respect of borrowings	-	-	-	-	64.60
	Security receipts					
	ARCIL - trust	105.67	213.99	157.09	308.00	320.50
	Less: Impairment loss allowance	51.00	51.00	51.00	51.00	29.40
	Investments carried at Fair value through Profit or loss	54.67	570.63	106.09	842.10	1,548.60
	Investment in subsidiary at cost (unquoted)					
	249,999 equity shares of RS 10 in Foundation for Advancement of Micro Enterprises (FAME) (A)	2.50	2.50	2.50	2.50	2.50
	Provision on investments (B)*	2.50	-	2.50	-	-
	Investment in subsidiary at cost (unquoted) (A-B)	-	2.50	-	2.50	2.50
	Investments measured at amortised cost					
	Pass through certificates	172.94	-	-	-	-
	Gross investments	281.11	624.13	159.59	895.60	1,580.50
	Based on region:					
	Investments outside India	-	-	-	-	-
	Investments in India	281.11	624.13	159.59	895.60	1,580.50
		281.11	624.13	159.59	895.60	1,580.50
	Less: Allowance for impairment loss	53.50	51.00	53.50	51.00	29.40
		227.61	573.13	106.09	844.60	1,551.10

* During the financial year 2019-20, the Company had subscribed 2,49,999 equity shares of Rs. 10/- each of Foundation for Advancement of Micro Enterprises (FAME) (a Section 8 - Company as per Companies Act 2013). Foundation for Advancement of Micro Enterprises (FAME) became a subsidiary of the Company w.e.f. 04/04/2019 by virtue of holding 2,49,999 equity shares equivalent to 99.99% share capital in Foundation for Advancement of Micro Enterprises (FAME). Foundation for Advancement of Micro Enterprises (FAME) is prohibited to distribute any dividend / economic benefits to its members; hence the Company is unable to earn any variable return/ economic benefits from the voting rights through its holding in equity shares of Foundation for Advancement of Micro Enterprises (FAME). Accordingly, the above investment does not meet the definition of control under Indian Accounting Standard (Ind AS) 110 - Consolidated Financial Statements and the aforesaid investment value of Rs. 2.5 millions has been impaired to the Statement of profit and loss for the year ended March 31, 2024.

7	Other financial assets (at amortised cost)	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Receivable from insurance company	59.81	41.15	38.70	17.40	37.70
	Security deposits	34.62	26.08	30.60	26.64	24.30
	Other receivables	224.37	214.05	237.25	184.08	8.90
		318.80	281.28	306.55	228.12	70.90
8	Current tax assets / (liabilities)	As at	As at	As at	As at	As at
	Current tax asset (Net)	244.38	87.30	117.36	75.28	82.13
		244.38	87.30	117.36	75.28	82.13
	Current Tax liability (Net)	(105.30)	(122.85)	-	-	-
		(105.30)	(122.85)	-	-	-
9	Deferred tax assets (Net)	As at	As at	As at	As at	As at
	Deferred tax assets (net)	524.90	283.59	439.37	293.35	473.30
		524.90	283.59	439.37	293.35	473.30

10A Property, plant and equipment

Particulars	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at April 01, 2024	Additions	Disposals	Adjustments	As at 30 September, 2024	As at April 01, 2024	Depreciation for the year	Disposals	Adjustments	As at 30 September, 2024	As at 30 September, 2024
Furniture and fixtures	24.79	-	0.06	-	24.73	19.73	0.61	0.05	-	20.29	4.44
Office equipments	31.57	2.82	0.59	-	33.80	20.47	2.82	0.49	-	22.80	11.00
Electrical installations and equipments	11.88	5.73	0.05	-	17.56	6.85	1.05	0.04	-	7.86	9.70
Computers	181.45	57.61	13.36	-	225.70	113.93	27.67	12.62	-	128.98	96.72
Leasehold improvements	10.00	7.08	-	-	17.08	9.09	2.37	-	-	11.46	5.62
	259.69	73.24	14.06	-	318.87	170.08	34.52	13.20	-	191.39	127.48

Particulars	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at April 01, 2023	Additions	Disposals	Adjustments	As at 30 September, 2023	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at 30 September, 2023	As at 30 September, 2023
Furniture and fixtures	21.90	0.15	0.01	-	22.04	15.50	0.82	0.01	-	16.31	5.73
Office equipments	28.67	1.04	5.53	-	24.18	18.01	2.42	5.23	-	15.20	8.98
Electrical installations and equipments	9.60	0.14	-	-	9.74	5.00	0.60	-	-	5.60	4.14
Computers	111.49	15.59	8.21	-	118.87	79.90	11.86	7.84	-	83.92	34.95
Leasehold improvements	9.80	-	-	-	9.80	8.40	0.23	-	-	8.63	1.17
	181.46	16.92	13.75	-	184.63	126.81	15.93	13.08	-	129.66	54.97

Particulars	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at 01 April, 2023	Additions	Disposals	Adjustments	As at 31 March 2024	As at 01 April, 2023	Depreciation for the year	Disposals	Adjustments	As at 31 March 2024	As at 31 March 2024
Furniture and fixtures	21.90	0.30	0.05	2.64	24.79	15.50	1.62	0.03	2.64	19.73	5.06
Office equipments	28.67	6.24	5.84	2.50	31.57	18.01	5.36	5.40	2.50	20.47	11.10
Electrical installations and equipments	9.60	1.68	-	0.60	11.88	5.00	1.25	-	0.60	6.85	5.03
Computers	111.49	70.67	8.21	7.50	181.45	79.90	34.43	7.90	7.50	113.93	67.52
Leasehold improvements	9.80	-	-	0.20	10.00	8.40	0.49	-	0.20	9.09	0.91
	181.46	78.89	14.10	13.44	259.69	126.81	43.15	13.33	13.44	170.08	89.61

Particulars	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at 01 April, 2022	Additions	Disposals	Adjustments	As at 31 March 2023	As at 01 April, 2022	Depreciation for the year	Disposals	Adjustments	As at 31 March 2023	As at 31 March 2023
Furniture and fixtures	21.90	-	-	-	21.90	13.30	2.20	-	-	15.50	6.40
Office equipments	23.10	6.17	0.60	-	28.67	13.50	5.11	0.60	-	18.01	10.66
Electrical installations and equipments	9.10	0.50	-	-	9.60	3.50	1.50	-	-	5.00	4.60
Computers	86.00	30.19	4.70	-	111.49	64.50	19.80	4.40	-	79.90	31.59
Leasehold improvements	9.80	-	-	-	9.80	7.30	1.10	-	-	8.40	1.40
	149.90	36.86	5.30	-	181.46	102.10	29.71	5.00	-	126.81	54.65

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Particulars	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at 01 April, 2021	Additions	Disposals	Adjustments	As at 31 March 2022	As at 01 April, 2021	Depreciation for the year	Disposals	Adjustments	As at 31 March 2022	As at 31 March 2022
Furniture and fixtures	22.20	0.20	0.50	-	21.90	10.80	2.90	0.40	-	13.30	8.60
Office equipments	16.00	7.80	0.70	-	23.10	9.80	4.40	0.70	-	13.50	9.60
Electrical installations and equipments	7.70	1.40	-	-	9.10	1.80	1.80	0.10	-	3.50	5.60
Computers	67.90	18.20	0.10	-	86.00	42.50	22.10	0.10	-	64.50	21.50
Vehicles	0.40	-	0.40	-	-	0.30	-	0.30	-	-	-
Leasehold improvements	9.70	0.10	-	-	9.80	5.60	1.70	-	-	7.30	2.50
	123.90	27.70	1.70	-	149.90	70.80	32.90	1.60	-	102.10	47.80

Particulars	Gross carrying amount				Accumulated amortisation					Net carrying amount	
	As at April 01, 2024	Additions	Disposals	Adjustments	As at September 30, 2024	As at April 01, 2024	Depreciation for the year	Disposals	Adjustments	As at September 30, 2024	As at September 30, 2024
Computer software	62.75	32.05	-	-	94.80	49.55	10.61	-	-	60.16	34.64
	62.75	32.05	-	-	94.80	49.55	10.61	-	-	60.16	34.64

Particulars	Gross carrying amount				Accumulated amortisation					Net carrying amount	
	As at April 01, 2023	Additions	Disposals	Adjustments	As at September 30, 2023	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at September 30, 2023	As at September 30, 2023
Computer software	50.45	7.06	-	-	57.51	44.86	3.05	-	-	47.91	9.60
	50.45	7.06	-	-	57.51	44.86	3.05	-	-	47.91	9.60

Particulars	Gross carrying amount				Accumulated amortisation					Net carrying amount	
	As at April 01, 2023	Additions	Disposals	Adjustments	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Disposals	Adjustments	As at March 31, 2024	As at March 31, 2024
Computer software	50.45	12.30	1.40	1.40	62.75	44.86	7.70	1.31	(1.70)	49.55	13.20
	50.45	12.30	1.40	1.40	62.75	44.86	7.70	1.31	(1.70)	49.55	13.20

Particulars	Gross carrying amount				Accumulated amortisation					Net carrying amount	
	As at April 01, 2022	Additions	Disposals	Adjustments	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Disposals	Adjustments	As at March 31, 2023	As at March 31, 2023
Computer software	47.00	3.45	-	-	50.45	33.30	11.56	-	-	44.86	5.50
	47.00	3.45	-	-	50.45	33.30	11.56	-	-	44.86	5.50

Particulars	Gross carrying amount				Accumulated amortisation					Net carrying amount	
	As at April 01, 2021	Additions	Disposals	Adjustments	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Disposals	Adjustments	As at March 31, 2022	As at March 31, 2022
Computer software	36.60	10.40	-	-	47.00	21.00	12.30	-	-	33.30	13.70
	36.60	10.40	-	-	47.00	21.00	12.30	-	-	33.30	13.70

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10C Right of use assets (ROU)

Carrying value of Right of Use Assets

Particulars	Buildings	Total
Balance at April 1, 2024	214.31	214.31
Additions	109.63	109.63
Deletions / Adjustments	(8.50)	(8.50)
Depreciation charge for the period	(52.50)	(52.50)
Balance at September 30, 2024	262.94	262.94
Balance at April 1, 2023	211.50	211.50
Additions	16.61	16.61
Deletions / Adjustments	(7.07)	(7.07)
Depreciation charge for the period	(46.63)	(46.63)
Balance at September 30, 2023	174.41	174.41
Balance at April 1, 2021	203.70	203.70
Additions	59.10	59.10
Deletions / Adjustments	(2.50)	(2.50)
Depreciation charge for the year	(54.50)	(54.50)
Balance at March 31, 2022	205.80	205.80
Additions	83.40	83.40
Deletions / Adjustments	(4.50)	(4.50)
Depreciation charge for the year	(73.20)	(73.20)
Balance at March 31, 2023	211.50	211.50
Additions	112.01	112.01
Deletions / Adjustments	(14.61)	(14.61)
Depreciation charge for the year	(94.59)	(94.59)
Balance at March 31, 2024	214.31	214.31

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

11	Other non-financial assets	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	TDS recoverable	0.09	0.10	0.08	0.10	2.50
	Goods and service tax receivable	-	-	-	7.80	10.20
	Capital advance	-	-	-	-	0.60
	Prepaid expenses	43.11	22.50	33.11	25.20	41.60
	Advance to suppliers	-	-	-	-	6.60
	Employees advances	5.79	4.87	3.99	3.90	1.90
	Others	55.68	53.77	43.49	14.30	-
		104.67	81.24	80.67	51.30	63.40
12	Derivative financial instruments	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Carried at fair value [Assets / (Liability)]					
	Cross currency swap rate contract not designated in hedge accounting relationship	24.15	3.46	(31.52)	30.70	(38.90)
		24.15	3.46	(31.52)	30.70	(38.90)
13	Debt securities (at amortised cost)	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Redeemable non-convertible debentures					
	Secured	12,836.85	10,029.13	9,126.44	7,719.20	7,915.10
	Unsecured	1,036.26	1,181.87	1,096.99	1,279.30	1,307.20
		13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
	Based on region:					
	Debt securities in India	13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
	Debt securities outside India	-	-	-	-	-
		13,873.11	11,211.00	10,223.43	8,998.50	9,222.30

Note: Refer Note 13(i) for the repayment details along with rate of interest and security details.

13(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings

ISIN	Issuance Date	Redemption Date	Interest Rate	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
				Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
INE501X07018	13-Apr-17	13-May-22	13.70%	-	-	-	-	-	-	-	-	270.00	-
INE501X07026	12-Apr-17	17-Jun-22	13.54%	-	-	-	-	-	-	-	-	270.00	-
INE501X07034	12-Apr-17	31-Jul-22	13.54%	-	-	-	-	-	-	-	-	260.00	-
INE501X07133	05-Aug-19	05-Aug-22	12.32%	-	-	-	-	-	-	-	-	53.34	-
INE501X07224	31-Oct-18	31-Oct-22	12.53%	-	-	-	-	-	-	-	-	720.00	-
INE501X07174	29-Nov-19	29-Nov-22	12.90%	-	-	-	-	-	-	-	-	1,070.00	-
INE501X08040	28-Sep-21	31-Dec-22	11.50%	-	-	-	-	-	-	-	-	-	250.00
INE501X07067	28-Mar-18	28-Mar-23	11.64%	-	-	-	-	-	-	-	-	300.00	-
INE501X07182	31-Mar-20	31-Mar-23	12.64%	-	-	-	-	-	-	-	-	290.00	-
INE501X07182	31-Mar-20	31-Mar-23	12.87%	-	-	-	-	-	-	-	-	290.00	-
INE501X08065	29-Mar-22	30-Apr-23	11.25%	-	-	-	-	-	-	100.00	-	-	100.00
INE501X07190	22-May-20	22-May-23	13.50%	-	-	-	-	-	-	13.80	-	97.20	-
INE501X07042	29-Aug-17	29-Aug-23	13.47%	-	-	-	-	-	-	440.00	-	440.00	-
			and 13.55%	-	-	-	-	-	-	-	-	-	-
INE501X07240	02-Sep-21	07-Sep-23	9.68%	-	-	-	-	-	-	500.00	-	500.00	-
INE501X07281	24-Mar-22	24-Sep-23	9.50%	-	-	-	-	-	-	-	-	150.00	-
INE501X07281	25-Mar-22	25-Mar-24	9.90%	-	-	150.00	-	-	-	150.00	-	150.00	-
INE501X07273	25-Mar-22	25-Sep-23	9.50%	-	-	-	-	-	-	150.00	-	-	-
INE501X07141	25-Oct-19	25-Oct-23	10.78%	-	-	937.50	-	-	-	937.50	-	937.50	-
INE501X07307	05-Sep-22	05-Mar-24	9.75%	-	-	500.00	-	-	-	500.00	-	-	-
INE501X08032	06-Mar-19	06-Mar-24	12.14%	-	-	-	200.00	-	-	-	200.00	-	200.00
INE501X07265	24-Mar-22	24-Mar-24	10.70%	-	-	62.49	-	-	-	125.00	-	250.00	-
INE501X07323	28-Sep-22	27-Mar-24	10.50%	-	-	250.00	-	-	-	250.00	-	-	-
INE501X07372	24-Jan-23	25-Apr-24	10.50%	-	-	300.00	-	100.00	-	500.00	-	-	-
INE501X07232	08-Dec-20	13-May-24	10.70%	-	-	0.08	-	0.10	-	0.10	-	771.76	-
INE501X07414	05-Dec-22	05-Jun-24	10.00%	-	-	1,000.00	-	1,000.00	-	1,000.00	-	-	-
INE501X07422	11-Apr-23	25-Jul-24	10.59%	-	-	240.00	-	120.00	-	-	-	-	-
INE501X07166	07-Nov-19	08-Nov-24	12.50%	0.04	-	0.04	-	0.10	-	-	-	414.00	-
INE501X07463	08-Aug-23	08-Dec-24	10.60%	75.00	-	300.00	-	225.00	-	-	-	-	-
INE501X08073	13-Dec-22	31-Dec-24	12.70%	-	117.00	-	234.00	-	117.00	-	234.00	-	-
INE501X07448	26-Jul-23	26-Jan-25	10.60%	83.34	-	250.00	-	166.60	-	-	-	-	-
INE501X07455	02-Aug-23	02-Feb-25	10.50%	83.33	-	250.00	-	166.60	-	-	-	-	-
INE501X07471	25-Aug-23	25-Feb-25	10.50%	116.67	-	350.00	-	233.30	-	-	-	-	-
INE501X07489	04-Sep-23	04-Mar-25	8.60%	400.00	-	400.00	-	400.00	-	-	-	-	-
INE501X07497	14-Sep-23	14-Mar-25	9.00%	133.33	-	400.00	-	266.70	-	-	-	-	-
INE501X08057	28-Feb-22	15-Mar-25	11.35%	-	375.00	-	375.00	-	375.00	-	375.00	-	375.00
INE501X08057	28-Feb-22	15-Mar-25	11.35%	-	375.00	-	375.00	-	375.00	-	375.00	-	375.00
INE501X07406	24-Mar-23	31-Mar-25	10.70%	84.50	-	253.50	-	169.00	-	338.00	-	-	-
INE501X07430	18-May-23	30-Apr-25	10.70%	186.00	-	372.00	-	279.00	-	-	-	-	-
INE501X07380	08-Feb-23	08-May-25	11.25%	50.00	-	116.67	-	83.30	-	150.00	-	-	-
INE501X07257	15-Nov-21	13-May-25	10.20%	0.02	-	0.02	-	0.10	-	222.20	-	222.20	-
INE501X07398	15-Feb-23	15-May-25	11.25%	90.00	-	210.00	-	150.00	-	270.00	-	-	-
INE501X07125	31-May-19	26-Jun-25	13.00%	262.50	-	262.50	-	262.50	-	262.50	-	262.50	-
INE501X07364	06-Dec-22	31-Jul-25	12.55%	100.00	-	150.00	-	100.00	-	150.00	-	-	-
INE501X07547	23-Feb-24	23-Aug-25	9.50%	500.00	-	-	-	500.00	-	-	-	-	-
INE501X07505	25-Sep-23	31-Aug-25	10.75%	250.00	-	500.00	-	375.00	-	-	-	-	-
INE501X07513	27-Sep-23	27-Sep-25	11.00%	125.00	-	250.00	-	187.50	-	-	-	-	-
INE501X07562	22-Mar-24	07-Oct-25	9.50%	500.00	-	-	-	500.00	-	-	-	-	-
INE501X08081	24-Jan-24	24-Jan-26	11.60%	-	166.66	-	-	-	229.19	-	-	-	-
INE501X07612	25-Jul-24	25-Jan-26	10.60%	500.00	-	-	-	-	-	-	-	-	-
INE501X07554	06-Mar-24	06-Mar-26	10.75%	675.00	-	-	-	900.00	-	-	-	-	-
INE501X07604	20-Jun-24	20-Mar-26	10.25%	1,250.00	-	-	-	-	-	-	-	-	-
INE501X07620	28-Aug-24	28-Aug-26	10.50%	750.00	-	-	-	-	-	-	-	-	-
INE501X07539	24-Nov-23	15-Sep-26	11.15%	500.00	-	-	-	500.00	-	-	-	-	-
INE501X07588	17-May-24	17-Nov-26	10.50%	250.00	-	-	-	-	-	-	-	-	-
INE501X07570	30-Apr-24	30-Apr-27	10.50%	490.00	-	-	-	-	-	-	-	-	-
INE501X07570	30-Apr-24	30-Apr-27	10.50%	510.00	-	-	-	-	-	-	-	-	-
INE501X07299	28-Jul-22	28-Jul-27	11.16%	310.00	-	310.00	-	310.00	-	310.00	-	-	-
INE501X07315	20-Sep-22	20-Sep-27	11.20%	260.00	-	260.00	-	260.00	-	260.00	-	-	-
INE501X07349	15-Nov-22	15-Nov-27	11.20%	310.00	-	310.00	-	310.00	-	310.00	-	-	-
INE501X07331	13-Sep-22	08-Mar-28	11.00%	327.25	-	327.25	-	327.30	-	327.25	-	-	-
INE501X07331	13-Sep-22	08-Mar-28	11.00%	327.25	-	327.25	-	327.30	-	327.25	-	-	-
INE501X07596	31-May-24	30-May-29	11.30%	2,490.00	-	-	-	-	-	-	-	-	-
INE501X07521	29-Sep-23	27-Sep-29	11.60%	765.00	-	765.00	-	765.04	-	-	-	-	-
				12,754.23	1,033.66	9,804.30	1,184.00	8,984.44	1,096.19	7,493.60	1,284.00	7,718.50	1,300.00
Accrued Interest				243.42	4.20	303.67	5.25	239.00	4.20	285.60	3.80	232.10	22.40
EIR Impact				(160.80)	(1.60)	(80.30)	(5.92)	(97.00)	(3.40)	(60.00)	(8.50)	(35.50)	(15.20)
				12,836.85	1,036.26	10,027.67	1,183.33	9,126.44	1,096.99	7,719.20	1,279.30	7,915.10	1,307.20

Note : Secured Non-Convertible Debentures of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

14	Borrowings (other than debt securities at amortised cost)	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Secured						
Term loans						
	From banks	8,257.98	3,816.36	6,911.61	908.80	1,081.40
	From other financial institutions	5,460.38	6,097.97	5,746.86	3,692.61	1,601.40
	External commercial borrowings	2,736.75	1,310.66	2,674.07	2,661.80	2,063.50
Loans repayable on demand*						
	From banks	5.61	290.00	50.00	430.00	149.90
Liabilities in respect of securitised transactions						
	From banks	2,382.30	4,104.44	3,964.67	2,925.90	1,088.90
	From non-banking financial companies	6,141.68	4,361.51	4,043.81	2,694.50	-
Unsecured						
Term loans						
	From other financial institutions	699.81	538.77	412.08	649.50	-
	External commercial borrowings	1,273.39	-	963.37	-	-
		26,957.90	20,519.71	24,766.47	13,963.11	5,985.10
	Borrowings in India	22,947.76	19,209.05	21,129.03	11,301.31	3,921.60
	Borrowings outside India	4,010.14	1,310.66	3,637.44	2,661.80	2,063.50
		26,957.90	20,519.71	24,766.47	13,963.11	5,985.10

* Secured by hypothecation of specific loan receivables (current and future) / cash and cash equivalents of the Company.

Note: Refer Note 14(i) for the repayment details along with rate of interest details.

14(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

a) Terms of principal repayment of borrowings (other than debt securities & securitisation) as on September 30, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet	4	424.55	-	-	2	1,403.01	1	963.80	1	293.49	3,084.85
Monthly	164	1,983.15	529	8,074.51	237	1,941.15	-	-	-	-	11,998.81
Quarterly	14	247.92	32	1,047.02	33	1,125.10	-	-	-	-	2,420.04
Yearly	-	-	-	-	3	837.89	-	-	-	-	837.89
Accrued interest											166.11
EIR impact											(73.78)
Total	182	2,655.61	561	9,121.53	275	5,307.15	1	963.80	1	293.49	18,433.92

Interest rate ranges from 8.01% to 13.50%

b) Terms of Principal Repayment of Borrowings (securitisation) as on 30 September, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly	72	1,504.93	171	4,859.22	15	2,151.78	-	-	-	-	8,515.94
Accrued Interest											29.04
EIR Impact											(21.00)
	72	1,504.93	171	4,859.22	15	2,151.78	-	-	-	-	8,523.98

Interest rate ranges from 9.51% to 11.00%

c) Terms of Principal Repayment of Borrowings (other than debt securities & securitisation) as on 30 September, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet	3	290.00	1	415.29	-	-	-	-	-	-	705.29
Monthly	85	1,218.92	446	5,303.19	165	2,361.11	36	500.00	-	-	9,383.22
Quarterly	3	62.50	34	631.25	16	387.50	-	-	-	-	1,081.25
Yearly	-	-	-	-	3	830.58	-	-	-	-	830.58
Accrued interest											97.75
EIR impact											(44.32)
	91	1,571.42	481	6,349.73	184	3,579.18	36	500.00	-	-	12,053.76

Interest rate ranges from 9.01% to 13.00%

d) Terms of Principal Repayment of Borrowings (securitisation) as on 30 September, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly	95	1,706.94	212	6,167.27	29	583.99	-	-	-	-	8,458.20
Accrued Interest											30.19
EIR Impact											(22.44)
	95	1,706.94	212	6,167.27	29	583.99	-	-	-	-	8,465.95

Interest rate ranges from 8.51% to 14.50%

e) Terms of Principal Repayment of Borrowings (other than debt securities & securitisation) as on 31 March, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet	2	466.89	1	1.30	2	1,353.27	1	958.80	-	-	2,780.26
Monthly	128	1,641.09	555	8,314.37	171	1,675.38	36	250.00	-	-	11,880.84
Quarterly	5	104.17	30	598.48	12	500.00	-	-	-	-	1,202.65
Yearly	-	-	-	-	3	833.70	-	-	-	-	833.70
Accrued interest											126.44
EIR impact											(65.90)
	135	2,212.15	586	8,914.15	188	4,362.35	37	1,208.80	-	-	16,757.99

Interest rate ranges from 9.01% to 13.50%

f) Terms of Principal Repayment of Borrowings (securitisation) as on 31 March, 2024

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly	109	2,185.30	209	5,815.57	-	-	-	-	-	-	8,000.87
Accrued Interest											24.90
EIR Impact											(17.29)
	109	2,185.30	209	5,815.57	-	-	-	-	-	-	8,008.48

Interest rate ranges from 8.51% to 11.00%

g) Terms of Principal Repayment of Borrowings (other than debt securities & securitisation) as on 31 March, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet	9	2,124.10	1	411.10	-	-	-	-	-	-	2,535.20
Monthly	88	656.14	281	2,575.70	91	994.90	-	-	-	-	4,226.74
Quarterly	8	166.67	12	279.20	11	229.20	-	-	-	-	675.07
Half Yearly	-	-	-	-	3	822.20	-	-	-	-	822.20
Accrued Interest											104.70
EIR Impact											(21.20)
	105	2,946.91	294	3,266.00	105	2,046.30	-	-	-	-	8,342.71

Interest rate ranges from 9.01% to 13.00%

h) Terms of Principal Repayment of Borrowings (securitisation) as on 31 March, 2023

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly	200	4,562.29	57	1,058.00	-	-	-	-	-	-	5,620.30
Accrued Interest											16.30
EIR Impact											(16.20)
	200	4,562.29	57	1,058.00	-	-	-	-	-	-	5,620.40

Interest rate ranges from 9.01% to 14.00%

i) Terms of Principal Repayment of Borrowings (other than debt securities & securitisation) as on 31 March, 2022

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Bullet	7	529.00	29	1,682.10	6	375.20	-	-	-	-	2,586.30
Monthly	50	368.00	301	1,238.10	33	250.00	-	-	-	-	1,856.10
Quarterly	-	-	-	-	62	437.50	-	-	-	-	437.50
Yearly	-	-	-	-	-	-	-	-	-	-	-
Accrued Interest											42.80
EIR Impact											(26.50)
	57	897.00	330	2920.20	101	1062.70	-	-	-	-	4,896.20

Interest rate ranges from 8.51% to 13.00%

j) Terms of Principal Repayment of Borrowings (securitisation) as on 31 March, 2022

Original Maturity of loan and ROI	Due within 1 Years		Due between 1 to 2 Years		Due Between 2 to 3 Years		Due between 3 to 4 years		Due between 4 to 5 years		Total Amount
	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	No of Instalments	Amount	
Monthly	32	1,093.20	-	-	-	-	-	-	-	-	1,093.20
EIR Impact											(4.30)
	32	1,093.20	-	-	-	-	-	-	-	-	1,088.90

Interest rate ranges from 9.01% to 10.00%

Note : Secured borrowings of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

15	Lease liabilities	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Lease liabilities	285.50	202.51	236.31	242.90	233.50
		285.50	202.51	236.31	242.90	233.50

Note: Refer note 50 for lease liability disclosure.

16	Other financial liabilities	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	At amortised cost					
	Employee benefit payable	90.95	29.44	54.24	29.00	16.39
	Expenses payable	158.07	161.91	156.76	95.77	57.89
	Creditors for expenses	13.24	16.37	33.45	24.92	22.27
	Payables on purchase of property, plant and equipment	5.26	4.10	9.40	6.10	2.30
	Other financial liabilities	249.63	91.27	300.38	4.86	228.90
		517.15	303.09	554.23	160.65	327.75

17	Provisions	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Provision for employee benefits					
	Provision for gratuity	116.51	82.44	92.51	67.80	92.40
	Provision for compensated absences	85.80	64.84	39.83	34.20	38.90
	Provision for bonus	131.08	123.21	170.36	124.60	100.00
	Other provisions					
	Provision for dividend on CCPS	-	0.10	0.16	0.10	0.08
		333.39	270.59	302.86	226.70	231.38

18	Other non-financial liabilities	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Statutory dues payable	81.05	63.38	118.54	62.99	45.15
	EMI and interest received in advance from customers (including Pre EMI)	85.64	75.35	104.67	60.21	18.30
	Goods and service tax payable	15.43	1.37	28.14	-	-
	Others	4.25	-	3.29	-	-
		186.37	140.10	254.64	123.20	63.45

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19	Equity share capital *	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
	Authorized										
	Equity shares of Rs. 10 each with voting rights	4,34,20,000	434.20	55,00,000	55.00	67,30,000	67.30	55,00,000	55.00	55,00,000	55.00
	Compulsorily Convertible Cumulative Preference shares (CCPS) of Rs. 10 each with voting rights	2,91,00,000	291.00	2,91,00,000	291.00	2,91,00,000	291.00	2,91,00,000	291.00	2,91,00,000	291.00
	Compulsorily Convertible Cumulative Preference shares (CCPS) of Rs. 20 each with voting rights	47,40,000	94.80	-	-	47,40,000	94.80	-	-	-	-
			820.00		346.00		453.10		346.00		346.00
	Issued, subscribed and paid-up										
	Equity shares of Rs. 10 each with voting rights	3,83,48,314	383.48	48,30,500.00	48.31	48,30,520	48.31	48,30,500	48.31	48,30,500	48.31
	Less: amount recoverable from ESOP Trust (face value of Rs. 10 each held by trust)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)	(5,60,294)	(5.60)
	0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs. 10 each	-	-	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82	2,61,82,448	261.82
	0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs. 20 each	-	-	-	-	47,39,244	94.78	-	-	-	-
			377.88		304.53		399.31		304.53		304.53

*Impact of subsequent event of split not considered. Refer Note 54

Details of shares held by promoters **

As at September 30, 2024

S. No.	Promoter name	No. of shares	% of totalshares	% change during the year
	Nil	Nil	Nil	Nil

As at September 30, 2023

S. No.	Promoter name	No. of shares	% of totalshares	% change during the year
	Nil	Nil	Nil	Nil

As at March 31, 2024

S. No.	Promoter name	No. of shares	% of totalshares	% change during the year
	Nil	Nil	Nil	Nil

As at March 31, 2023

S. No.	Promoter name	No. of shares	% of totalshares	% change during the year
	Nil	Nil	Nil	Nil

As at March 31, 2022

S. No.	Promoter name	No. of shares	% of totalshares	% change during the year
	Nil	Nil	Nil	Nil

** Disclosure is given as per annual return filed under section 92 of the Companies Act, 2013

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Annexure V-Restated Notes to the Financial Statements

(All amounts in Indian Rupees millions, unless otherwise stated)

19.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period*:

Particulars	Opening balance	Fresh Issue	CCPS and Warrant Conversion	Closing Balance
As at September 30, 2024				
Equity shares with voting rights				
No. of shares	48,30,520	21,39,125	3,13,78,669	3,83,48,314
Amount	48.31	21.39	313.78	383.48
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 10 each				
No. of shares	2,61,82,448	-	2,61,82,448	-
Amount	261.82	-	261.82	-
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs. 20 each				
No. of shares	47,39,244	-	47,39,244	-
Amount	94.78	-	94.78	-
As at September 30, 2023				
Equity shares with voting rights				
No. of shares	48,30,500	-	-	48,30,500
Amount	48.31	-	-	48.31
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 10 each				
No. of shares	2,61,82,448	-	-	2,61,82,448
Amount	261.82	-	-	261.82
As at March 31, 2024				
Equity shares with voting rights				
No. of shares	48,30,500	20.00	-	48,30,520
Amount	48.31	0.00	-	48.31
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 10 each				
No. of shares	2,61,82,448	-	-	2,61,82,448
Amount	261.82	-	-	261.82
0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 20 each				
No. of shares	-	47,39,244	-	47,39,244
Amount	-	94.78	-	94.78

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As at March 31, 2023

Equity shares with voting rights

No. of shares	48,30,500	-	-	48,30,500
Amount	48.31	-	-	48.31

0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 10 each

No. of shares	2,61,82,448	-	-	2,61,82,448
Amount	261.82	-	-	261.82

As at March 31, 2022

Equity shares with voting rights

No. of shares	48,30,500	-	-	48,30,500
Amount	48.31	-	-	48.31

0.01% Compulsorily Convertible Cumulative Preference Shares (CCPS) of Rs 10 each

No. of shares	2,61,82,448	-	-	2,61,82,448
Amount	261.82	-	-	261.82

19.2 Terms, rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their shareholding.

19.3 During the six months ended September 30, 2024, the Company had allotted 3,04,29,293 equity shares of INR 10 each on conversion of 3,09,21,692 0.01% Compulsory Convertible Preference Shares ('CCPs') on September 23, 2024 as per the agreed terms to CCPS holders as per the below details*:

Sr. No.	Series	No. of CCPS	Face Value (in INR)	No. of Equity Shares on Conversion at a Face Value of INR 10 each
1	Series A	20,68,764	10	20,68,764
2	Series A1	29,35,726	10	29,35,726
3	Series B	65,56,360	10	65,56,360
4	Series C	57,36,709	10	57,36,709
5	Series D	54,75,089	10	54,75,089
6	Series E	34,09,800	10	34,09,800
7	Series F	47,39,244	20	42,46,845
	Total	3,09,21,692		3,04,29,293

19.4 Mr. Sanjay Sharma had exercised 9,49,376 warrants and paid remaining amount of INR 653.11 per warrant. Post that Company allotted him 9,49,376 equity shares of INR 10 each on September 24, 2024.

The Company had also allotted 21,39,125 equity shares of the Company of face value of INR 10 each at a premium of INR 868.63 on September 26, 2024 as per share subscription agreement dated September 18, 2024 entered into by and amongst the Company, IMP2 Assets Pte. Ltd. ("ABC Impact"), British International Investment plc ("BII"), Mr. Sanjay Sharma, Shvet Corporation LLP and Shankh Corporation LLP, and the amended and restated shareholders' agreement dated September 18, 2024 entered into by and amongst inter alia the Company, BII and ABC Impact.

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19.5 Details of equity shares held by each shareholder holding more than 5% shares in the Company*:

Particulars	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	Number of shares held*	%	Number of shares held*	%	Number of shares held*	%	Number of shares held*	%	Number of shares held*	%
Equity shares with voting rights										
Sanjay Sharma	19,29,126	5.03%	9,79,750	20.28%	9,79,750	20.28%	9,79,750	20.28%	9,79,750	20.28%
Shankh Corporation LLP	8,49,625	2.22%	8,49,625	17.59%	8,49,625	17.59%	8,49,625	17.59%	8,49,625	17.59%
Shvet Corporation LLP	8,49,625	2.22%	8,49,625	17.59%	8,49,625	17.59%	8,49,625	17.59%	8,49,625	17.59%
Vikram Jetley	5,78,000	1.51%	6,31,000	11.97%	5,78,000	11.97%	6,31,000	13.06%	6,31,000	13.06%
Aye Finance Employee Welfare Trust	5,60,294	1.46%	5,60,294	11.60%	5,60,294	11.60%	5,60,294	11.60%	5,60,294	11.60%
Namrata Sharma	2,61,965	0.68%	2,61,965	5.42%	2,61,965	5.42%	2,61,965	5.42%	2,61,965	5.42%
A91 Emerging Fund I LLP	35,43,119	9.24%	65	0.00%	65	0.00%	65	0.00%	65	0.00%
Elevation Capital V Limited	62,13,529	16.20%	53,677	1.11%	53,677	1.11%	53,677	1.11%	53,677	1.11%
LGT Capital Invest Mauritius PCC with Cell E/VP	54,24,018	14.14%	33,093	0.69%	33,093	0.69%	33,093	0.69%	33,093	0.69%
CapitalG LP	39,37,337	10.27%	100	0.00%	100	0.00%	100	0.00%	100	0.00%
Alpha Wave India I LP (Formerly kown as Falcon Edge India I Lp)	43,02,837	11.22%	1,70,850	3.54%	1,70,850	3.54%	1,70,850	3.54%	1,70,850	3.54%
British International Investment plc	36,52,519	9.52%	10	0.00%	10	0.00%	-	0.00%	-	0.00%
MAJ Invest Financial Inclusion Fund II K/S	22,91,200	5.97%	86,215	1.78%	86,215	1.78%	86,215	1.78%	86,215	1.78%
0.01% Compulsorily Convertible Cumulative Preference shares										
Elevation Capital V Limited	-	-	61,59,852	23.53%	61,59,852	19.92%	61,59,852	23.53%	61,59,852	23.53%
LGT Capital Invest Mauritius PCC with Cell E/VP	-	-	53,90,925	20.59%	53,90,925	17.43%	53,90,925	20.59%	53,90,925	20.59%
CapitalG LP	-	-	39,37,237	15.04%	39,37,237	12.73%	39,37,237	15.04%	39,37,237	15.04%
MAJ Invest Financial Inclusion Fund II K/S	-	-	22,04,985	8.42%	22,04,985	7.13%	22,04,985	8.42%	22,04,985	8.42%
Alpha Wave India I LP (Formerly kown as Falcon Edge India I Lp)	-	-	41,31,987	15.78%	41,31,987	13.36%	41,31,987	15.78%	41,31,987	15.78%
A91 Emerging Fund I LLP	-	-	32,00,565	12.22%	35,82,764	11.59%	32,00,565	12.22%	32,00,565	12.22%
British International Investment plc	-	-	-	-	38,21,977	12.36%	-	-	-	-

19.6 Number of shares reserved for share options*

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Equity shares of Rs. 10 fully paid up					
Number of shares reserved for ESOPs	14,91,839	10,10,689	12,79,933	8,50,968	6,67,921

19.7 Number of shares reserved for warrants*

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Equity shares of Rs. 1 fully paid up					
Number of shares reserved for warrants	-	-	9,49,376	-	-

19.8 Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares

The Company have not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

19.9 Shares bought back

Company have not bought back any of its securities during the five year period immediately preceding the reporting date.

*Impact of subsequent event of split not considered. Refer Note 54

20	Other equity	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	Securities premium					
	Opening balance	9,519.49	6,593.40	6,593.40	6,593.40	6,593.40
	Add: Premium on shares issued during the period	2,520.89	-	2,926.09	-	-
	Closing balance	12,040.38	6,593.40	9,519.49	6,593.40	6,593.40
	Amount received from issue of share warrants	-	-	0.95	-	-
	Share option outstanding account					
	Opening balance	219.05	172.06	172.06	115.00	74.50
	Add: Deferred stock compensation expense	37.47	26.74	46.99	57.06	40.50
	Less: Utilisation of deferred stock compensation expense	-	-	-	-	-
	Closing balance	256.52	198.80	219.05	172.06	115.00
	Statutory reserve					
	Opening balance	583.60	261.30	261.30	151.30	151.30
	Add: Amount transferred from surplus of profit and loss	215.60	157.57	322.30	110.00	-
	Closing balance	799.20	418.87	583.60	261.30	151.30
	Retained earnings - other than remeasurement of post employment benefit obligation					
	Opening balance	1,607.63	213.14	213.14	(115.39)	398.11
	Add: Profit for the year/period	1,078.00	787.89	1,716.79	438.53	(513.50)
	Less: Transfer to statutory Reserve	(215.60)	(157.57)	(322.30)	(110.00)	-
	Closing balance	2,470.03	843.46	1,607.63	213.14	(115.39)
	Retained earnings - remeasurement of post employment benefit obligation					
	Opening balance	30.98	35.09	35.09	5.21	(4.55)
	Add: Other comprehensive (loss) / income	(8.66)	(4.20)	(4.11)	29.88	9.76
	Closing balance	22.32	30.89	30.98	35.09	5.21
	Total	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52

Nature and purpose of reserves

Statutory reserves

The reserve is created as per the provision of Section 45(IC) of Reserve Bank of India Act, 1934. This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by Reserve Bank of India.

Securities premium reserves

Securities Premium Reserve is credited when shares are issued at premium. It is utilized in accordance with the provisions of Act, to issue bonus shares, to provide for premium on redemption of shares, write-off equity related expenses like underwriting cost etc., and during the period ended September 30, 2024 and during the year ended March 31, 2024 such expenses amounting to the tune of Rs 1.03 Millions and Rs. 78.40 millions respectively have been utilised.

Employee stock outstanding account

In accordance with resolution approved by the shareholders, the Company has reserved shares options, for issuance to the eligible employees through ESOP scheme. The Company has approved stock option schemes - ESOP Scheme 2016, 2020 and 2024 on August 05, 2016, November 10, 2020 and June 26, 2024 respectively as amended from time to time.

The Administrator (i.e. Nomination and Remuneration Committee ('NRC') of the Company's board of directors) has the power to grant the options in pursuance to the ESOP schemes, each option consists of one equity share. Such option vest at a definite date, save for specific incidents, prescribed in the schemes as framed/ approved by the Company and shareholders. Such options are exercisable for a period following vesting at the discretion of the Board of Directors of the Company, subject to the conditions prescribed in the ESOP schemes as amended from time to time.

Retained earnings - other than remeasurement of post employment benefit obligation

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Retained earnings - remeasurement of post employment benefit obligation

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss.

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	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
21 Interest income					
On Financial Assets measured at amortised cost					
Interest on loans to customers	6,301.11	4,208.57	9,322.30	5,557.25	3,973.73
Interest on deposits with banks	101.28	65.22	164.56	107.60	124.87
	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
22 Net gain/(loss) on derecognition of financial instruments under amortised cost category					
Net gain on derecognition of financial instruments under amortised cost category	17.01	86.90	189.48	125.10	-
	17.01	86.90	189.48	125.10	-
23 Fees and commission income					
Servicing fee	10.11	21.37	35.87	5.70	0.10
Application fee	64.85	57.23	132.44	98.90	55.30
Delay payment charges, registration charges and others	175.08	137.12	310.33	150.20	80.30
	250.04	215.72	478.64	254.80	135.70
24 Net gain on fair value changes					
Gain on sale of mutual funds	197.29	94.20	210.10	119.90	79.70
Gain on currency fluctuation	-	49.50	37.10	69.60	5.20
Gain on fair value of cross currency swap	55.67	-	-	-	-
	252.96	143.70	247.20	189.50	84.90
Realised gain	197.29	95.10	269.90	116.50	77.80
Unrealised (loss) / gain	55.67	48.60	(22.70)	73.00	7.10
	252.96	143.70	247.20	189.50	84.90
25 Other income					
Miscellaneous income*	245.58	110.34	312.63	199.10	115.70
Profit on early termination of lease	2.12	-	2.59	-	-
Profit on sale of assets	0.35	0.06	0.10	-	-
	248.05	110.40	315.32	199.10	115.70
* Includes interest on Income tax refund.					
26 Finance cost					
Interest on:					
Debt securities	717.43	592.59	1,132.40	1,024.60	1,068.90
Borrowings (other than debt securities)	1,438.43	807.99	1,932.40	815.90	426.30
Lease liabilities	19.41	8.60	22.11	31.60	27.70
Delayed payment of statutory dues	0.95	-	-	0.10	0.10
Other finance cost	116.35	71.81	178.40	107.40	62.50
	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50

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	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
27 Net loss on fair value changes					
Loss on fair value of cross currency swap	-	26.90	61.80	65.70	21.00
Loss on currency fluctuation	62.59	-	-	-	-
	62.59	26.90	61.80	65.70	21.00
28 Impairment on financial instruments					
Measured at amortised cost					
Impairment on financial instruments at amortised cost	240.22	178.60	768.00	208.50	62.20
Amounts written off (net of recovery)	764.28	228.40	529.20	500.00	1,132.10
Loss on settlement	9.40	6.49	16.81	25.00	16.70
	1,013.90	413.49	1,314.01	733.50	1,211.00
29 Employee benefits expense					
Salaries and wages	1,449.49	1,067.01	2,252.00	1,743.50	1,453.40
Contribution to provident and other funds	108.53	85.10	176.10	152.70	121.90
Expense on employee stock option (ESOP) scheme	37.48	26.80	47.00	57.00	40.50
Staff welfare expenses	126.50	120.59	249.91	144.90	106.40
Gratuity expenses [Refer note 35]	17.09	12.60	27.10	23.90	35.40
	1,739.09	1,312.10	2,752.11	2,122.00	1,757.60
30 Other expenses					
1 Rent	1.03	-	-	0.80	-
2 Rates and taxes	10.16	2.84	25.55	12.20	7.50
3 Communication costs	28.30	30.26	63.14	48.50	41.50
4 Printing and stationery	10.73	11.70	23.90	19.20	15.50
5 Legal and Professional charges	102.33	60.50	153.90	98.60	61.60
6 Directors fees	1.66	1.87	3.50	2.50	2.20
7 Payment to auditors [Refer Note below]	4.62	5.07	10.49	12.23	8.70
8 Corporate social responsibility (CSR) [Refer note 31]	8.40	5.00	9.36	5.30	10.40
9 Membership and subscription fees	70.04	57.12	121.06	98.70	47.90
10 Travel and conveyance	152.89	133.79	293.78	240.90	130.20
11 Tour and travelling	40.21	31.20	68.24	51.90	28.50
12 Electricity expenses	9.49	7.23	14.85	10.50	7.70
13 Office expenses	35.52	28.54	61.04	53.40	39.00
14 CGTMSE premium charge	0.01	0.72	0.75	22.50	-
15 Bank charges	14.45	10.50	22.99	11.70	10.00
16 Loss on sale of property, plant and equipment	-	0.35	0.60	-	0.20
17 Provision on investments	-	-	2.53	-	-
18 Miscellaneous expenses	33.74	5.80	24.59	15.19	23.32
	523.58	392.49	900.27	704.12	434.22
Note : Payment to auditors **					
Statutory audit	2.28	2.07	4.65	6.79	4.60
Limited review	1.15	2.45	3.01	4.09	2.50
Tax audit	0.25	0.25	0.49	0.71	0.35
Other certifications	0.58	0.30	1.80	0.64	1.25
Out of Pocket Expense	0.36	-	0.54	-	-
	4.62	5.07	10.49	12.23	8.70

** For the period ended September 30,2023 and for the year ended March 31, 2024, amount is inclusive of Rs. 4.57 millions paid to the erstwhile Statutory Auditors i.e. SR Batliboi & Associates LLP (March 31, 2023: Rs. 12.23 millions and March 31, 2022: Rs. 8.70 millions). It includes Tax Audit Fees, Limited Review Fees, Certifications Fees & Out of Pocket Expenses.

31 Disclosure pertaining to corporate social responsibility expenses

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent by the Company during the period / year*	15.52	1.77	1.77	5.00	6.50
Amount spent during the period/year					
(a) Construction/acquisition of any asset	-	-	-	-	-
(b) On purposes other than (a) above**	8.40	5.00	9.36	5.30	10.40
(c) Shortfall/(excess) at the end of the year	Nil	Nil	Nil	Nil	Nil
(d) Total of Previous year shortfall	Nil	Nil	Nil	Nil	Nil
(e) Reason for shortfall	NA	NA	NA	NA	NA
(f) Where a provision is made with respect to liability incurred by entering into a contractual obligation, the movements in the provision.	NA	NA	NA	NA	NA

* For the Financial year 2024-25, the Company is required to Spent CSR expenditure by end of March 2025.

** For the purpose of Dairy program, Footwear Program, Sports Program, Kirana program, Women Empowerment etc.

Note: 1 Details of related party transactions in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures (refer note no 36).

Note: 2 The Company has undertaken CSR Activities as per schedule VII of the Companies Act, 2013.

32 Earnings per share

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Profit / (Loss) attributable to equity holders	1,078.00	787.89	1,716.79	438.53	(513.50)
Less: Preference dividend	-	-	-	-	-
Net Profit / (Loss) attributable to equity holders	1,078.00	787.89	1,716.79	438.53	(513.50)
Weighted average number of equity shares outstanding during the year - for Basic EPS original	3,53,85,912	3,10,12,948	3,23,27,266	3,10,12,948	3,10,12,948
Impact of share split effected after September 30, 2024 (each share of face value Rs 10 split into five shares of face value of Rs 2 each)	14,15,43,648	12,40,51,792	12,93,09,066	12,40,51,792	12,40,51,792
Weighted Average number of Equity Shares post split used as denominator in calculating Basic Earnings Per Share	17,69,29,560	15,50,64,740	16,16,36,332	15,50,64,740	15,50,64,740
Effect of dilutive potential equity share equivalent	7,28,900	3,62,107	3,62,599	3,91,080	4,47,091
Impact of share split effected after September 30, 2024 (each share of face value Rs 10 split into five shares of face value of Rs 2 each)	29,15,601	14,48,428	14,50,395	15,64,320	17,88,364
Weighted average number of equity shares outstanding during the year - for Dilutive EPS post split	18,05,74,061	15,68,75,275	16,34,49,226	15,70,20,140	15,73,00,195
Basic earnings per share (Rs.)	6.09	5.08	10.62	2.83	(3.31)
Diluted earnings per share (Rs.)	5.97	5.02	10.50	2.79	(3.31)
Nominal value per share (Rs.)	2.00	2.00	2.00	2.00	2.00

Earning per share both (basic & diluted) has been restated for all the periods/years on account of split issue. Refer Note 54-Subsequent event

33 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
(a) Contingent liability					
Income Tax laws	24.40	24.40	24.40	24.40	24.40
(b) Commitments					
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-	-	0.99
Commitments related to loans sanctioned but not disbursed	291.11	196.90	382.00	166.64	79.50

34 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions reviews the operating results of the Company as a whole. Further the Company operates in a single reportable segment i.e. granting loans, which has similar risks and returns for the purpose of Ind AS 108 "Operating segments", and is considered to be the only reportable business segment. Further, the Company is operating in India which is considered as a single geographical segment.

35 Employee benefits

35.1 Defined contribution plans

The Company makes Provident Fund to defined contribution plan for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 108.53 millions (September 30, 2023: Rs. 85.10 millions, March 31, 2024: Rs. 176.10 millions, March 31, 2023: Rs. 152.70 millions, March 31, 2022: Rs. 121.90 millions) for Provident Fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

35.2 Other long-term benefits

The company has a defined benefit leave encashment plan for its employees. Under this plan, they are entitled to encashment of earned leaves subject to certain limits and other conditions specified for the same. The liabilities towards leave encashment have been provided on the basis of actuarial valuation. The Company recognised Rs 51.89 millions (September 30, 2023 :Rs 36.48 millions, March 31, 2024 :Rs 46.81 millions, March 31, 2023 :Rs 31.39 millions , March 31,2022: Rs 32.14 millions for compensated absences in the statement of profit and loss.

35.3 Defined benefit plans

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

The present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each balance sheet date.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet:

(a) Amount recognised in the statement of profit and loss and other comprehensive income:

Particulars	Six months ended	Six months ended	Year ended	Year ended	Year ended
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Current service cost	13.74	10.09	22.09	17.19	30.37
Interest expense	3.35	2.51	5.01	6.71	5.03
Amount recognised in the statement of profit and loss	17.09	12.60	27.10	23.90	35.40
Remeasurement of defined benefit liability:					
Actuarial (gain) / loss from changes in demographic assumptions	-	-	-	(33.21)	5.07
Actuarial (gain) / loss from changes in financial assumptions	0.55	(0.08)	0.59	(2.06)	(6.67)
Actuarial (gain) / loss from experience adjustments	11.01	5.69	5.02	(4.63)	(11.48)
Amount recognised in other comprehensive income	11.56	5.61	5.61	(39.90)	(13.08)
	28.65	18.21	32.71	(16.00)	22.32

(b) Reconciliation of fair value plan assets and defined benefit obligation

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Defined benefit obligation	116.51	82.44	92.51	67.80	92.40
Net defined (asset) / liability recognised in the balance sheet	116.51	82.44	92.51	67.80	92.40

(c) Actual contributions and benefit payments during the year

Particulars	Six months ended	Six months ended	Year ended	Year ended	Year ended
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Actual benefit payments	(4.65)	(3.57)	(8.00)	(8.60)	(4.41)

(d) Changes in the present value of the defined benefit obligation are as follows:

Particulars	Six months ended	Six months ended	Year ended	Year ended	Year ended
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Defined benefit obligation at beginning of the year	92.51	67.80	67.80	92.40	74.49
Current service cost	13.74	10.09	22.09	17.19	30.37
Past service cost	-	-	-	-	-
Interest expense	3.35	2.51	5.01	6.71	5.03
Remeasurement (gains) / losses					
Actuarial (gain) / loss from changes in financial assumptions	0.55	(0.08)	0.59	(2.06)	(6.67)
Actuarial (gain) / loss from experience adjustments	11.01	5.69	5.02	(4.63)	(11.48)
Actuarial (gain) / loss from changes in demographic assumptions	-	-	-	(33.21)	5.07
Benefits paid	(4.65)	(3.57)	(8.00)	(8.60)	(4.41)
Defined benefit obligation at end of the year	116.51	82.44	92.51	67.80	92.40

(e) Changes in the fair value of plan assets are as follows:

Fair value of plan assets at beginning of the year	-	-	-	-	-
Fair value of plan assets at end of the year	-	-	-	-	-

35.4 The principal assumptions used in determining obligations for the Company's plan are shown below:

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate (in %)	7.15%	7.41%	7.25%	7.39%	7.26%
Future salary increase (in %)	10.00%	10.00%	10.00%	10.00%	10.00%
Retirement age	58.00	58.00	58.00	58.00	60.00
Demographic assumptions					
Attrition					
Upton 30 years	33.10%	33.10%	33.10%	33.10%	34.20%
31-44 years	28.40%	28.40%	28.40%	28.40%	4.70%
Above 44 years	6.20%	6.20%	6.20%	6.20%	0.98%
Mortality	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Present value of obligation at the end of the period	116.51	82.44	92.51	67.80	92.40
Effect of +50 basis points in rate of discounting	(2.76)	(1.90)	(2.20)	(1.57)	(7.34)
Effect of -50 basis points in rate of discounting	2.91	2.00	2.30	1.65	8.23
Present value of obligation at the end of the period	116.51	82.44	92.51	67.80	92.40
Effect of +50 basis points in rate of salary increase	2.54	1.80	2.00	1.55	7.53
Effect of -50 basis points in rate of salary increase	(2.46)	(1.75)	(2.00)	(1.50)	(6.80)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Experience adjustments	Present value of defined benefit obligation	Fair value of plan assets	Estimated gain/ (loss) adjustments on plan liabilities	Estimated gain/ (loss) adjustments on plan assets
Sep 30, 2024	116.51	-	11.01	-
Sep 30, 2023	82.44	-	5.69	-
2023-24	92.51	-	5.02	-
2022-23	67.80	-	(4.63)	-
2021-22	92.40	-	(11.48)	-
2020-21	74.48	-	3.43	-
2019-20	44.89	-	(1.07)	-
2018-19	19.91	-	0.00	-
2017-18	7.96	-	(0.05)	-
2016-17	3.71	-	0.19	-

35.5 Risk exposure:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term / long term gratuity pay-outs. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity pay-outs (e.g. Increase in the maximum limit on gratuity of Rs. 2 Millions).

36 Related party disclosures

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

36.1 Details of related parties:

Description of relationship	Names of related parties
Key Managerial Personnel (KMP)	Mr. Sanjay Sharma - Managing Director Mr. Vikram Jetley - Non Executive Director (up to Jan 01, 2022) Mr. Mayank Shyam Thatte - Chief Financial Officer (up to May 24, 2023) Mr. Ashish Sharma - Chief Financial Officer (up to Apr 16, 2021) Mr. Krishan Gopal - Chief Financial Officer (w.e.f. July 07, 2023) Ms. Tripti Pandey - Company Secretary, Compliance Officer & CCO (up to May 24, 2024) Mr. Vipul Sharma- Company Secretary , Compliance Officer & CCO (w.e.f. May 25,2024)
Independent directors	Mr. Navin Kumar Maini (up to September 02, 2023) Mr. Vinay Baijal (up to September 02, 2023) Ms. Arpita Pal Agrawal (up to September 02, 2023) Mr. Govinda Rajulu Chintala (w.e.f. September 01, 2023) Mr. Sanjaya Gupta (w.e.f. September 01, 2023) Ms. Kanika Tandon Bhal (resigned w.e.f. September 01, 2022) Ms. Kanika Tandon Bhal (w.e.f. September 01, 2023)
Non-Executive, Non-Independent Directors	Mr. Vivek Kumar Mathur Mr. Navroz Darius Udwadia Mr. Kartik Srivatsa Mr. Kaushik Anand Kalyana Krishnan
Entities over which KMP's have significant influence	Aye Finance Employee Welfare Trust
Entities exercising significant influence over the Company	Elevation Capital V Limited (formerly known as SAIF Partners India V Ltd.) Alpha Wave India I LP (formerly known as Falcon Edge India I LP) A91 Emerging Fund I LLP LGT Capital Invest Mauritius PCC with Cell E/VP CapitalG LP CapitalG International LLC British International Investment PLC w.e.f. January 05, 2024 Foundation for Advancement of Micro Enterprises (Section 8 Company) Mr. Shashwat Sharma
Wholly - owned subsidiary company	
Relatives of KMP	

36.2 Details of related party transactions and outstanding balances during the year / period

Particulars	Six months ended	Six months ended	Year ended	Year ended	Year ended
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
(a) Managerial remuneration					
Short term employee benefits (Director)					
Mr. Sanjay Sharma	24.37	21.22	36.86	29.92	27.02
Mr. Vikram Jetley	-	-	-	-	10.22
Short term employee benefits (Relative of Director)					
Mr. Shashwat Sharma	0.83	0.65	1.22	0.53	-
Short term employee benefits (KMP other than directors)					
Mr. Ashish Sharma	-	-	-	-	0.37
Mr. Mayank Shyam Thatte	-	1.35	1.35	9.94	9.08
Mr. Krishan Gopal	8.97	5.42	10.83	-	-
Ms. Tripti Pandey	0.27	2.15	3.06	1.54	1.48
Mr. Vipul Sharma	1.13	-	-	-	-
Post employment benefits	-	-	-	-	-
Other long-term benefits	-	-	-	-	-
Termination benefits	-	-	-	-	-
Share based payments					
Mr. Mayank Shyam Thatte	-	-	-	1.75	0.25
Mr. Krishan Gopal	5.12	0.61	3.31	-	-
Ms. Tripti Pandey	0.03	0.11	0.18	0.25	0.14
Mr. Vipul Sharma	0.08	-	-	-	-
(i) Excluding provision for gratuity and compensated absences as the same are actuarially determined for the Company as a whole and thus not separately ascertainable for the Director					
(b) Director's sitting fee	1.66	1.87	3.50	2.50	2.20
(c) Grant of ESOPs (KMP)	1.32	0.64	3.40	0.10	0.10
(d) Corporate social responsibility					
Foundation for Advancement of Micro Enterprises (FAME)	8.40	5.00	9.36	5.00	10.00

(e) Advances Given during the year

Advance for CSR to FAME	20.00	10.00	10.00	-	-
Foundation for Advancement of Micro Enterprises (FAME)	-	-	0.19	0.11	0.37

(f) Reimbursement received

Balance against advance received back	-	-	0.64	-	-
Foundation for Advancement of Micro Enterprises (FAME)	-	-	0.19	0.11	0.39

Balance outstanding at the end of the year

(g) (i) Long term loans and advances

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Aye Finance Employee Welfare Trust	1.25	1.25	1.25	1.25	1.25
Foundation for Advancement of Micro Enterprises (FAME)	11.60	5.00	-	-	-
	12.85	6.25	1.25	1.25	1.25

(g) (ii) Investment in subsidiary company

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Foundation for Advancement of Micro Enterprises (FAME)*	-	2.50	-	2.50	2.50
	-	2.50	-	2.50	2.50

* Refer Note no 6

(g) (iii) Dues to Directors

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Mr. Navin Kumar Maini	-	-	-	-	0.22
Mr. Vinay Bajjal	-	-	-	-	0.19
Mr. Govinda Rajulu Chintala	-	0.03	0.12	-	-
Mr. Sanjaya Gupta	-	0.09	0.09	-	-
Ms. Kanika Tandon Bhal	-	0.06	0.06	-	0.16
	-	0.19	0.28	-	0.57

(h) Loans and advances in nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment

Type of borrower	Amount of loan or advance in nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
	Nil	Nil

(i) All the related party transactions that were entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions made by the company with the related parties either individually or taken together with the previous transactions which may have a potential conflict with the interest of the company at large. All the related party transactions are placed before the Audit Committee and subsequently before the Board of Directors for approval and review on quarterly basis.

37 Intangible asset under development

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Intangible asset under development	23.78	11.69	29.53	4.70	0.60
	23.78	11.69	29.53	4.70	0.60

37.1(a) Intangible asset under development ageing schedule

As at September 30, 2024					
Intangible asset under development	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Mobile APP*	2.44	-	-	-	2.44
Product Development App*	2.53	2.53	-	-	5.06
ML APP*	14.90	-	-	-	14.90
Adrenalin Development app	1.38	-	-	-	1.38
	21.25	2.53	-	-	23.78
As at September 30, 2023					
Intangible asset under development	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Product Development App	2.53	-	-	-	2.53
ML APP	9.16	-	-	-	9.16
	11.69	-	-	-	11.69
As at March 31, 2024					
Intangible asset under development	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Product Development App	2.53	-	-	-	2.53
ML APP	27.00	-	-	-	27.00
	29.53	-	-	-	29.53
As at March 31, 2023					
Intangible asset under development	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Mobile App	4.10	0.60	-	-	4.70
	4.10	0.60	-	-	4.70
As at March 31, 2022					
Intangible asset under development	Amount of Intangible asset under development for a period of				Total
	Less than 1 year	1 - 2 year	2 - 3 year	More than 3 years	
Projects in progress					
Mobile App	0.60	-	-	-	0.60
	0.60	-	-	-	0.60

*Projects in progress are related with implementation of new workflow pertaining to Mortgage loan application, Mobile Application and Product Development application and their expected completion date is in February 2025.

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

37.2 Movement of Intangible asset under development

Particulars	Mobile App	Product Development	ML APP	Adrenalin	Total
		App		Development app	
Amount as at April 01, 2024	-	2.53	27.00	-	29.53
Additions During the year	2.44	2.53	15.29	1.38	21.64
Less: Amount capitalized in Intangible assets	-	-	27.39	-	27.39
Balance as at September 30, 2024	2.44	5.06	14.90	1.38	23.78
Amount as at April 01, 2023	4.70	-	-	-	4.70
Additions During the year	2.30	2.53	9.16	-	13.99
Less: Amount capitalized in Intangible assets	7.00	-	-	-	7.00
Balance as at September 30, 2023	-	2.53	9.16	-	11.69
Amount as at March 2023	4.70	-	-	-	4.70
Additions During the year	2.30	2.53	27.00	-	31.83
Less: Amount capitalized in Intangible assets	7.00	-	-	-	7.00
Balance as at March 2024	-	2.53	27.00	-	29.53
Amount as at March, 2022	0.60	-	-	-	0.60
Additions During the year	4.10	-	-	-	4.10
Less: Amount capitalized in Intangible assets	-	-	-	-	-
Balance as at March 2023	4.70	-	-	-	4.70
Amount as at March, 2021	0.10	-	-	-	0.10
Additions During the year	0.50	-	-	-	0.50
Less: Amount capitalized in Intangible assets	-	-	-	-	-
Balance as at March 2022	0.60	-	-	-	0.60

Intangible asset under development Completion schedule

There is no intangible asset under development for which completion is overdue or has exceeded its cost compared to its original plan in the company.

38 Ratio analysis and it's elements*

Ratio	As at	As at	% Variance	Reason for Variance (if above 25%)
	September 30, 2024	September 30, 2023		
(a) Capital to risk -weighted assets ratio (CRAR)	37.61%	29.97%	25.48%	Equity Infusion
(b) Tier I CRAR	37.61%	29.97%	25.48%	Equity Infusion
(c) Tier II CRAR	0.00%	0.00%	0.00%	Not applicable
(d) Liquidity coverage ratio	249.95%	Not applicable	Not applicable	Not applicable
Ratio	As at	As at	% Variance	Reason for Variance (if above 25%)
	March 31, 2024	March 31, 2023		
(a) Capital to risk -weighted assets ratio (CRAR)	32.79%	31.07%	5.52%	Not applicable
(b) Tier I CRAR	32.79%	31.07%	5.52%	Not applicable
(c) Tier II CRAR	0.00%	0.00%	0.00%	Not applicable
(d) Liquidity coverage ratio	Not applicable	Not applicable	Not applicable	Not applicable
Ratio	As at	As at	% Variance	Reason for Variance (if above 25%)
	March 31, 2023	March 31, 2022		
(a) Capital to risk -weighted assets ratio (CRAR)	31.07%	36.03%	(13.77)%	Not applicable
(b) Tier I CRAR	31.07%	36.03%	(13.77)%	Not applicable
(c) Tier II CRAR	0.00%	0.00%	0.00%	Not applicable
(d) Liquidity coverage ratio	Not applicable	Not applicable	Not applicable	Not applicable

* Based on the requirement of the Schedule III

Aye Finance Limited (Formerly known as Aye Finance Private Limited)

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39 Employee share based payments*

The Company at its Annual General Meeting (AGM) held on August 05, 2016 had approved an Employee Stock Option Plan 2016 ('the Plan') with initial pool of 3,86,416 options and had authorised the Company to issue stock options under the above plan. At the AGM held on September 30, 2019, additional 1,73,878 shares were added to this plan. The Company has provided loan to Aye Finance Employee Welfare Trust for purchase of total 5,60,294 Equity shares (ESOP Shares) from the existing shareholders.

In Extraordinary General Meeting (EGM) held on November 10, 2020, the ESOP Plan 2016 was discontinued and balance 115,751 shares of ESOP pool were transferred to a new Employee Stock Option Plan (ESOP 2020 Plan). In the same EGM, resolution was passed for approval of a new Employee Stock Option Plan 2020 ('the ESOP 2020 Plan') with initial pool size of 6,32,918 options which has been increased to 8,81,728 options from time to time and authorised the Company to issue stock options under the above plan.

In financial year 2024, to further enhance employee engagement and retention, the Company introduced a new Employee Stock Option Plan in 2024 ('the ESOP 2024 Plan'). At the Extraordinary General Meeting held on June 26, 2024, a total of 316,459 options were approved for the 2024 scheme. At the EGM held on August 16, 2024, additional 4,00,000 options were added to this plan and at the EGM held on September 28, 2024, another 400,000 options were added to this plan.

The vesting period for the options in ESOP 2016 Plan, ESOP 2020 Plan and ESOP 2024 Plan is 4 years (with 10%, 20%, 30% and 40% annual vesting under the ESOP 2016 Plan and 25% annual vesting under the ESOP 2020 Plan and ESOP 2024 Plan) commencing from the date of grant of options. It is the intention of the Company that the options would be exercised at the time of the listing of the shares pursuant to the liquidity event as defined in the ESOP scheme. Fair valuation has been carried at the grant date using the Black-Scholes model. The shares of the Company are not listed on any stock exchange. Accordingly, the expected median volatility for listed peer group has been considered.

Employee stock options details as on the balance sheet date are as follows:-

ESOP Plan 2016*

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Outstanding at the beginning of the year/period	3,16,774	3,64,111	3,64,111	3,52,547	3,99,473
Options granted / Adjustments	-	-	-	16,635	-
Options vested and exercisable	-	-	-	-	-
Options lapsed	5,289	156	47,337	5,071	46,926
Outstanding at the end of the period/ year	3,11,485	3,63,955	3,16,774	3,64,111	3,52,547
Vested options outstanding at the end of the period/year (Exercisable)	3,04,829	3,49,738	3,02,402	2,79,078	2,15,284

ESOP Plan 2020*

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Outstanding at the beginning of the year/period	9,63,159	4,86,857	4,86,857	3,15,374	2,07,850
Options granted / Adjustments	-	1,85,990	5,14,763	2,22,500	1,18,954
Options vested and exercisable	-	-	-	-	-
Options lapsed	80,877	26,114	38,461	51,017	11,430
Outstanding at the end of the period/ year	8,82,282	6,46,734	9,63,159	4,86,857	3,15,374
Vested options outstanding at the end of the period/year (Exercisable)	2,95,056	1,66,822	2,41,751	1,19,987	49,774

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ESOP Plan 2024*

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Outstanding at the beginning of the year/period	-	-	-	-	-
Options granted / Adjustments	3,01,492	-	-	-	-
Options vested and exercisable	-	-	-	-	-
Options lapsed	3,420	-	-	-	-
Outstanding at the end of the period/ year	2,98,072	-	-	-	-
Vested options outstanding at the end of the period/year (Exercisable)	Nil				

Weighted average fair value of stock options granted during the year is as follows*:-

Particulars	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Grant date	02-Jul-24	02-Jul-23	02-Jul-23	02-Jan-24	02-Jul-22
Weighted average fair value (Rs.)	371.89	247.26	247.26	239.78	325.94

*Impact of subsequent event of split not considered. Refer Note 54

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	ESOP Plan	Exercise Price	Risk free interest rate	Expected life	Expected volatility**	Dividend yield	Fair value of the underlying share in the market at the time of the option grant (Rs.)#	Conversion Ratio
January 02, 2017	Scheme 2016 Plan	29	6.57%	4.25 Years	0.00%	0.00%	72.00	01:01
June 02, 2017	Scheme 2016 Plan	29	7%-7.21%	3.97 Years	0.01%	0.00%	72.00	01:01
January 02, 2018	Scheme 2016 Plan	29	7%-7.21%	3.85 Years	0.01%	0.00%	111.43	01:01
July 02, 2018	Scheme 2016 Plan	29	7.74%-7.96%	3.33 Years	0.01%	0.00%	256.24	01:01
July 02, 2019	Scheme 2016 Plan	29	6.26%-6.63%	3.25 Years	0.01%	0.00%	447.37	01:01
July 02, 2020	Scheme 2016 Plan	29	4.89%	4.5 Years	41.97%	0.00%	615.87	01:01
January 02, 2021	Scheme 2020 Plan	615.87	5.04%	4 Years	42.44%	0.00%	615.87	01:01
July 02, 2021	Scheme 2016 Plan	29	5.66%	4.17 Years	50.06%	0.00%	615.87	01:01
January 02, 2022	Scheme 2020 Plan	615.87	6.09%	3.25 Years	48.96%	0.00%	615.87	01:01
July 02, 2022	Scheme 2020 Plan	615.87	7.41%	3.44 Years	48.39%	0.00%	693.00	01:01
January 02, 2023	Scheme 2020 Plan	615.87	7.15%	3.12 Years	46.71%	0.00%	693	01:01
July 02, 2023	Scheme 2020 Plan	615.87	6.99%	2.87 Years	43.22%	0.00%	650	01:01
January 02, 2024	Scheme 2020 Plan	615.87	7.21%	2.75 Years	41.15%	0.00%	654.11	01:01
July 02, 2024	Scheme 2024 Plan	700	7.07%	2.64 Years	41.27%	0.00%	876.07	01:01

**The share of the company are not listed on any stock exchange accordingly, the expected median volatility for listed peer group has been considered.

FV of shares of the Company is the Fair Value of the shares of the Company as on the grant date and Impact of subsequent event of split not considered. Refer Note 54.

Shares are exercisable on the occurrence of a Liquidity Event which primarily is the listing of the shares of the Company on a Stock Exchange via an Initial Public Offering.

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40 Income taxes

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
(a) Income tax expense					
Current tax					
Current tax on profits for the year/period	445.72	339.87	706.29	105.52	-
Total current tax (benefit) / expense	445.72	339.87	706.29	105.52	-
Deferred tax					
Expense / (Credit) recognised in statement of profit and loss	(82.63)	11.17	(144.52)	169.91	(160.62)
Total deferred tax expense / (benefit)	(82.63)	11.17	(144.52)	169.91	(160.62)
Income tax expense recognised in the statement of profit and loss	363.09	351.04	561.77	275.43	(160.62)
Deferred tax relating to other comprehensive income	2.90	1.41	1.50	(10.02)	(3.32)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate are as follows:-

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2022
Profit from continuing operations before income tax expense	1,441.09	1,138.93	2,278.56	713.96	(674.12)
Applicable tax rate	25.17%	25.17%	25.17%	25.17%	25.17%
Computed tax (gain) / expense	362.69	286.65	573.47	179.69	(169.66)
Tax effect of :					
Effect of expenses that are non-deductible in determining taxable profit	2.12	1.27	3.02	2.43	9.04
Effect of tax incentives and concessions	(18.88)	-	(50.10)	(40.94)	-
Others	17.15	63.12	35.38	134.25	-
Income tax expense recognised in the statement of profit and loss	363.09	351.04	561.77	275.43	(160.62)

(c) Deferred tax assets / liabilities

Components of deferred tax assets / (liabilities)	As at March 31, 2024	Statement of profit and loss	Other comprehensive income	Others	As at September 30, 2024
Measurement of financial assets at amortised cost	435.07	83.57	-	-	518.64
Measurement of financial liabilities at amortised cost	(46.17)	(18.56)	-	-	(64.73)
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	9.07	2.41	-	-	11.48
Provision for gratuity and compensated absences	33.24	14.77	2.90	-	50.91
Others	8.16	0.44	-	-	8.60
	439.37	82.63	2.90	-	524.90
Components of deferred tax assets / (liabilities)	As at March 31, 2023	Statement of profit and loss	Other comprehensive income	Others	As at September 30, 2023
Measurement of financial assets at amortised cost	210.80	54.50	-	-	265.30
Measurement of financial liabilities at amortised cost	(35.30)	(3.19)	-	-	(38.49)
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	10.09	0.95	-	-	11.04
Provision for gratuity and compensated absences	25.66	9.99	1.41	-	37.06
Income tax losses	72.90	(72.90)	-	-	-
Others	9.20	(0.52)	-	-	8.68
	293.35	(11.17)	1.41	-	283.59

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Components of deferred tax assets / (liabilities)	As at April 01, 2023	Statement of profit and loss	Other comprehensive income	Others	As at March 31, 2024
Measurement of financial assets at amortised cost	210.80	224.27	-	-	435.07
Measurement of financial liabilities at amortised cost	(35.30)	(10.87)	-	-	(46.17)
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	10.09	(1.02)	-	-	9.07
Provision for gratuity and compensated absences	25.66	6.08	1.50	-	33.24
Income tax losses	72.90	(72.90)	-	-	-
Others	9.20	(1.04)	-	-	8.16
	293.35	144.52	1.50	-	439.37
Components of deferred tax assets / (liabilities)	As at April 01, 2022	Statement of profit and loss	Other comprehensive income	Others	As at March 31, 2023
Measurement of financial assets at amortised cost	262.50	(51.70)	-	-	210.80
Measurement of financial liabilities at amortised cost	(34.70)	(0.60)	-	-	(35.30)
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	7.00	3.09	-	-	10.09
Provision for gratuity and compensated absences	37.98	(2.30)	(10.02)	-	25.66
Income tax losses	169.70	(96.80)	-	-	72.90
Others	30.80	(21.60)	-	-	9.20
	473.28	(169.91)	(10.02)	-	293.35
Components of deferred tax assets / (liabilities)	As at April 01, 2021	Statement of profit and loss	Other comprehensive income	Others	As at March 31, 2022
Measurement of financial assets at amortised cost	280.50	(18.00)	-	-	262.50
Measurement of financial liabilities at amortised cost	(21.40)	(13.28)	-	-	(34.68)
Difference in book balance of property, plant and equipment as per the Companies Act and the Income Tax Act	7.00	-	-	-	7.00
Provision for gratuity and compensated absences	29.60	11.70	(3.32)	-	37.98
Income tax losses	-	169.70	-	-	169.70
Others	20.30	10.50	-	-	30.80
	316.00	160.62	(3.32)	-	473.30

41 The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

42 There are no amounts which were required to be transferred to the Investor Educational and Protection Fund by the Company.

43 The Company does not have any year / period end unhedged foreign currency exposures except Trade Payable of Rs. 0.54 millions(USD 0.01 millions) as on September 30, 2024.

44 Standards issued but not yet effective

There are neither new standards nor amendments to existing standards which has effect on the current financial statements and are effective for the annual period beginning from April 1, 2024.

45 Disclosures relating to securitisation

45.1 The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
(a) Total number of transactions entered during the year	7.00	12.00	21.00	17.00	3.00
(b) Total number of loan assets	63,550.00	73,463.00	1,27,296.00	1,06,700.00	17,341.00
(c) Total book value of loan assets	7,104.26	7,667.90	13,363.00	8,503.50	1,207.10
(d) Sale consideration received	6,562.12	6,979.30	12,159.70	7,768.50	1,074.90

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45.2 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021: Details of securitisation transaction during the years / periods.

Particulars	Six months ended September 30, 2024	Six months ended September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
(a) No. of SPV's sponsored by NBFC for securitisation transactions	7.00	12.00	21.00	17.00	3.00
(b) Total amount of securitised assets as per books of SPVs sponsored by the NBFC	7,104.26	7,667.90	13,363.00	8,503.50	1,023.40
(c) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	-	-	-	-	-
Off-balance sheet exposures					
(i) First loss	-	-	-	-	-
(ii) Others	-	-	-	-	-
On-balance sheet exposures					
(i) First loss	1,804.79	1,315.24	1,474.48	774.47	94.40
(ii) Others (MRR including securitisation)	748.47	815.13	785.70	734.90	116.70
(d) Amount of exposures to securitization transactions other					
Off-balance sheet exposures					
Exposure to own securitization					
(i) First loss	-	-	-	-	-
(ii) Loss	-	-	-	-	-
Exposure to third party securitisation					
(i) First loss	-	-	-	-	-
(ii) Loss	-	-	-	-	-
On-balance sheet exposures					
Exposure to own securitization					
(i) First loss	-	-	-	-	-
(ii) Loss	-	-	-	-	-
Exposure to third party securitisation					
(i) First loss	-	-	-	-	-
(ii) Loss	-	-	-	-	-
(e) Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	6562.12	6979.30	12159.70	7768.50	1074.90
(f) Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-	-	-	-
(g) Performance of facility provided:					
Credit enhancement facility					
Fixed deposit					
(i) Amount paid	1,804.79	1,315.24	1,474.48	774.47	94.40
(ii) Repayment received	-	-	-	-	-
(iii) Outstanding amount	1,804.79	1,315.24	1,474.48	774.47	94.40
Corporate guarantee					
(i) Amount paid	-	-	-	-	-
(ii) Repayment received	-	-	-	-	-
(iii) Outstanding amount	-	-	-	-	-
(h) Average default rate of portfolios observed in the past	0.50%	0.01%	1.03%	0.46%	0.90%
(i) Amount and number of additional/top up loan given on same underlying asset	-	-	-	-	-
(j) Investor complaints					
Directly / Indirectly received and;	NIL	NIL	NIL	NIL	NIL
Complaints outstanding	NIL	NIL	NIL	NIL	NIL

46 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO.PD. No. 367/03.10.01/2013-14 dated January 23, 2014

46.1 For the six months ended September 30, 2024

Sr. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total									
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total					
a	Restructured accounts as on April 1 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	262.00	-	-	-	-	262.00	-	-	-	-	262.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	24.30	-	-	-	-	24.30	-	-	-	-	24.30
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	16.90	-	-	-	-	16.90	-	-	-	-	16.90
b	Fresh restructuring during the year/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	92.00	-	-	-	-	92.00	-	-	-	-	92.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	11.28	-	-	-	-	11.28	-	-	-	-	11.28	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	7.86	-	-	-	-	7.86	-	-	-	-	7.86	
c	Upgradations to restructured standard category during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(18.00)	-	-	-	-	(18.00)	-	-	-	-	(18.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(2.38)	-	-	-	-	(2.38)	-	-	-	-	(2.38)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(1.59)	-	-	-	-	(1.59)	-	-	-	-	(1.59)	
e	Down gradations of restructured accounts during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
f	Write-offs of restructured accounts during the FY*/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(41.00)	-	-	-	-	(41.00)	-	-	-	-	(41.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(3.66)	-	-	-	-	(3.66)	-	-	-	-	(3.66)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(2.66)	-	-	-	-	(2.66)	-	-	-	-	(2.66)	
g	Restructured accounts as on September 30 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	295.00	-	-	-	-	295.00	-	-	-	-	295.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	29.54	-	-	-	-	29.54	-	-	-	-	29.54	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	20.51	-	-	-	-	20.51	-	-	-	-	20.51	

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

46.2 For the six months ended September 30, 2023

Sr. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total									
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total					
a	Restructured accounts as on April 1 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	288.00	-	-	-	-	288.00	-	-	-	-	288.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	29.80	-	-	-	-	29.80	-	-	-	-	29.80
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	20.20	-	-	-	-	20.20	-	-	-	-	20.20
b	Fresh restructuring during the year/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	30.00	-	-	-	-	30.00	-	-	-	-	30.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	2.62	-	-	-	-	2.62	-	-	-	-	2.62	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	1.85	-	-	-	-	1.85	-	-	-	-	1.85	
c	Upgradations to restructured standard category during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
d	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(18.00)	-	-	-	-	(18.00)	-	-	-	-	(18.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(3.03)	-	-	-	-	(3.03)	-	-	-	-	(3.03)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(1.92)	-	-	-	-	(1.92)	-	-	-	-	(1.92)	
e	Down gradations of restructured accounts during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
f	Write-offs of restructured accounts during the FY*/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	(19.00)	-	-	-	-	(19.00)	-	-	-	-	(19.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	(2.23)	-	-	-	-	(2.23)	-	-	-	-	(2.23)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	(1.54)	-	-	-	-	(1.54)	-	-	-	-	(1.54)	
g	Restructured accounts as on September 30 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	281.00	-	-	-	-	281.00	-	-	-	-	281.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	27.16	-	-	-	-	27.16	-	-	-	-	27.16	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	18.60	-	-	-	-	18.60	-	-	-	-	18.60	

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

46 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO.PD. No. 367/03.10.01/2013-14 dated January 23, 2014

46.3 For the year March 31, 2024

Sr. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total											
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total							
a	Restructured accounts as on April 1 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	288.00	-	-	-	-	288.00	-	-	-	-	-	288.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	29.80	-	-	-	-	29.80	-	-	-	-	-	29.80	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	20.20	-	-	-	-	20.20	-	-	-	-	-	20.20	
b	Fresh restructuring during the year/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	80.00	-	-	-	-	80.00	-	-	-	-	-	80.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	8.60	-	-	-	-	8.60	-	-	-	-	-	8.60	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	6.10	-	-	-	-	6.10	-	-	-	-	-	6.10	
c	Upgradations to restructured standard category during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	(33.00)	-	-	-	-	(33.00)	-	-	-	-	-	(33.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	(5.50)	-	-	-	-	(5.50)	-	-	-	-	-	(5.50)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.20)	-	-	-	-	(3.20)	-	-	-	-	-	(3.20)	
e	Down gradations of restructured accounts during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f	Write-offs of restructured accounts during the FY*/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	(73.00)	-	-	-	-	(73.00)	-	-	-	-	-	(73.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	(8.60)	-	-	-	-	(8.60)	-	-	-	-	-	(8.60)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	(6.20)	-	-	-	-	(6.20)	-	-	-	-	-	(6.20)	
g	Restructured accounts as on March 31 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	262.00	-	-	-	-	262.00	-	-	-	-	-	262.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	24.30	-	-	-	-	24.30	-	-	-	-	-	24.30	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	16.90	-	-	-	-	16.90	-	-	-	-	-	16.90	

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

46.4 For the year March 31, 2023

Sr. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total											
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total							
a	Restructured accounts as on April 1 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	416.00	20.00	-	-	-	436.00	416.00	20.00	-	-	-	-	436.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	43.11	2.21	-	-	-	45.33	43.11	2.21	-	-	-	-	45.33
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	16.76	1.48	-	-	-	18.24	16.76	1.48	-	-	-	-	18.24
b	Fresh restructuring during the year/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	94.00	-	-	-	-	94.00	-	-	-	-	-	94.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	11.92	-	-	-	-	11.92	-	-	-	-	-	11.92	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	7.85	-	-	-	-	7.85	-	-	-	-	-	7.85	
c	Upgradations to restructured standard category during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	(10.00)	-	-	-	-	(10.00)	(10.00)	-	-	-	-	(10.00)	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.64)	-	-	-	-	(0.64)	(0.64)	-	-	-	-	(0.64)	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.26)	-	-	-	-	(0.26)	(0.26)	-	-	-	-	(0.26)	
e	Down gradations of restructured accounts during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	(406.00)	406.00	-	-	-	-	(406.00)	406.00	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	(42.48)	42.48	-	-	-	-	(42.48)	42.48	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	(16.50)	16.50	-	-	-	-	(16.50)	16.50	-	-	-	-	
f	Write-offs of restructured accounts during the FY*/period	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	232.00	-	-	-	-	232.00	-	-	-	-	-	232.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	26.81	-	-	-	-	26.81	-	-	-	-	-	26.81	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	5.60	-	-	-	-	5.60	-	-	-	-	-	5.60	
g	Restructured accounts as on March 31 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	288.00	-	-	-	-	288.00	-	-	-	-	-	288.00	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	29.80	-	-	-	-	29.80	-	-	-	-	-	29.80	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	20.20	-	-	-	-	20.20	-	-	-	-	-	20.20	

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

46 Disclosure on restructuring pursuant to Reserve Bank of India notification DNBS.CO.PD. No. 367/03.10.01/2013-14 dated January 23, 2014

46.5 For the year March 31, 2022

Sr. No.	Type of Restructuring Asset Classification Details	Under CDR Mechanism					Under SME Debt Restructuring					Others					Total				
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
a	Restructured accounts as on April 1 of the FY (opening figures)*	No of borrowers	-	-	-	-	-	-	-	-	-	32.00	213.00	-	-	245.00	32.00	213.00	-	-	245.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	0.02	0.28	-	-	0.30	0.02	2.81	-	-	0.30
		Provision thereon	-	-	-	-	-	-	-	-	-	0.01	0.10	-	-	0.11	0.01	1.01	-	-	0.11
b	Fresh restructuring during the year/period	No of borrowers	-	-	-	-	-	-	-	-	-	392.00	-	-	-	392.00	392.00	-	-	-	392.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	42.58	-	-	-	42.58	42.58	-	-	-	42.58
		Provision thereon	-	-	-	-	-	-	-	-	-	17.46	-	-	-	17.46	17.46	-	-	-	17.46
c	Upgradations to restructured standard category during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	321.00	(321.00)	-	-	-	321.00	(321.00)	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	13.32	(13.32)	-	-	-	13.32	(13.32)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	7.45	(7.45)	-	-	-	7.45	(7.45)	-	-	-
d	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	(341.00)	-	-	-	(341.00)	(341.00)	-	-	-	(341.00)
		Amount Outstanding	-	-	-	-	-	-	-	-	-	(16.17)	-	-	-	(16.17)	(16.17)	-	-	-	(16.17)
		Provision thereon	-	-	-	-	-	-	-	-	-	(8.63)	-	-	-	(8.63)	(8.63)	-	-	-	(8.63)
e	Down gradations of restructured accounts during the FY/period	No of borrowers	-	-	-	-	-	-	-	-	-	(37.00)	37.00	-	-	-	(37.00)	37.00	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	(5.24)	5.24	-	-	-	(5.24)	5.24	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	(1.26)	1.26	-	-	-	(1.26)	1.26	-	-	-
f	Write-offs of restructured accounts during the FY*/period	No of borrowers	-	-	-	-	-	-	-	-	-	49.00	91.00	-	-	140.00	49.00	91.00	-	-	140.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	8.59	10.02	-	-	18.61	8.59	10.19	-	-	18.61
		Provision thereon	-	-	-	-	-	-	-	-	-	1.74	7.57	-	-	9.31	1.74	7.57	-	-	9.31
g	Restructured accounts as on March 31 of the FY (closing figures*)	No of borrowers	-	-	-	-	-	-	-	-	-	416.00	20.00	-	-	436.00	416.00	20.00	-	-	436.00
		Amount Outstanding	-	-	-	-	-	-	-	-	-	43.11	2.21	-	-	45.33	43.11	2.21	-	-	45.33
		Provision thereon	-	-	-	-	-	-	-	-	-	16.76	1.48	-	-	18.24	16.76	1.48	-	-	18.24

* Excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable).

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

47 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.

Particulars	As at September 30, 2024			As at September 30, 2023			As at March 31, 2024			As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets															
Cash and cash equivalents	9,261.54	-	9,261.54	6,643.32	-	6,643.32	5,265.89	-	5,265.89	2,726.29	-	2,726.29	1,528.40	-	1,528.40
Bank balance other than cash and cash equivalents	1,333.01	574.88	1,907.89	1,410.80	457.30	1,868.10	1,607.50	429.20	2,036.70	554.40	659.77	1,214.16	2,120.80	121.40	2,242.20
Derivative financial instruments	24.15	-	24.15	3.46	-	3.46	-	-	-	30.70	-	30.70	-	-	-
Loans	22,348.00	22,814.27	45,162.27	16,551.27	14,536.44	31,087.71	19,764.53	20,266.71	40,031.24	14,312.99	11,241.44	25,554.43	9,059.87	7,817.23	16,877.10
Investments	54.67	172.94	227.61	573.13	-	573.13	106.09	-	106.09	844.60	-	844.60	1,551.10	-	1,551.10
Other financial assets	282.50	36.30	318.80	255.64	25.64	281.28	272.05	34.50	306.55	201.45	26.67	228.12	46.60	24.30	70.90
Non-financial assets															
Current tax assets (Net)	244.38	-	244.38	87.30	-	87.30	117.36	-	117.36	-	75.28	75.28	-	82.13	82.13
Deferred tax assets (Net)	-	524.90	524.90	-	283.59	283.59	-	439.37	439.37	-	293.35	293.35	-	473.30	473.30
Property, plant and equipment	-	127.48	127.48	-	54.97	54.97	-	89.61	89.61	-	54.65	54.65	-	47.80	47.80
Right of use assets	-	262.94	262.94	-	174.41	174.41	-	214.31	214.31	-	211.50	211.50	-	205.80	205.80
Intangible assets under development	-	23.78	23.78	-	11.69	11.69	-	29.53	29.53	-	4.70	4.70	-	0.60	0.60
Other intangible assets	-	34.64	34.64	-	9.60	9.60	-	13.20	13.20	-	5.50	5.50	-	13.70	13.70
Other non-financial assets	103.70	0.97	104.67	81.24	-	81.24	79.37	1.30	80.67	51.30	-	51.30	63.40	-	63.40
Total assets	33,651.95	24,573.10	58,225.05	25,606.16	15,553.64	41,159.80	27,212.79	21,517.73	48,730.52	18,721.73	12,572.86	31,294.58	14,370.17	8,786.26	23,156.43
Financial liabilities															
Derivative financial instruments	-	-	-	-	-	-	31.52	-	31.52	-	-	-	38.90	-	38.90
Debt securities	5,016.61	8,856.50	13,873.11	6,092.52	5,118.48	11,211.00	5,037.10	5,186.33	10,223.43	4,800.80	4,197.70	8,998.50	4,669.00	4,553.30	9,222.30
Borrowings (other than debt securities)	15,975.74	10,982.16	26,957.90	13,379.39	7,140.32	20,519.71	15,678.90	9,087.57	24,766.47	9,675.10	4,288.01	13,963.11	2,896.20	3,088.90	5,985.10
Lease liability	112.62	172.88	285.50	74.59	127.92	202.51	69.70	166.61	236.31	69.70	173.20	242.90	77.00	156.50	233.50
Other financial liabilities	493.66	23.49	517.15	303.09	-	303.09	554.23	-	554.23	160.65	-	160.65	327.75	-	327.75
Non-Financial Liabilities															
Current tax liabilities (Net)	105.30	-	105.30	122.85	-	122.85	-	-	-	-	-	-	-	-	-
Provisions	174.18	159.21	333.39	155.47	115.12	270.59	152.61	150.25	302.86	145.30	81.41	226.70	109.76	121.64	231.38
Other non-financial liabilities	186.37	-	186.37	140.10	-	140.10	254.64	-	254.64	123.20	-	123.20	63.50	-	63.45
Total liabilities	22,064.48	20,194.24	42,258.72	20,268.01	12,501.84	32,769.85	21,778.70	14,590.76	36,369.46	14,974.75	8,740.32	23,715.06	8,182.11	7,920.34	16,102.38
Net Amount			15,966.33			8,389.95			12,361.06			7,579.52			7,054.05

48 **Capital**

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

Capital management

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.

Regulatory capital

	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Tier I capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Tier II capital	-	-	-	-	-
Total capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Risk weighted assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.20
CRAR (%) *	37.61%	29.97%	32.79%	31.07%	36.03%
Tier I capital (%)	37.61%	29.97%	32.79%	31.07%	36.03%
Tier II capital (%)	-	-	-	-	-

* The above ratio has been computed in accordance with the relevant guidelines issued by the RBI.

Tier I is capital computed basis the method provided by the regulator as at the last day of relevant fiscal year/period. Tier II capital consists of general provision and loss reserve against standard assets . Tier I and Tier II has been reported on the basis of Ind AS financial information.

49 Financial risk management framework

The Company's principal financial liabilities comprise borrowings from banks and debentures. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations.

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, price risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

49.1 Credit risk management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans and advances primarily based on days past due monitoring at year end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products / states / customer base with a cap on maximum limit of exposure for an individual / Group.

The below amounts does not include the impact of EIR on applicable fees and interest accrued on customer loans.

49.1.1 Credit quality of financial loan

Particulars	Mortgage loans					Saral Property loans					Hypothecated and Switch pe loans				
	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Gross carrying value of loans															
Stage 1	4,658.32	1,397.81	3,323.10	498.54	73.50	1040.72	1,061.65	1,104.10	1,041.51	1,075.70	38,643.13	28,205.63	35,123.00	23,673.90	14,786.40
Stage 2	33.98	3.73	4.80	2.61	11.90	28.55	23.24	17.80	31.69	165.80	714.51	337.04	407.40	215.90	623.50
Stage 3	46.07	7.17	17.00	5.25	4.00	79.94	80.60	70.70	89.99	108.40	1,421.43	768.32	1,228.70	557.20	435.40
Gross carrying value as at reporting date	4,738.37	1,408.71	3,344.90	506.40	89.40	1,149.21	1,165.49	1,192.60	1,163.19	1,349.90	40,779.07	29,310.99	36,759.10	24,447.00	15,845.30

The Company reviews the credit quality of its loans based on the ageing of the loan at the year end and hence the Company has calculated its ECL allowances on a collective basis.

49.1.2 Inputs considered in calculation of ECL

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0 to 30 days past due

Stage 2 : 31 to 90 days past due

Stage 3 : More than 90 days past due

49.1.3 Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

49.1.4 Exposure at default

"Exposure at default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation.

49.1.5 Estimations and assumptions used in the ECL model

(a) Loss given default (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are considered at portfolio basis for arriving loss rate.

(b) Probability of default (PD) is applied on Stage 1, Stage 2 and Stage 3 portfolio . This is calculated as an average of periodic movement of default rates.

49.1.6 Measurement of ECL

ECL is measured as follows:

(a) Financial assets that are not credit impaired at the reporting date: for Stage 1 & 2, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL.

(b) Financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD ;

49.1.7 Significant increase in credit risk

The Company considers its exposure in credit risk to have increased significantly, when the borrower crosses 30 DPD.

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49.1.8 Impairment loss

(a) The expected credit loss allowance for **Mortgage loan** is determined as follows:

Particulars	Stage 1 Performing- loans 12 month ECL	Stage 2 Under per - forming loans Lifetime ECL not credit impaired	Stage 3 Impaired loans - lifetime ECL credit impaired	Total
Gross carrying value as at September 30, 2024	4,658.32	33.98	46.07	4,738.37
ECL rate	0.38%	33.66%	53.74%	
ECL amount	17.83	11.44	24.76	54.03
Carrying amount (net of provision)	4,640.49	22.54	21.31	4,684.34
Gross carrying value as at September 30, 2023	1,397.81	3.73	7.17	1,408.71
ECL rate	0.79%	4.01%	44.10%	
ECL amount	11.06	0.15	3.16	14.37
Carrying amount (net of provision)	1,386.75	3.58	4.01	1,394.34
Gross carrying value as at March 31, 2024	3,323.10	4.80	17.00	3,344.90
ECL rate	0.38%	33.33%	53.53%	
ECL amount	12.70	1.60	9.10	23.40
Carrying amount (net of provision)	3,310.40	3.20	7.90	3,321.49
Gross carrying value as at March 31, 2023	498.54	2.61	5.25	506.40
ECL rate	0.79%	25.89%	59.33%	
ECL amount	3.90	0.70	1.90	6.50
Carrying amount (net of provision)	494.64	1.91	3.35	499.90
Gross carrying value as at March 31, 2022	73.50	11.90	4.00	89.40
ECL rate	1.36%	11.76%	57.50%	
ECL amount	1.00	1.40	2.30	4.70
Carrying amount (net of provision)	72.50	10.50	1.70	84.70

(b) The expected credit loss allowance for **Saral Property loan** is determined as follows:

Particulars	Stage 1 Performing- loans 12 month ECL	Stage 2 Under per - forming loans Lifetime ECL not credit impaired	Stage 3 Impaired loans - lifetime ECL credit impaired	Total
Gross carrying value as at September 30, 2024	1,040.72	28.55	79.94	1,149.21
ECL rate	0.64%	25.84%	32.43%	
ECL amount	6.61	7.38	25.93	39.92
Carrying amount (net of provision)	1,034.11	21.17	54.01	1,109.29
Gross carrying value as at September 30, 2023	1,061.65	23.24	80.60	1,165.49
ECL rate	1.46%	8.38%	41.13%	
ECL amount	15.46	1.95	33.15	50.56
Carrying amount (net of provision)	1,046.19	21.29	47.45	1,114.93
Gross carrying value as at March 31, 2024	1,104.10	17.80	70.70	1,192.60
ECL rate	0.62%	23.60%	32.96%	
ECL amount	6.90	4.20	23.30	34.40
Carrying amount (net of provision)	1,097.20	13.60	47.40	1,158.20
Gross carrying value as at March 31, 2023	1,041.51	31.69	89.99	1,163.19
ECL rate	1.45%	13.57%	67.80%	
ECL amount	15.10	4.30	42.00	61.40
Carrying amount (net of provision)	1,026.41	27.39	47.99	1,101.79
Gross carrying value as at March 31, 2022	1,075.70	165.80	108.40	1,349.90
ECL rate	1.62%	14.41%	58.12%	
ECL amount	17.40	23.90	63.00	104.30
Carrying amount (net of provision)	1,058.30	141.90	45.40	1,245.60

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(c) The expected credit loss allowance for **Hypothecated and Switch pe loan** is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
	Performing- loans 12 month ECL	Under per - forming loans Lifetime ECL not credit impaired	Impaired loans - lifetime ECL credit impaired	
Gross carrying value as at September 30, 2024	38,643.13	714.51	1,421.43	40,779.07
ECL rate	0.46%	41.95%	68.33%	
ECL amount	178.00	299.76	971.28	1,449.04
Carrying amount (net of provision)	38,465.13	414.75	450.15	39,330.03
Gross carrying value as at September 30, 2023	28,205.63	337.04	768.32	29,310.99
ECL rate	0.65%	11.97%	55.26%	
ECL amount	183.53	40.33	424.59	648.45
Carrying amount (net of provision)	28,022.10	296.71	343.73	28,662.54
Gross carrying value as at March 31, 2024	35,123.00	407.40	1,228.70	36,759.10
ECL rate	0.46%	40.73%	74.65%	
ECL amount	161.80	165.95	917.20	1,244.95
Carrying amount (net of provision)	34,961.20	241.45	311.50	35,514.15
Gross carrying value as at March 31, 2023	23,673.90	215.90	557.20	24,447.00
ECL rate	0.65%	13.90%	71.26%	
ECL amount	154.50	30.00	282.40	466.90
Carrying amount (net of provision)	23,519.40	185.90	274.80	23,980.10
Gross carrying value as at March 31, 2022	14,786.40	623.50	435.40	15,845.30
ECL rate	0.53%	13.47%	62.77%	
ECL amount	78.70	84.00	273.30	436.00
Carrying amount (net of provision)	14,707.70	539.50	162.10	15,409.30

49.1.9 Level of assessment - aggregation criteria

The company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information. Considering the economic and risk characteristics the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets

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49.1.10 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Mortgage loan** is as follows:

(a) Gross exposure reconciliation:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2024	3,323.10	4.80	17.00	3,344.90
Transfer to stage 1	0.03	-	(0.03)	-
Transfer to stage 2	(32.65)	32.65	-	-
Transfer to stage 3	(120.85)	(4.55)	125.40	-
Loans derecognised during six months				
Loans originated / derecognised during six months	1,488.93	1.08	(96.14)	1,393.87
Write offs during six months	(0.24)	-	(0.16)	(0.40)
Gross carrying amount as at September 30, 2024	4,658.32	33.98	46.07	4,738.37

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2023	498.54	2.61	5.25	506.40
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(3.32)	3.32	-	-
Transfer to stage 3	(2.10)	(1.67)	3.77	-
Loans derecognised during six months				
Loans originated / derecognised during six months	905.19	(0.35)	(1.65)	903.18
Write offs during six months	(0.50)	(0.17)	(0.20)	(0.87)
Gross carrying amount as at September 30, 2023	1,397.81	3.73	7.17	1,408.71

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2021	100.00	25.50	5.50	131.00
Transfer to stage 1	2.80	(2.80)	-	-
Transfer to stage 2	(9.60)	9.60	-	-
Transfer to stage 3	(3.20)	(0.80)	4.00	-
Loans derecognised during the year				
Loans originated / derecognised during the year	(16.50)	(6.70)	(2.50)	(25.70)
Write offs during the year	-	(12.90)	(3.00)	(15.90)
Gross carrying amount as at March 31, 2022	73.50	11.90	4.00	89.40
Transfer to stage 1	1.49	(2.16)	0.67	-
Transfer to stage 2	(0.10)	0.10	-	-
Transfer to stage 3	(1.90)	(2.00)	3.90	-
Loans derecognised during the year				
Loans originated / derecognised during the year	425.55	(5.23)	(2.32)	418.00
Write offs during the year	-	-	(1.00)	(1.00)
Gross carrying amount as at March 31, 2023	498.54	2.61	5.25	506.40

Changes due to loans recognised in the opening balances that have :

Transfer to stage 1	2.60	(0.60)	(2.00)	-
Transfer to stage 2	(1.80)	1.80	-	-
Transfer to stage 3	(12.90)	(2.00)	14.90	-
Loans derecognised during the year				
Loans originated / derecognised during the year	2,837.46	3.19	(0.75)	2,839.90
Write offs during the year	(0.80)	(0.20)	(0.40)	(1.40)
Gross carrying amount as at March 31, 2024	3,323.10	4.80	17.00	3,344.90

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(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2024	12.70	1.60	9.10	23.40
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(0.12)	0.12	-	(0.00)
Transfer to Stage 3	(0.46)	(1.53)	1.99	-
Loans derecognised during six months				
Loans originated / derecognised during six months	5.74	11.25	13.76	30.75
Write offs during six months	(0.03)	-	(0.09)	(0.12)
ECL allowances balances as at September 30, 2024	17.83	11.44	24.76	54.03

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2023	3.90	0.70	1.90	6.50
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(0.03)	0.03	-	-
Transfer to Stage 3	(0.02)	(0.46)	0.48	-
Loans derecognised during six months				
Loans originated / derecognised during six months	7.23	0.05	0.91	8.19
Write offs during six months	(0.02)	(0.17)	(0.13)	(0.32)
ECL allowances balances as at September 30, 2023	11.06	0.15	3.16	14.37

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2021	0.50	6.90	3.30	10.70
Transfer to Stage 1	0.00	-	-	0.00
Transfer to Stage 2	(0.70)	0.70	-	-
Transfer to Stage 3	(1.80)	(0.40)	2.20	-
Loans derecognised during the year				
Loans originated / derecognised during the year	-	(0.80)	-	(0.80)
Write offs during the year	3.00	(5.00)	(3.20)	(5.20)
ECL allowances balances as at March 31, 2022	1.00	1.40	2.30	4.70
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(0.90)	(0.50)	1.40	-
Loans derecognised during the year				
Loans originated / derecognised during the year	3.80	(0.20)	(0.80)	2.80
Write offs during the year	-	-	(1.00)	(1.00)
ECL allowances balances as at March 31, 2023	3.90	0.70	1.90	6.50
Changes due to loans recognised in the opening balances that have :				
Transfer to Stage 1	0.90	(0.20)	(0.70)	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(0.10)	(0.50)	0.60	-
Loans derecognised during the year				
Loans originated / derecognised during the year	8.03	1.77	7.48	17.28
Write offs during the year	(0.03)	(0.17)	(0.18)	(0.38)
ECL allowances balances as at March 31, 2024	12.70	1.60	9.10	23.40

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49.1.11 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Saral Property loan** is as follows:

(a) Gross exposure reconciliation:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2024	1,104.10	17.80	70.70	1,192.60
Transfer to Stage 1	0.93	(0.23)	(0.70)	-
Transfer to Stage 2	(27.89)	27.99	(0.10)	-
Transfer to Stage 3	(133.21)	(14.11)	147.32	-
Loans derecognised during six months				
Loans originated / derecognised during six months	97.27	(2.75)	(113.61)	(19.09)
Write offs during six months	(0.48)	(0.16)	(23.67)	(24.31)
Gross carrying amount as at September 30, 2024	1040.72	28.55	79.94	1,149.21
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2023	1,041.51	31.69	89.99	1,163.19
Transfer to Stage 1	1.79	(0.67)	(1.12)	-
Transfer to Stage 2	(19.77)	19.86	(0.09)	-
Transfer to Stage 3	(24.90)	(17.95)	42.85	-
Loans derecognised during six months				
Loans originated / derecognised during six months	63.59	(7.72)	(21.48)	34.39
Write offs during six months	(0.57)	(1.97)	(29.55)	(32.09)
Gross carrying amount as at September 30, 2023	1,061.65	23.24	80.60	1,165.49
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2021	1,700.70	378.20	127.30	2,206.20
Transfer to Stage 1	37.80	(37.50)	(0.30)	-
Transfer to Stage 2	(105.20)	105.30	(0.10)	-
Transfer to Stage 3	(43.80)	(63.60)	107.40	-
Loans derecognised during the year				
Loans originated / derecognised during the year	(510.80)	(88.50)	(18.40)	(617.70)
Write offs during the year	(3.00)	(128.10)	(107.50)	(238.60)
Gross carrying amount as at March 31, 2022	1,075.70	165.80	108.40	1,349.90
Transfer to Stage 1	12.40	(12.78)	0.38	-
Transfer to Stage 2	(20.32)	20.44	(0.12)	-
Transfer to Stage 3	(46.89)	(29.99)	76.88	-
Loans derecognised during the year				
Loans originated / derecognised during the year	23.42	(90.24)	(28.42)	(95.24)
Write offs during the year	(2.79)	(21.54)	(67.13)	(91.46)
Gross carrying amount as at March 31, 2023	1,041.51	31.69	89.99	1,163.20
Transfer to Stage 1	81.00	(16.30)	(64.70)	-
Transfer to Stage 2	(17.10)	17.10	-	-
Transfer to Stage 3	(49.30)	(12.10)	61.40	-
Loans derecognised during the year				
Loans originated / derecognised during the year	53.59	4.51	29.81	87.91
Write offs during the year	(5.60)	(7.10)	(45.80)	(58.50)
Gross carrying amount as at March 31, 2024	1,104.10	17.80	70.70	1,192.61

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(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2024	6.90	4.20	23.30	34.40
Transfer to Stage 1	0.27	(0.05)	(0.22)	-
Transfer to Stage 2	(0.17)	0.17	-	-
Transfer to Stage 3	(0.81)	(3.19)	4.00	-
Loans derecognised during six months				
Loans originated / derecognised during six months	0.44	6.34	9.80	16.58
Write offs during six months	(0.02)	(0.09)	(10.95)	(11.06)
ECL allowances balances as at September 30, 2024	6.61	7.38	25.93	39.92
Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2023	15.07	4.30	42.00	61.37
Transfer to Stage 1	0.44	(0.02)	(0.42)	-
Transfer to Stage 2	(0.27)	0.27	-	-
Transfer to Stage 3	(0.28)	(1.95)	2.23	-
Loans derecognised during six months				
Loans originated / derecognised during six months	0.54	0.14	7.07	7.75
Write offs during six months	(0.04)	(0.79)	(17.73)	(18.56)
ECL allowances balances as at September 30, 2023	15.46	1.95	33.15	50.56
Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2021	14.20	110.60	83.00	207.80
Transfer to Stage 1	0.60	(0.60)	-	-
Transfer to Stage 2	(8.20)	8.20	-	-
Transfer to Stage 3	(23.60)	(39.10)	62.70	-
Loans derecognised during the year				
Loans originated / derecognised during the year	35.10	12.50	(4.90)	42.70
Write offs during the year	(0.70)	(67.70)	(77.80)	(146.20)
ECL allowances balances as at March 31, 2022	17.40	23.90	63.00	104.30
Transfer to Stage 1	-	(0.10)	0.10	-
Transfer to Stage 2	(1.50)	1.50	-	-
Transfer to Stage 3	(20.20)	(14.50)	34.70	-
Loans derecognised during the year				
Loans originated / derecognised during the year	21.21	7.72	(13.50)	15.42
Write offs during the year	(1.84)	(14.22)	(42.30)	(58.35)
ECL allowances balances as at March 31, 2023	15.07	4.30	42.00	61.37
Transfer to Stage 1	37.10	(2.70)	(34.40)	-
Transfer to Stage 2	(0.20)	0.20	-	-
Transfer to Stage 3	(0.60)	(1.20)	1.80	-
Loans derecognised during the year				
Loans originated / derecognised during the year	(44.32)	5.28	41.46	2.42
Write offs during the year	(0.15)	(1.68)	(27.56)	(29.39)
ECL allowances balances as at March 31, 2024	6.90	4.20	23.30	34.40

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49.1.12 An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to **Hypothecated and Switch pe loan** is as follows:

(a) Gross exposure reconciliation:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2024	35,123.00	407.40	1,228.70	36,759.10
Transfer to Stage 1	6.50	(4.45)	(2.05)	-
Transfer to Stage 2	(749.12)	749.81	(0.69)	-
Transfer to Stage 3	(4,770.16)	(379.46)	5,149.62	-
Loans derecognised during six months				
Loans originated / derecognised during six months	9,035.42	(4.44)	(4,203.90)	4,827.08
Write offs during six months	(2.51)	(54.35)	(750.25)	(807.12)
Gross carrying amount as at September 30, 2024	38,643.13	714.51	1,421.43	40,779.07
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2023	23,673.90	215.90	557.20	24,447.00
Transfer to Stage 1	11.82	(6.97)	(4.85)	-
Transfer to Stage 2	(350.38)	350.80	(0.42)	-
Transfer to Stage 3	(341.79)	(167.69)	509.48	-
Loans derecognised during six months				
Loans originated / derecognised during six months	5,213.38	(50.09)	(88.60)	5,074.69
Write offs during six months	(1.30)	(4.90)	(204.50)	(210.70)
Gross carrying amount as at September 30, 2023	28,205.63	337.04	768.32	29,310.99
Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2021	11,691.60	1,278.70	387.00	13,357.30
Transfer to Stage 1	91.10	(91.00)	(0.10)	-
Transfer to Stage 2	(426.80)	426.80	-	-
Transfer to Stage 3	(196.30)	(232.50)	428.80	-
Loans derecognised during the year				
Loans originated / derecognised during the year	3,649.40	(252.90)	(10.30)	3,386.20
Write offs during the year	(22.60)	(505.60)	(370.00)	(898.20)
Gross carrying amount as at March 31, 2022	14,786.40	623.50	435.40	15,845.30
Transfer to Stage 1	44.30	(47.60)	3.30	-
Transfer to Stage 2	(133.14)	133.38	(0.14)	0.10
Transfer to Stage 3	(397.13)	(74.58)	471.71	-
Loans derecognised during the year				
Loans originated / derecognised during the year	9,387.70	(311.44)	(36.93)	9,039.33
Write offs during the year	(14.22)	(107.35)	(316.14)	(437.72)
Gross carrying amount as at March 31, 2023	23,673.90	215.90	557.20	24,447.01
Transfer to Stage 1	551.30	(115.70)	(435.60)	-
Transfer to Stage 2	(389.00)	389.20	(0.20)	0.00
Transfer to Stage 3	(1,163.70)	(91.20)	1,254.90	-
Loans derecognised during the year				
Loans originated / derecognised during the year	12,490.00	91.10	241.00	12,822.10
Write offs during the year	(39.50)	(81.90)	(388.60)	(510.00)
Gross carrying amount as at March 31, 2024	35,123.00	407.40	1,228.70	36,759.11

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(b) Reconciliation of ECL balances

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2024	161.80	165.95	917.20	1,244.95
Transfer to Stage 1	2.44	(1.78)	(0.66)	-
Transfer to Stage 2	(3.44)	3.70	(0.26)	-
Transfer to Stage 3	(21.78)	(154.49)	176.27	-
Loans derecognised during six months				
Loans originated / derecognised during six months	39.07	310.69	360.70	710.46
Write offs during six months	(0.09)	(24.31)	(481.96)	(506.36)
ECL allowances balances as at September 30, 2024	178.00	299.76	971.28	1,449.05
Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2023	154.50	30.00	282.40	466.90
Transfer to Stage 1	2.89	(0.91)	(1.98)	-
Transfer to Stage 2	(2.24)	2.50	(0.26)	(0.00)
Transfer to Stage 3	(2.10)	(21.30)	23.40	-
Loans derecognised during six months				
Loans originated / derecognised during six months	30.58	32.22	239.78	302.58
Write offs during six months	(0.10)	(2.18)	(118.75)	(121.03)
ECL allowances balances as at September 30, 2023	183.53	40.33	424.59	648.45
Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowances balances as at March 31, 2021	60.00	307.30	309.50	676.80
Transfer to Stage 1	0.50	(0.50)	-	-
Transfer to Stage 2	(41.70)	41.70	-	-
Transfer to Stage 3	(116.10)	(153.30)	269.40	-
Loans derecognised during the year				
Loans originated / derecognised during the year	179.00	92.10	(1.80)	269.30
Write offs during the year	(3.00)	(203.30)	(303.80)	(510.10)
ECL allowances balances as at March 31, 2022	78.70	84.00	273.30	436.00
Transfer to Stage 1	(0.26)	(0.30)	0.56	-
Transfer to Stage 2	(16.00)	16.04	(0.04)	(0.00)
Transfer to Stage 3	(194.60)	(35.50)	230.10	-
Loans derecognised during the year				
Loans originated / derecognised during the year	295.21	35.46	(8.68)	321.99
Write offs during the year	(8.55)	(69.70)	(212.84)	(291.09)
ECL allowances balances as at March 31, 2023	154.50	30.00	282.40	466.90
Changes due to loans recognised in the opening balances that have :				
Transfer to Stage 1	263.50	(17.50)	(246.00)	-
Transfer to Stage 2	(2.40)	2.50	(0.10)	-
Transfer to Stage 3	(7.30)	(10.90)	18.20	-
Loans derecognised during the year				
Loans originated / derecognised during the year	(246.07)	175.13	1,093.70	1,022.76
Write offs during the year	(0.43)	(13.28)	(231.00)	(244.71)
ECL allowances balances as at March 31, 2024	161.80	165.95	917.20	1,244.95

Cash and cash equivalent and bank deposits

The Company maintains its bank balances in reputed banks and financial institutions. The credit risk is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

49.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy which is monitored by the Asset Liability Committee. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Company's lending and borrowing activities. The Company maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors the Company's liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. The Company also takes into account liquidity of the market in which the entity operates.

Maturities of financial liabilities

The table below analyses non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

Particulars	As at September 30, 2024			As at September 30, 2023			As at March 31, 2024			As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities															
Lease liabilities	112.62	172.88	285.50	74.59	127.92	202.51	69.70	166.61	236.31	69.70	173.20	242.90	77.00	156.50	233.50
Debt securities	5,016.61	8,856.50	13,873.11	6,092.52	5,118.48	11,211.00	5,037.10	5,186.33	10,223.43	4,800.80	4,197.70	8,998.50	4,669.00	4,553.30	9,222.30
Borrowings (other than debt securities)	15,975.74	10,982.16	26,957.90	13,379.39	7,140.32	20,519.71	15,678.90	9,087.57	24,766.47	9,675.10	4,288.01	13,963.11	2,896.20	3,088.90	5,985.10
Other financial liabilities	493.66	23.49	517.15	303.09	-	303.09	554.23	-	554.23	160.65	-	160.65	327.75	-	327.75
Derivative Financial Instrument	-	-	-	-	-	-	31.52	-	31.52	-	-	-	38.90	-	38.90
	21,598.63	20,035.03	41,633.66	19,849.59	12,386.72	32,236.31	21,371.45	14,440.51	35,811.96	14,706.25	8,658.91	23,365.16	8,008.85	7,798.70	15,768.65

49.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include foreign currency receivables.

49.3.1 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment.

The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows :

Particulars	Currency	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Financial liabilities, Rs. Millions	USD	2514.12	1245.9	2,209.40	1,233.30	770.10
Financial liabilities, Rs. Millions	EURO	1403.01	-	1,353.30	1,344.10	1293.30

49.3.2 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company does not have any exposure to the risk of changes in market interest rates as the company does not have any borrowings/loans on fluctuating interest rates except following:-

(a) Liabilities

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Debt securities					
Variable rate	100.00	2,346.49	100.20	2,611.40	1,060.00
Fixed rate	13,773.11	8,864.51	10,123.23	6,387.10	8,162.30
Borrowings (other than debt)					
Variable rate	11,262.28	7,896.50	9,660.20	6,157.61	1,570.00
Fixed rate	15,695.62	12,623.21	15,106.27	7,805.50	4,415.10
Sensitivity analysis					
Increase by 80 basis points	90.90	81.94	78.10	62.70	19.80
Decrease by 80 basis points	(90.90)	(81.94)	(78.10)	(62.70)	(19.80)

(b) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits and therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Loans extended by the Company are all fixed rate loans.

(c) Price risk exposure

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Investments	227.61	570.63	106.09	842.10	1548.6
Sensitivity analysis*					
increase by 4%	-	16.31	-	23.40	50.30
decrease by 4%	-	(16.31)	-	(23.40)	(50.30)

*The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading.

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50 Leases

50.1.1 Carrying value of Right of Use Assets

Particulars	Buildings	Total
Balance at April 1, 2024	214.31	214.31
Additions	109.63	109.63
Deletions / Adjustments	(8.50)	(8.50)
Depreciation charge for the period	(52.50)	(52.50)
Balance at September 30, 2024	262.94	262.94
Balance at April 1, 2023	211.50	211.50
Additions	16.61	16.61
Deletions / Adjustments	(7.07)	(7.07)
Depreciation charge for the period	(46.63)	(46.63)
Balance at September 30, 2023	174.41	174.41
Balance at April 1, 2021	203.70	203.70
Additions	59.10	59.10
Deletions / Adjustments	(2.50)	(2.50)
Depreciation charge for the year	(54.50)	(54.50)
Balance at March 31, 2022	205.80	205.80
Additions	83.40	83.40
Deletions / Adjustments	(4.50)	(4.50)
Depreciation charge for the year	(73.20)	(73.20)
Balance at March 31, 2023	211.50	211.50
Additions	112.01	112.01
Deletions / Adjustments	(14.61)	(14.61)
Depreciation charge for the year	(94.59)	(94.59)
Balance at March 31, 2024	214.31	214.31

50.1.2 Carrying value of lease liabilities:

Particulars	Buildings	Total
Balance at April 01, 2024	236.31	236.31
Additions	106.26	106.26
Finance cost	19.41	19.41
Termination / Adjustments	(10.30)	(10.30)
Lease payments	(66.18)	(66.18)
Balance at September 30, 2024	285.50	285.50
Balance at April 01, 2023	242.80	242.80
Additions	10.57	10.57
Finance cost	8.60	8.60
Termination / Adjustments	(6.66)	(6.66)
Lease payments	(52.81)	(52.81)
Balance at September 30, 2023	202.51	202.51
Balance at April 01, 2021	227.00	227.00
Additions	52.60	52.60
Finance cost	27.70	27.70
Termination / Adjustments	-	-
Lease payments	(73.80)	(73.80)
Balance at March 31, 2022	233.50	233.50
Additions	75.10	75.10
Finance cost	31.60	31.60
Termination / Adjustments	-	-
Lease payments	(97.40)	(97.40)
Balance at March 31, 2023	242.80	242.80
Additions	100.60	100.60
Finance cost	22.11	22.11
Termination / Adjustments	(16.50)	(16.50)
Lease payments	(112.70)	(112.70)
Balance at March 31, 2024	236.31	236.31

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50.1.3 Maturity analysis of lease liabilities

Contractual undiscounted cash flows	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Less than one year	120.36	96.41	111.90	95.90	82.20
One to five years	214.80	149.08	173.50	194.70	204.40
More than five years	35.81	0.87	3.90	2.20	3.40
Undiscounted lease liabilities	370.97	246.37	289.30	292.80	290.00

50.1.4 Amounts recognised in profit or loss

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Interest on lease liabilities	19.41	8.60	22.11	31.60	27.70
Depreciation on ROU assets	52.50	46.63	94.59	73.20	54.50
	71.91	55.23	116.70	104.80	82.20

50.1.5 Cash outflow of leases

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Cash outflow of leases					
Lease payments	66.18	52.81	112.70	97.60	76.20
	66.18	52.81	112.70	97.60	76.20

50.1.6 Break up value of the current and non-current lease liabilities

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Current lease liabilities	112.62	74.59	69.70	69.70	77.00
Non-current lease liabilities	172.88	127.92	166.61	173.20	156.50
	285.50	202.51	236.31	242.90	233.50

51 Financial instruments and fair value disclosures

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly / indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

Fair value hierarchy of asset and liabilities measured at fair value

Particulars	As at September 30, 2024			Total
	Level 1	Level 2	Level 3	
At fair value through profit and Loss				
Financial asset				
Derivative financial instruments	-	24.15	-	24.15
Investments				
Mutual funds	-	-	-	-
Mutual funds held as security in respect of borrowings	-	-	-	-
Security receipts	-	105.67	-	105.67
	-	129.82	-	129.82
Financial liabilities				
Derivative financial instruments	-	-	-	-

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Particulars	As at September 30, 2023			Total
	Level 1	Level 2	Level 3	
At fair value through profit and Loss				
Financial Asset				
Derivative financial instruments	-	3.46	-	3.46
Investments				
Mutual funds	407.64	-	-	407.64
Mutual funds held as security in respect of borrowings	-	-	-	-
Security receipts	-	213.99	-	213.99
	407.64	217.45	-	625.09
Financial Liabilities				
Derivative financial instruments	-	-	-	-

Particulars	As at March 31, 2024			Total
	Level 1	Level 2	Level 3	
At fair value through profit and Loss				
Financial asset				
Derivative financial instruments	-	-	-	-
Investments				
Mutual funds	-	-	-	-
Mutual funds held as security in respect of borrowings	-	-	-	-
Security receipts	-	157.09	-	157.09
	-	157.09	-	157.09
Financial liabilities				
Derivative financial instruments	-	31.52	-	31.52
	-	31.52	-	31.52

Particulars	As at March 31, 2023			Total
	Level 1	Level 2	Level 3	
At fair value through profit and Loss				
Financial Asset				
Derivative financial instruments	-	30.70	-	30.70
Investments				
Mutual funds	585.10	-	-	585.10
Mutual funds held as security in respect of borrowings	-	-	-	-
Security receipts	-	308.00	-	308.00
	585.10	338.70	-	923.80
Financial Liabilities				
Derivative financial instruments	-	-	-	-
	-	-	-	-

Particulars	As at March 31, 2022			Total
	Level 1	Level 2	Level 3	
At fair value through profit and Loss				
Financial Asset				
Derivative financial instruments	-	-	-	-
Investments				
Mutual funds	1,192.90	-	-	1,192.90
Mutual funds held as security in respect of borrowings	64.60	-	-	64.60
Security receipts	-	320.50	-	320.50
	1,257.50	320.50	-	1,578.00
Financial Liabilities				
Derivative financial instruments	-	38.90	-	38.90
	-	38.90	-	38.90

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Fair Value hierarchy of Asset and Liabilities not measured at fair value

The management assessed that carrying value of financial asset and financial liabilities are a reasonable approximation of their fair value and hence their carrying values are deemed to be fair values.

Valuation methodologies of financial instruments not measured at fair value

Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.

Borrowings

Debt securities and borrowings are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level. The Company's borrowings which are at floating rate approximates the fair value.

Short term and other financial assets and liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

52 Disclosures pursuant to Reserve bank of India notification DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 pertaining to Asset Classification as per RBI Norms

52.1 As at September 30, 2024

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	44,342.17	202.44	44,139.73	180.62	21.82
Standard	Stage 2	777.04	318.57	458.47	3.36	315.21
Subtotal		45,119.21	521.01	44,598.20	183.98	337.03
Non-performing assets (NPA)						
Sub - standard	Stage 3	1,464.39	940.34	524.05	147.23	793.11
Subtotal Sub -Standard		1,464.39	940.34	524.05	147.23	793.11
Doubtful - up to 1 year	Stage 3	71.00	69.61	1.39	69.61	-
1 to 3 years	Stage 3	12.05	12.02	0.03	12.02	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		83.05	81.63	1.42	81.63	-
Loss assets		-	-	-	-	-
Subtotal NPA	Stage 3	1,547.44	1,021.97	525.47	228.86	793.11
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	44,342.17	202.44	44,139.73	180.62	21.82
	Stage 2	777.04	318.57	458.47	3.36	315.21
	Stage 3	1,547.44	1,021.97	525.47	228.86	793.11
Total		46,666.65	1,542.98	45,123.67	412.84	1,130.14

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

52.2 As at September 30, 2023

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	30,665.09	210.06	30,455.02	129.35	80.71
Standard	Stage 2	364.01	42.42	321.59	2.85	39.58
Subtotal		31,029.10	252.48	30,776.61	132.20	120.29
Non-performing assets (NPA)						
Sub - standard	Stage 3	840.11	458.15	381.96	84.36	373.79
Subtotal Sub -Standard		840.11	458.15	381.96	84.36	373.79
Doubtful - up to 1 year	Stage 3	15.98	2.76	13.22	15.94	(13.18)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		15.98	2.76	13.22	15.94	(13.18)
Loss assets		-	-	-	-	-
Subtotal NPA	Stage 3	856.09	460.91	395.18	100.30	360.61
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	30,665.09	210.06	30,455.02	129.35	80.71
	Stage 2	364.01	42.42	321.59	2.85	39.58
	Stage 3	856.09	460.91	395.18	100.30	360.61
Total		31,885.19	713.39	31,171.80	232.50	480.90

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

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52.3 As at March 31, 2024

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	39,550.20	181.35	39,368.85	162.70	18.65
Standard	Stage 2	430.10	171.80	258.30	2.30	169.50
Subtotal		39,980.30	353.15	39,627.15	165.00	188.15
Non-performing assets (NPA)						
Sub - standard	Stage 3	1,248.70	933.80	314.90	123.40	810.40
Subtotal Sub -Standard		1,248.70	933.80	314.90	123.40	810.40
Doubtful - up to 1 year	Stage 3	67.20	15.80	51.40	61.00	(45.20)
1 to 3 years	Stage 3	0.40	-	0.40	0.40	(0.40)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		67.60	15.80	51.80	61.40	(45.60)
Loss assets		-	-	-	-	-
Subtotal NPA	Stage 3	1,316.30	949.60	366.70	184.80	764.80
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	39,550.20	181.35	39,368.85	162.70	18.65
	Stage 2	430.10	171.80	258.30	2.30	169.50
	Stage 3	1,316.30	949.60	366.70	184.80	764.80
Total		41,296.60	1,302.75	39,993.85	349.80	952.95

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

52.4 As at March 31, 2023

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	25,213.90	173.60	25,040.30	110.80	62.80
Standard	Stage 2	250.20	35.00	215.20	4.00	31.00
Subtotal		25,464.10	208.60	25,255.50	114.80	93.80
Non-performing assets (NPA)						
Sub - standard	Stage 3	651.80	326.10	325.70	72.80	253.30
Subtotal Sub -Standard		651.80	326.10	325.70	72.80	253.30
Doubtful - up to 1 year	Stage 3	0.60	-	0.50	0.60	(0.60)
1 to 3 years	Stage 3	0.10	0.10	-	0.10	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		0.70	0.10	0.50	0.70	(0.60)
Loss assets		-	-	-	-	-
Subtotal NPA	Stage 3	652.50	326.20	326.20	73.50	252.70
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	25,213.90	173.60	25,040.30	110.80	62.80
	Stage 2	250.20	35.00	215.20	4.00	31.00
	Stage 3	652.50	326.20	326.20	73.50	252.70
Total		26,116.60	534.80	25,581.70	188.30	346.50

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

Note 2: The above amounts does not include the impact of EIR on applicable fees and interest accrued on customer loans.

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52.5 As at March 31, 2022

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	15,935.60	97.10	15,838.50	111.00	(13.90)
Standard	Stage 2	801.20	109.30	691.90	20.20	89.10
Subtotal		16,736.80	206.40	16,530.40	131.20	75.20
Non-performing assets (NPA)						
Sub - standard	Stage 3	547.30	338.30	209.00	90.10	248.20
Subtotal Sub -Standard		547.30	338.30	209.00	90.10	248.20
Doubtful - up to 1 year	Stage 3	0.50	0.30	0.20	0.50	(0.20)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal Doubtful		0.50	0.30	0.20	0.50	(0.20)
Loss assets		-	-	-	-	-
Subtotal NPA	Stage 3	547.80	338.60	209.20	90.60	248.00
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
All assets	Stage 1	15,935.60	97.10	15,838.50	111.00	(13.90)
	Stage 2	801.20	109.30	691.90	20.20	89.10
	Stage 3	547.80	338.60	209.20	90.60	248.00
Total		17,284.60	545.00	16,739.60	221.80	323.20

Note 1: The above table discloses the provisions amounts as per IRACP norms, while the Company has made a provision of non-performing assets as per the Company's policy which is in excess of the IRACP norms.

Note 2: The above amounts does not include the impact of EIR on applicable fees and interest accrued on customer loans.

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53 RBI circular RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 September 01, 2016, as amended.

53.1 Asset Liability Management - Maturity pattern of certain items of assets and liabilities

As at September 30, 2024

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	2,664.81	-	-	1,782.20	1,800.08	5,475.65	10,625.26	19,754.99	2,397.31	623.37	45,123.67
Investments^	3,000.42	950.84	2,135.46	978.64	510.59	67.71	742.97	574.88	-	-	8,961.51
Borrowing**	632.92	117.51	1,196.42	1,699.92	1,861.68	6,027.30	8,657.48	14,283.81	2,343.86	-	36,820.92
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	103.93	-	695.18	-	-	-	-	1,964.66	1,246.32	-	4,010.09

As at September 30, 2023

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	1,920.61	-	-	1,338.83	1,351.11	4,083.66	7,857.06	13,352.48	1,117.25	150.77	31,171.77
Investments^	3,306.76	1,800.82	500.45	303.14	100.63	66.20	942.40	457.27	-	-	7,477.67
Borrowing**	507.19	48.39	1,989.14	1,593.88	1,628.75	5,483.42	8,154.71	9,504.59	896.29	613.68	30,420.05
Foreign currency liabilities	66.42	-	-	-	-	-	-	967.75	276.49	-	1,310.66

As at March 31, 2024

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	2,257.17	-	-	1,557.98	1,580.97	4,843.86	9,524.55	17,985.93	1,805.29	438.45	39,994.20
Investments^	2,503.14	400.24	186.14	178.74	128.94	512.94	598.54	430.49	-	-	4,939.17
Borrowing**	447.30	290.40	1,196.30	1,415.30	2,570.90	4,932.70	9,082.10	9,930.70	892.10	594.60	31,352.40
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	781.00	1,910.80	945.70	-	3,637.50

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As at March 31, 2023

	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	1,584.53	-	-	1,080.02	1,145.89	3,523.64	6,978.90	11,411.70	302.39	62.15	26,089.22
Investments [^]	2,188.40	-	700.00	33.73	50.15	350.40	438.99	648.93	-	-	4,410.60
Borrowing**	50.70	200.84	558.03	1,054.72	930.18	3,417.89	6,781.47	6,515.10	790.95	-	20,299.88
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	919.23	448.30	47.11	981.55	265.54	-	2,661.73

As at March 31, 2022

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances*	1,092.11	-	-	770.53	770.67	2,348.34	4,623.23	7,152.34	651.37	13.48	17,422.06
Investments [^]	1,701.24	249.40	50.00	567.34	141.49	1,310.96	459.46	121.38	-	-	4,601.26
Borrowing**	5.93	28.33	261.37	1,369.27	615.44	1,016.62	3,843.60	5,723.92	279.27	-	13,143.76
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	16.70	-	23.19	384.75	-	1,639.26	-	-	2,063.90

Notes

- * EIR on advances has been considered as per repayment schedule.
- * Net of provision for standard and non performing asset.
- * Advances not included staff loan.
- * The advances are gross of impairment loss allowance.
- ** EIR on borrowing has been considered in the last bucket of the respective borrowing.
- [^] Investments includes the amount of deposits with banks and mutual funds.

(a) Advances and borrowings are inclusive of the securitisation transactions which have not been de-recognised in the books of accounts in accordance with Ind AS 109.

(b) Above ALM does not consider cash balance existing as on balance sheet date.

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53.2 Summary of material accounting policies

Refer to note 2 of Financial Statements for summary of material accounting policies.

53.3 Capital

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
(a) CRAR (%)	37.61%	29.97%	32.79%	31.07%	36.03%
(b) CRAR - Tier I Capital (%)	37.61%	29.97%	32.79%	31.07%	36.03%
(c) CRAR - Tier II Capital (%)	-	-	-	-	-
(d) Amount of subordinated debt raised as Tier-II capital	-	-	-	-	-
(e) Amount raised by issue of perpetual debt instruments	-	-	-	-	-

53.4 Investments

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Value of investments					
Gross value of investments					
In India	281.11	624.13	159.59	895.60	1,580.50
Outside India	-	-	-	-	-
Provisions for depreciation					
In India	53.50	51.00	53.50	51.00	29.40
Outside India	-	-	-	-	-
Net value of investments					
In India	227.61	573.13	106.09	844.60	1,551.10
Outside India	-	-	-	-	-
Movement of provisions held towards depreciation on investments					
Opening balance	53.50	51.00	51.00	29.40	-
Add : Provisions made during the year/period	-	-	2.50	21.60	29.40
Less Write-off / write-back of excess provisions during the year/period	-	-	-	-	-
Closing balance	53.50	51.00	53.50	51.00	29.40

53.5 Derivatives

53.5.1 Forward rate agreement / interest rate swap

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
The notional principal of swap agreements	3,917.13	1,245.90	3,562.68	2,577.40	2,028.00
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-	-	-	-
Collateral required by the NBFC upon entering into swaps	-	-	-	-	-
Concentration of credit risk arising from the swaps*	-	-	-	-	-
The fair value of the swap book	24.15	3.46	(31.52)	30.70	(38.90)

* Counter- party for all swaps entered into by the Company are Scheduled Commercial Banks.

53.5.2 Exchange traded interest rate (IR) derivatives

Particulars	Amount
Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2024 (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	
a) Nil	Nil
b) Nil	Nil
c) Nil	Nil

53.5.3 Disclosures on risk exposure in derivatives

Qualitative disclosures

The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative disclosures

Particulars	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
Derivative (notional principal amount) – for hedging	3,917.13	-	1,245.90	-	3,562.68	-	2,577.40	-	2,028.00	-
Marked to market positions	24.15	-	3.46	-	(31.52)	-	30.70	-	(38.90)	-
Credit exposure	3,917.13	-	1,245.90	-	3,562.68	-	2,577.40	-	2,028.00	-
Unhedged exposures	-	-	-	-	-	-	-	-	-	-

* Cross currency interest rate swap

53.6 Disclosures relating to Securitisation (Refer Note No. 45 of the financial statements.)

53.7 Exposures

53.7.1 Exposure to real estate sector

Category	As at September 30, 2024	As at September 30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
(a) Direct exposure					
Residential mortgages	5,503.72	2,485.49	4,317.50	1,620.39	1,413.50
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 limits.	5,503.72	2,485.49	4,317.50	1,620.39	1,413.50
Commercial real estate	383.86	88.71	220.00	49.20	25.80
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	383.86	88.71	220.00	49.20	25.80
Investments in Mortgage Backed Securities (MBS) and other securitised exposures					
Residential	NIL	NIL	NIL	NIL	NIL
Commercial real estates	NIL	NIL	NIL	NIL	NIL
(b) Indirect Exposure					
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	NIL	NIL	NIL	NIL	NIL
	5,887.58	2,574.20	4,537.50	1,669.59	1,439.30

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53.7.2 Exposure to capital market

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
(a) 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;	2.50	2.50	2.50	2.50	2.50
(b) 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	NIL	NIL
(c) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL	NIL	NIL	NIL
(d) 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	NIL	NIL
(e) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL	NIL	NIL	NIL
(f) 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 resources;	NIL	NIL	NIL	NIL	NIL
(g) Bridge loans to companies against expected equity flows / issues;	NIL	NIL	NIL	NIL	NIL
(h) 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	NIL	NIL	NIL
(i) Financing to stockbrokers for margin trading	NIL	NIL	NIL	NIL	NIL
(j) All exposures to Alternative Investment Funds:					
(i) Category I	NIL	NIL	NIL	NIL	NIL
(ii) Category II	NIL	NIL	NIL	NIL	NIL
(iii) Category III	NIL	NIL	NIL	NIL	NIL
	2.50	2.50	2.50	2.50	2.50

Note : The above 53.7.1 & 53.7.2, information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.8 Details of financing of parent company products

The Company doesn't have parent Company, hence this clause is not applicable.

53.9 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022.

53.10 Unsecured advances

The Company has given Rs. 20434.02 millions (September 30, 2023 Rs. 11284.10 millions, March 31, 2024 Rs. 16591.89 millions, March 31, 2023 Rs. 8161.81 millions, March 31, 2022 Rs. 6465.20 millions) of unsecured loans.

53.11 Miscellaneous

53.11.1 Registration obtained from other financial sector regulators

The Company does not hold any other registration other than NBFC registration from RBI.

Registration/ License	Issuing Authority	Registration / License number
Certificate of Registration	Reserve Bank Of India (RBI)	B-14.03323

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53.11.2 Disclosure of penalties imposed by RBI and other regulators –

No penalties were imposed by the regulator during the year / period ended September 30, 2024 , September 30, 2023, March 31, 2024 ,March 31, 2023 and March 31, 2022.

53.11.3 Related party transactions

Refer note 36 of Financial Statements for related party transaction disclosure.

The company have not entered into any transactions related to borrowings, deposits, placement of deposits, advances, purchase/sale of fixed/other assets and Investments during the year with directors, KMP and their relatives. Hence there is no outstanding balance during the year.

53.11.4 Ratings assigned by credit rating agencies and migration of ratings during the year

Rating purpose	As at September 30, 2024		As at September 30, 2023		FY 2023-24		FY 2022-23		FY 2021-22	
	Rating Assigned	Rating Outlook	Rating Assigned	Rating Outlook	Rating Assigned	Rating Outlook	Rating Assigned	Rating Outlook	Rating Assigned	Rating Outlook
Aye Finance Limited (Formerly known as Aye Finance Private Limited) by India Ratings & Research										
NCD Rs. 19,084.5 millions (September 30,2023 Rs.12,488.3 millions, March 31, 2024 Rs. 10,137.9 millions, March 31, 2023 Rs. 12,488.3 millions and March 31, 2022 Rs. 9,800.00 millions)*	[IND] A	Stable	[IND] A-	Stable	[IND] A-	Positive	[IND] A-	Stable	[IND] A-	Stable
Bank loans Rs. 10,000.00 millions (September 30,2023 Rs.4,000.00 millions, March 31, 2024 Rs. 5,000.00 millions, March 31, 2023 Rs. 4,000.00 millions and March 31, 2022 Rs. 2,100.00 millions)*	[IND] A	Stable	[IND] A-	Stable	[IND] A-	Positive	[IND] A-	Stable	[IND] A-	Stable
Commercial paper Rs. 500 millions (September 30,2023 Rs.500.00 millions, March 31, 2024 Rs. 500.00 millions, March 31, 2023 Rs. 500.00 millions and March 31, 2022 Rs. 500.00 millions)	[IND] A1	Stable	[IND] A2+	Stable	[IND] A1	Positive	[IND] A2+	Stable	[IND] A2+	Stable
Principal protected market-linked debenture (PP-MLD) Rs.50 millions (September 30,2023 Rs.2,100.00 millions, March 31, 2024 Rs. 1,950.00 millions, March 31, 2023 Rs. 2,100.00 millions and March 31, 2022 Rs. 500.00 millions)	IND PP-MLD A	Stable	IND PP-MLD A -	Stable	IND PP-MLD A -	Positive	IND PP-MLD A -	Stable	IND PP-MLD A -	Stable
Aye Finance Limited (Formerly known as Aye Finance Private Limited) by ICRA										
NCD for March 31,2023 Rs. 650.0 millions & March 31, 2022 Rs. 4,460.00millions**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	[ICRA] BBB+	Positive	[ICRA] BBB+	Stable
Fund based term loan of March 31,2022 Rs. 556.0 millions***	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	[ICRA] BBB+	Stable
Market Linked NCD (MLD) of March 31,2022 Rs. 500 millions***	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	PP-MLD [ICRA]AA(CE)	Stable

*Pursuant to the rating letter dated July 19,2024 by India Ratings and Research Limited has upgraded Aye Finance Private Limited's (Aye) Long-Term Issuer Rating to 'IND A/Stable Outlook' from 'IND A-/ Positive Outlook'

** ICRA ratings withdrawn w.e.f. May 19, 2023.

*** Ratings withdrawn

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

53.12 Additional disclosures

53.12.1 Provisions and contingencies

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss account	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Provisions for depreciation on investment	-	-	-	51.00	29.40
Provision towards NPA	72.37	135.11	623.80	(12.40)	355.20
Provision made towards income tax net of deferred tax	363.09	351.04	561.77	275.43	(160.62)
Other provision and contingencies (Gratuity and Leave encashment)	68.97	49.08	73.90	10.60	63.40
Provision for Standard assets	167.85	43.49	144.20	2.20	(293.10)

53.12.2 Draw down from reserves

The Company has not made any drawdown from the reserve during the year/period.

53.13 Concentration of deposits, advances, exposures and NPAs

The Company has not taken any deposits from any party.

53.13.1 Concentration of advances

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Total advances to twenty largest borrowers	23.60	19.83	21.30	18.30	16.70
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.05%	0.06%	0.05%	0.07%	0.10%

53.13.2 Concentration of exposures

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Total exposure to twenty largest borrowers / customers	23.60	19.83	21.30	327.20	338.40
Percentage of exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	0.05%	0.06%	0.05%	1.24%	1.91%

53.13.3 Concentration of NPAs

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Total exposure to top four credit impaired accounts	3.31	2.65	2.80	1.80	3.30

53.13.4 Sector-wise NPAs

Sector	Percentage of NPAs to total advances in that sector				
	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
(a) Agriculture and allied activities	-	-	-	-	-
(b) MSME	3.32%	2.69%	3.19%	2.49%	3.29%
(c) Corporate borrowers	-	-	-	-	-
(d) Services	-	-	-	-	-
(e) Unsecured personal loans	-	-	-	-	-
(f) Auto loans	-	-	-	-	-
(g) Other personal loans	-	-	-	-	-

53.13.5 Movement of NPAs

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
(a) Net NPAs to Net Advances (%)	1.15%	1.26%	0.91%	1.28%	1.37%
(b) Movement of NPAs (Gross)					
(i) Opening balance	1,316.30	653.90	653.90	572.80	519.80
(ii) Additions during the year	1,059.92	508.40	1,194.40	612.93	571.30
(iii) Reductions during the year	(828.78)	(306.21)	-532.00	-531.83	(518.30)
(iv) Closing balance	1,547.44	856.09	1,316.30	653.90	572.80
(c) Movement of Net NPAs					
(i) Opening balance	366.70	328.10	328.10	234.20	124.00
(ii) Additions during the year	430.70	224.10	288.50	310.73	233.50
(iii) Reductions during the year	(271.93)	(157.02)	(249.90)	(216.83)	(123.30)
(iv) Closing balance	525.47	395.18	366.70	328.10	234.20
(d) Movement of provisions for NPAs (excluding provisions on standard assets)					
(i) Opening balance	949.60	325.80	325.80	338.60	395.80
(ii) Additions during the year	629.22	284.30	905.90	302.20	337.80
(iii) Reductions during the year	(556.85)	(149.19)	(282.10)	(315.00)	(395.00)
(iv) Closing balance	1,021.97	460.91	949.60	325.80	338.60

53.14 Overseas assets

The Company does not own any assets outside the country.

53.15 Off – balance sheet SPVs sponsored

The Company does not have any off balance sheet SPV sponsored either domestic or overseas.

53.16 Disclosure of customer complaints

53.16.1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S.No.	Particulars	As at	As at	As at	As at	As at
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Complaints received by the NBFC from its customer						
(a)	No. of complaints pending at the beginning of the period / year	12	4	4	-	1
(b)	No. of complaints received during the period / year	691	413	864	405	205
(c)	No. of complaints redressed during the period / year	633	396	856	401	206
	Of which, number if complaints rejected by the NBFC*	-	-	-	-	-
(d)	No. of complaints pending at the end of the period / year	70	22	12	4	-
Maintainable complaints received by the NBFC from office of Ombudsman						
(e)	Maintainable complaints received by the NBFC from office of Ombudsman	21	13	31	14	10
	Of (e) , No of complaints resolved in favour of the NBFC from office of Ombudsman	21	13	31	13	10
	Of (e) ,No of complaints resolved through Conciliation/Mediation/advisories issued by office of Ombudsman	-	-	-	1	-
	Of (e) ,No of complaints resolved after passing of awards by office of Ombudsman against the NBFC	-	-	-	-	-
(f)	No. of awards unimplemented with in the Stipulated time (other than those appealed)	-	-	-	-	-

* Represents number of complaints submitted by internal ombudsman to RBI vide circular no. RBI/2021-2022/126 dated November 15, 2021

Note : The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.16.2 Top five grounds of complaints received by the NBFCs from customers

Six months ended September 30, 2024

SL No.	Grounds of complaints	Number of complaints pending at the beginning of six months	Number of complaints received during the six months	%Increase / decrease in the number of complaints received over the previous six months	Number of complaints pending at the end of the six months	Of 5, number of complaints pending beyond 30 days
(a)	Credit Bureau Rectification	6	198	26%	14	-
(b)	Customer Interaction Issue	3	227	116%	27	-
(c)	Customer Dispute or Money Misappropriation	1	71	129%	3	-
(d)	Settlement Related	-	58	61%	6	-
(e)	Contact Number Update/Removal(non-Existing)	1	36	227%	7	-
(f)	Others	1	101	38%	13	-
		12	691	67%	70	-

Six months ended September 30, 2023

SL No.	Grounds of complaints	Number of complaints pending at the beginning of six months	Number of complaints received during the six months	%Increase / decrease in the number of complaints received over the previous six months	Number of complaints pending at the end of the six months	Of 5, number of complaints pending beyond 30 days
(a)	Credit Bureau Rectification	2	157	NA	8	-
(b)	Customer Interaction Issue	1	105	NA	3	-
(c)	Customer Dispute or Money Misappropriation	-	31	NA	1	-
(d)	Settlement Related	-	36	NA	3	-
(e)	Contact Number Update/Removal(non-Existing)	-	11	NA	-	-
(f)	Others	1	73	NA	7	-
		4	413		22	-

Year ended March 31, 2024

SL No.	Grounds of complaints	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
(a)	Credit Bureau Rectification	2	327	57%	6	-
(b)	Customer Interaction Issue	1	235	279%	3	-
(c)	Customer Dispute or Money Misappropriation	-	53	212%	1	-
(d)	Settlement Related	-	60	NA	-	-
(e)	Contact Number Update/Removal(non-Existing)	-	32	191%	1	-
(f)	Others	1	157	67%	1	-
		4	864	113%	12	-

Year ended March 31, 2023

SL No.	Grounds of complaints	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
(a)	Credit Bureau Rectification	-	208	121%	2	-
(b)	Customer Interaction Issue	-	62	40%	1	-
(c)	Refund issue (Charges/extra EMI refund)	-	17	467%	-	-
(d)	Settlement Related	-	13	217%	-	-
(e)	Commission Asked	-	11	1100%	-	-
(f)	Others	-	94	104%	1	-
		-	405	96%	4	-

Year ended March 31, 2022

SL No.	Grounds of complaints	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
(a)	Credit Bureau Rectification	-	94	623%	-	-
(b)	Customer Interaction Issue	-	44	76%	-	-
(c)	Refund issue (Charges/extra EMI refund)	-	11	120%	-	-
(d)	Settlement Related	-	6	600%	-	-
(e)	Commission Asked	-	5	400%	-	-
(f)	Others	1	45	53%	-	-
		1	205	91%	-	-

Note : The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumptions. The same has been relied upon by the auditors.

53.17 Expenditure on corporate social responsibility

Refer note 31 of Financial Statements for disclosure pertaining to corporate social responsibility expenses.

53.18 Disclosure on frauds pursuant to RBI Master Direction

The frauds detected and reported for the year / period amounted to 1.33 millions (September 30, 2023 Rs. 2.82 millions , March 31, 2024 Rs. 4.23 millions , March 31, 2023 Rs. 0.6 millions & March 31, 2022 Rs. 1.48 millions).

53.19 Micro, Small and Medium Enterprises (MSME) sector - Restructuring of advances

The Company has restructured the accounts as per RBI circular circulars DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated September 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019, circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020.

Particulars	As at		As at		As at	
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2022
No. of accounts restructured	193	1,076	343	1,436	5,466	
Amount (Rs. in millions)*	11.45	61.12	26.10	103.60	598.70	

* Balances are as at September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 & March 31, 2022.

53.20 Details of the Code on Social Security, 2020 ('CODE') relating to employee benefits

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received 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 and the final rules/interpretation have not yet been issued. 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.

53.21 The Company owns 100% of Foundation for Advancement of Micro Enterprises (FAME), incorporated under Section 8 of the Companies Act, 2013, to carry on social responsibility activities. The financial statements of FAME are not considered for consolidation since the definition of control is not met as the Company's objective is not to obtain economic benefits from the activities of FAME.

53.22 Transactions with non-executive directors

Name of non-executive director	Transaction type	As at		As at		As at	
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2022
Mr. Navin Kumar Maini	Payment of sitting fees	-	0.53	0.53	1.00	0.90	
Ms. Kanika Tandon Bhal	Payment of sitting fees	0.42	0.15	0.65	0.30	0.70	
Mr. Vinay Bajjal	Payment of sitting fees	-	0.46	0.46	0.80	0.60	
Ms. Arpita Pal Agarwal	Payment of sitting fees	-	0.34	0.34	0.40	-	
Mr. Sanjaya Gupta	Payment of sitting fees	0.61	0.23	0.72	-	-	
Mr. Govinda Rajulu Chintala	Payment of sitting fees	0.63	0.15	0.80	-	-	
		1.66	1.87	3.50	2.50	2.20	

53.23 Postponement of revenue recognition

There is no significant uncertainty which requires postponement of revenue recognition.

53.24 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Payment against the supplies from the undertakings covered under the Micro, Small & Medium Enterprises Development Act, 2006 are generally made in accordance with the agreed credit terms.

On the basis of information and record available with the management, there are no overdue balances of such suppliers and interest due on such accounts as on September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.

The Company has neither paid any interest nor such amount is payable to buyer covered under the MSMED Act, 2006.

53.25 Details of non-performing financial assets purchased/sold

The Company has not sold non performing financial asset during six months September 30,2024 , September 30, 2023 , financial year 2023-24 , and has sold non performing financial asset during financial year 2022-23 and financial year 2021-2022 . Refer Note no. 53.27.1 (c) .

53.26 Value of imports calculated on CIF basis

The Company has not imported any goods therefore value of import on CIF basis is Nil. (As on September 30,2024 , September 30, 2023, March 31, 2024 ,March 31, 2023 & March 31, 2022 – Nil).

53.27 Disclosure pursuant to Master Direction - Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 issued by the Reserve Bank of India ("RBI") vide their Notification No. RBI/DOR/2021-22/86 Master Direction DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 (the "Notification")

53.27.1 Details of non-performing assets (NPAs) transferred are given below:

Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

(a) Details of transfer through assignment in respect of loans not in default during the year/ period ended.

Particulars	As at		As at		As at	
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2022
Aggregate amount of loans transferred	412.20	1,120.10	2,467.80	2,069.80	-	-
Retention of beneficial economic interest (MRR)	10%	10%	10%	10%	-	-
Weighted average maturity (residual maturity)	19.13 months	18.96 months	18.4 months	16.7 months	-	-
Weighted average holding period	9.21 months	6.27 months	7.64 months	7.1 months	-	-
Coverage of tangible security	-	-	-	-	-	-
Rating-wise distribution of rated loans	Unrated	Unrated	Unrated	Unrated	-	-

(b) Details of loans re-purchased in compliance with paragraph 48 of Master Direction - RBI (Transfer of loan exposures) Directions, 2021 during the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022: Nil

(c)(i) Details of stressed loans transferred during the year/ period to Asset Reconstruction Companies:

Particulars	As at		As at		As at	
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2022
	NPA	NPA	NPA	NPA*	NPA*	NPA*
No. of accounts	-	-	-	9,024	23,835	
Aggregate principal outstanding of loans transferred (Rs. in millions)	-	-	-	837.60	2,432.90	
Weighted average residual tenor of the loans transferred (in months)	-	-	-	11 months	12 months	
Net book value of loans transferred (at the time of transfer) (Rs. in millions)	-	-	-	111.10	347.76	
Aggregate consideration (Rs. in millions)	-	-	-	-	377.11	
Additional consideration realised in respect of accounts transferred in earlier year	-	-	-	-	-	

*Including written off loans amounting to Rs. 516.5 millions in March, 2023 & Rs. 1719.5 millions in March, 2022.

(c)(ii) The Company has not transferred any stressed loan during the year/ period ended September 30, 2024, September 30, 2023 & March 31, 2024 .

(d) The Company has not acquired any stressed loan during the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.

53.27.2 The Company has not acquired any special mention account or stressed loan or loan not in default.

53.27.3 Disclosures as required for liquidity risk

(a) Funding concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Number of significant counter parties	30	34	33	34	20
Amount	33,576.88	28,531.40	30,141.40	20,823.73	14,376.12
Percentage of funding concentration to total deposits	N.A.	N.A.	N.A.	N.A.	N.A.
Percentage of funding concentration to total liabilities	79.46%	87.36%	82.89%	87.81%	89.28%

(b) Top 20 large deposits

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Total amount of top 20 deposits	N.A.	N.A.	N.A.	N.A.	N.A.
Percentage of amount of top 20 deposits to total deposits	N.A.	N.A.	N.A.	N.A.	N.A.

(c) Top 10 borrowings

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Total amount of top 10 borrowings	18,347.03	13,594.80	17,889.00	11,133.72	11,318.50
Percentage of amount of top 10 borrowings to total borrowings*	45.14%	43.23%	49.19%	48.49%	74.43%

* Total borrowing does not include EIR & Accrued Interest amount

(d) Funding concentration based on significant instrument/product

Name of the instrument/product	As at September 30, 2024		As at September 30, 2023		As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total Liabilities	Amount	% of Total Liabilities	Amount	% of Total Liabilities	Amount	% of Total Liabilities	Amount	% of Total Liabilities
Non-convertible debentures (Secured)	12,836.85	30.38%	10,029.13	30.60%	9,126.44	25.09%	7,719.20	32.55%	7,915.10	49.15%
Non-convertible debentures (Unsecured)	1,036.26	2.45%	1,181.87	3.61%	1,096.99	3.02%	1,279.30	5.39%	1,307.20	8.12%
Term Loans	14,418.17	34.12%	10,453.10	31.90%	13,070.55	35.94%	5,250.90	22.14%	2,682.80	16.66%
Borrowing under securitization arrangement	8,523.98	20.17%	8,465.95	25.83%	8,008.48	22.02%	5,620.40	23.70%	1,088.90	6.76%
External commercial borrowings	4,010.14	9.49%	1,310.66	4.00%	3,637.44	10.00%	2,661.80	11.22%	2,063.50	12.81%
Working capital/Line of credit/Overdraft facility**	-	-	-	-	-	-	430.00	1.81%	149.90	0.93%

** Current Year it is less than 1% hence it is not disclosed.

(e) Stock ratios

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Commercial papers as a % of total public funds	-	-	-	-	-
Commercial papers as a % of total liabilities	-	-	-	-	-
Commercial papers as a % of total assets	-	-	-	-	-
Non-convertible debentures(original maturity of less than 1 year) as a % of total public funds	-	-	-	-	-
Non-convertible debentures (original maturity of less than 1 year) as a % of total liabilities	-	-	-	-	-
Non-convertible debentures (original maturity of less than 1 year) as a % of total assets	-	-	-	-	-
Other short-term liabilities as a % of total public funds	54.04%	63.88%	62.24%	65.22%	53.55%
Other short-term liabilities as a % of total liabilities	52.21%	61.85%	59.88%	63.14%	50.57%
Other short-term liabilities as a % of total assets	37.90%	49.24%	44.69%	47.69%	35.16%

Note 1 : Significant counterparty is as defined in RBI Circular RBI/1019-20/88 DOR. NBFC (PD) CC. No. 102/03. 10.001/2019-20 dated November 4, 2019 on liquidity risk management framework for NBFC and Core Investment Companies.

Note 2 : Significant instrument/product is as defined in RBI Circular RBI/1019-20/88 DOR. NBFC (PD) CC. No. 102/03. 10.001/2019-20 dated November 4, 2019 on liquidity risk management framework for NBFC and Core Investment Companies.

Note 3 : Public funds are as defined in Master Direction - Non Banking Financial Company - Scale based circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure V-Restated Notes to the Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

53.27.4 LCR Disclosure

Sl No.	Particulars	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	**Total High Quality Liquid Assets (HQLA)	19,968.10	19,968.10
	Cash Outflows		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	197.63	227.28
4	Secured wholesale funding	14,584.04	16,771.64
5	Additional requirements, of which		
	(i) Outflows related to derivative exposures and other collateral requirements	-	-
	(ii) Outflows related to loss of funding on debt products	-	-
	(iii) Credit and liquidity facilities	-	-
6	Other contractual funding obligations	13,005.26	14,956.04
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	27,786.93	31,954.96
	Cash Inflows		
9	Secured lending	-	-
10	Inflows from fully performing exposures	17,701.62	13,276.22
11	Other cash inflows	43,472.20	32,604.15
12	TOTAL CASH INFLOWS	61,173.82	45,880.37
	Total Adjusted Value		
13	TOTAL HQLA		19,968.10
14	TOTAL NET CASH OUTFLOWS		7,988.74
15	LIQUIDITY COVERAGE RATIO (%)		249.95%

53.28 Transfer of financial assets

53.28.1 Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets by entering into securitisation transactions with the Special Purpose Vehicle Trusts (SPV Trust) sponsored by financial institution for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Pay-out Account maintained by the SPV Trust for making scheduled pay-outs to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided. In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind-AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 14.

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Carrying amount of transferred assets measured at amortised cost	9,668.85	9,247.86	8,913.00	5,968.10	1,023.40
Carrying amount of associated liabilities (Debt securities -measured at amortised cost)	8,523.98	8,465.95	8,008.50	5,620.30	1,074.90

53.28.2 Transferred financial assets that are derecognised

During the year, the company has assigned (earlier measured at amortised cost) by way of direct assignment as per the agreed terms of the deals. Since substantial risk and rewards related to these assets were transferred to the buyer, the asset have been de-recognised from the books of accounts. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition during the year.

Particulars	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Carrying amount of transferred assets measured at amortised cost	1,400.00	1,691.44	2,141.44	1,220.70	-
Carrying amount of exposures retained by the company at amortised cost	140.00	169.14	214.14	122.07	-
Gain on sale of the derecognised financial assets	17.01	86.90	189.48	125.10	-

Since the company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized on the day of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset

53.29.1 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as at September 30, 2024 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2024 (A) *	Of (A), aggregate debt that slipped in to NPA during the six months ended September 30, 2024	Of (A) amount written off during the six months ended September 30, 2024	Of (A) amount paid by the borrowers during the six months ended September 30, 2024**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2024 *
Personal Loans #	13.80	1.34	0.28	7.50	4.68
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	13.80	1.34	0.28	7.50	4.68

53.29.2 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as at September 30, 2023 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2023 (A) *	Of (A), aggregate debt that slipped in to NPA during the six months ended September 30, 2023	Of (A) amount written off during the six months ended September 30, 2023	Of (A) amount paid by the borrowers during the six months ended September 30, 2023**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2023 *
Personal Loans #	96.30	26.10	6.50	31.00	32.70
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	96.30	26.10	6.50	31.00	32.70

53.29.1 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as at March 31, 2024 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2023 (A) *	Of (A), aggregate debt that slipped in to NPA during the period ended March 31, 2024	Of (A) amount written off during the period ended March 31, 2024	Of (A) amount paid by the borrowers during the period ended March 31, 2024**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2024 *
Personal Loans #	96.30	12.90	22.80	46.80	13.80
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	96.30	12.90	22.80	46.80	13.80

53.29.2 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as at March 31, 2023 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2022 (A) *	Of (A), aggregate debt that slipped in to NPA during the period ended March 31, 2023	Of (A) amount written off during the period ended March 31, 2023	Of (A) amount paid by the borrowers during the period ended March 31, 2023**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2023 *
Personal Loans #	182.00	16.50	38.10	127.40	96.30
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	182.00	16.50	38.10	127.40	96.30

53.29.3 Detail of resolution plan implemented under the resolution framework for Covid - 19 related stress as per RBI circular dated August 06, 2020 (resolution framework - 1.0) and May 05, 2021 (resolution framework - 2.0) as at March 31, 2022 as given below: -

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at March 31, 2021 (A) *	Of (A), aggregate debt that slipped in to NPA during the period ended March 31, 2022	Of (A) amount written off during the period ended March 31, 2022	Of (A) amount paid by the borrowers during the period ended March 31, 2022**	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at March 31, 2022 *
Personal Loans #	428.60	59.10	13.20	11.30	345.00
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	428.60	59.10	13.20	11.30	345.00

* Consist of unbilled and overdue principal

** Includes portfolio sold to ARC

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

53.30 Changes in liabilities arising from financing activities *

Particulars	April 01, 2024	Cash flows	Exchange difference and Other adjustment	September 30, 2024
Debt securities	10,223.43	3,649.68	-	13,873.11
Borrowings (other than debt securities)	16,757.99	1,613.29	62.64	18,433.92
Borrowings under securitisation	8,008.48	515.50	-	8,523.98
	34,989.90	5,778.47	62.64	40,831.01

Particulars	April 01, 2023	Cash flows	Exchange difference and Other adjustment	September 30, 2023
Debt securities	8,998.50	2,212.50	-	11,211.00
Borrowings (other than debt securities)	8,342.71	3,711.69	(0.64)	12,053.76
Borrowings under securitisation	5,620.40	2,845.55	-	8,465.95
	22,961.61	8,769.74	(0.64)	31,730.71

Particulars	April 01, 2023	Cash flows	Exchange difference and Other adjustment	March 31, 2024
Debt securities	8,998.50	1,224.93	-	10,223.43
Borrowings (other than debt securities)	8,342.71	8,415.29	(0.01)	16,757.99
Borrowings under securitisation	5,620.40	2,388.08	-	8,008.48
	22,961.61	12,028.30	(0.01)	34,989.90

Particulars	April 01, 2022	Cash flows	Exchange difference	Other	March 31, 2023
Debt securities	9,222.30	(223.80)	-	-	8,998.50
Borrowings (other than debt securities)	4,896.20	2,797.00	(69.60)	719.11	8,342.71
Borrowings under securitisation	1,088.90	4,531.50	-	-	5,620.40
	15,207.40	7,104.70	(69.60)	719.11	22,961.61

Particulars	April 01, 2021	Cash flows	Exchange difference	Other	March 31, 2022
Debt securities	10,284.20	(232.10)	-	(829.80)	9,222.30
Borrowings (other than debt securities)	3,055.60	2,043.20	21.40	(211.60)	4,896.20
Borrowings under securitisation	(82.80)	259.30	-	912.40	1,088.90
	13,257.00	2,070.40	21.40	(129.00)	15,207.40

* Amounts are inclusive of accrued interest.

- 53.31** Pursuant to Regulation 54 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 we would like to state that all listed secured non-convertible debentures of the Company are secured by way of first exclusive charge on hypothecated book debts of the Company up to the extent minimum of 100% of the amount outstanding.
- 53.32 Intra Group Exposure**
The company does not have any Intragroup Exposures for the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022.
- 53.33 Unhedged Foreign currency Exposure**
The Company does not have any year / period end unhedged foreign currency exposures except Trade Payable of Rs. 0.54 millions(USD 0.01 millions) as on September 30, 2024.
- 53.34 Loans to directors, senior officers and relatives of directors**
The Company has not provided any loans to directors, senior officers and relatives of directors during the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.
- 53.35 Details of penalties imposed by RBI and other regulators**
No penalty was levied during the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.
- 53.36 Breach of covenant**
The company has no instance of breach of covenant in respect of loans availed and debt securities issued as at September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.
- 53.37 Divergence in Asset Classification and Provisioning**
RBI vide its circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 has directed NBFCs shall make suitable disclosures, if either or both of the following conditions are satisfied:
(a) the additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period, or
(b) the additional Gross NPAs identified by RBI/NBH exceeds 5 percent of the reported Gross NPAs for the reference period.
- No inspection conducted by the RBI during the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024 and March 31, 2022.
- There has been no material divergence observed by the RBI as per supervisory assessment done by the RBI during financial year 2022-23 for which report was issued dated 31 March 2023 in respect of the NBFC's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures. The responses has been filled by the management dated 17 May 2023 for which further responses from RBI are being awaited. The NBFC has not been subjected to any assessment by the RBI during the financial year 2021-2022 in respect of financial year 2020-21.
- 53.38 Disclosure on Modified Opinion**
The auditor have expressed an unmodified opinion for the year/ period ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023, March 31, 2022.

Aye Finance Limited (Formerly known as Aye Finance Private Limited)

Corporate Identity Number (CIN): U65921DL1993PLC283660

Annexure V-Restated Notes to the Financial Statements

(All amounts in Indian Rupees millions, unless otherwise stated)

54 Subsequent Event

The Board of Directors of the Company in the Board meeting dated October 16, 2024 and Shareholders of the company in the Extra Ordinary General Meeting dated October 17, 2024 have approved the re-classification and sub-division of each of the Equity Share of the Company having a face value of Rs. 10/- each in the Equity Share Capital of the Company, into 5 Equity Shares having a face value of Rs. 2/- each ("Sub-division"). As a result ,the equity portion of authorized share capital of the company is revised to 41,00,00,000 equity shares of face value of Rs 2 each i.e. Rs 820 millions as on the date of signing of the financials. The issued, subscribed & fully paid up equity share capital of the company as on date of signing of the financials is 19,17,41,570 equity shares of face value of Rs 2 each i.e. Rs 383.48 millions. Earnings Per Share calculations have been reinstated in all the periods to give effect of this subdivision (Split).

55 Other statutory information

- (a) The Company do not have any investment property.
- (b) The Company do not have any benami property, where any proceeding has been initiated or pending against the group for holding any benami property.
- (c) Since, the Company does not have any immovable property, clause related to title deeds of property not held in the company's own name is not applicable.
- (d) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period for borrowings.
- (e) The Company is a NBFC - Middle Layer as classified under Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulations) Directions, 2023.
- (f) The quarterly statement of current assets submitted to banks/ financial institutions which are provided as security against the borrowings are in agreement with the books of account.
- (g) The Company has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (h) The Company has not traded or invested in crypto currency or virtual Currency during the financial year.
- (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiariesThe Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- (j) The Company do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- (k) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable to the Company.
- (l) The Company has not advanced or granted loan to promoter, director, KMP & related party.
- (m) The Company is not declared wilful defaulter by any bank or financial institution or other lenders.
- (n) The Company has not invested with number of layers of Companies as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017

Aye Finance Limited (Formerly known as Aye Finance Private Limited)
Corporate Identity Number (CIN): U65921DL1993PLC283660
Annexure VI- Statement of Restatement Adjustments to Audited Financial Statements
(All amounts in Indian Rupees millions, unless otherwise stated)

56 Summarized below are the restatement adjustments made to the Audited Financial Statements for the periods ended September 30, 2024, September 30, 2023 and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 and their impact on equity and the profit/loss.

Statement of Adjustments to Audited Financial Statements

Reconciliation between audited equity and restated equity

Particulars	As at	As at	As at	As at	As at	As at
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022	April 01, 2021
Total Equity as per Audited Financial Statements	15,966.33	8,495.47	12,361.06	7,685.04	7,060.14	7,467.00
Material restatement adjustments:						
Adjustments due to prior period items/other adjustment						
Tax Expense *	-	(105.52)	-	(105.52)	(6.09)	50.29
Total Impact of adjustments	-	(105.52)	-	(105.52)	(6.09)	50.29
Total Equity as per Restated Financial Information	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05	7,517.29

Reconciliation between audited profit/(loss) after tax and restated profit/ (loss) after tax

Particulars	Six months ended	Six months ended	Year ended	Year ended	Year ended
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
Profit/(Loss) after tax as per Audited Financial Statements	1,078.00	787.89	1,611.27	537.96	(457.12)
Material restatement adjustments:					
Adjustments due to prior period items/other adjustment					
Tax Expense *	-	-	105.52	(99.43)	(56.38)
Total Impact of adjustments	-	-	105.52	(99.43)	(56.38)
Restated Profit/(Loss) after tax as per Restated Financial Information	1,078.00	787.89	1,716.79	438.53	(513.50)

Note to Reconciliation between audited equity & profit/(loss) after tax and restated equity & profit/ (loss) after tax

*Tax Expense

The company had identified short/excess provision for income tax in accounting of earlier year tax adjustments and had accounted as prior period items in the year in which the short/excess of provision was identified. The short/excess pf provision are to be adjusted in the year in which the the same has been done . Accordingly, the company has adjusted the short/excess provision in respective financial years in which the same was identified.

As per our report of even date attached

For S S Kothari Mehta & Co. LLP
Chartered Accountants
FRN: 000756N / N500441

For and on behalf of the Board of Directors of
Aye Finance Limited (Formerly known as Aye Finance Private Limited)

per Vijay Kumar
Partner
Membership No: 092671
New Delhi
December 11, 2024

Sanjay Sharma
Managing Director
DIN: 03337545
Gurugram
December 11, 2024

Govinda Rajulu Chintala
Chairperson and Independent Director
DIN: 03622371
Aland
December 11, 2024

Krishan Gopal
Chief Financial Officer
Gurugram
December 11, 2024

Vipul Sharma
Company Secretary
M. No: A27737
Gurugram
December 11, 2024

OTHER FINANCIAL INFORMATION

The audited financial statements of our Company as at and for the six months ended September 30, 2024 and September 30, 2023 and the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, as applicable, together with all the reports, annexures, schedules and notes thereto (collectively, “**Audited Financial Statements**”) are available at <https://www.ayefin.com/financial-statements/>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Standalone 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 to purchase or sell any securities under the Companies Act 2013, the SEBI ICDR Regulations, or any other applicable laws in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider subscribing to or purchase any securities of our Company, its Subsidiary or any entity in which it or its shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. Due caution is advised when accessing and placing reliance on any historic or other information available in the public domain. None of the Company, its Subsidiary or any entity in which it or its shareholders have significant influence or any of its advisors, nor any of the BRLMs nor any of 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.

The details of accounting ratios derived from Restated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below.

(in ₹, except otherwise mentioned)

Particulars	As of / For the six months ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
Earnings per share (basic) ^{(1) ^}	6.09	5.08	10.62	2.83	(3.31)
Earnings per share (diluted) ^{(2) ^}	5.97	5.02	10.50	2.79	(3.31)
Return on Net Worth (RoNW)(%) ⁽³⁾	15.22*	19.73*	17.22	5.99	(7.05)
Net Asset Value per equity share ⁽⁴⁾	88.42	53.48	75.63	48.27	44.84
EBITDA (₹ million) ⁽⁵⁾	3,831.29	2,685.53	5,689.31	2,808.03	1,011.08

*Annualised.

[^]Pursuant to a resolution passed by our Board on October 16, 2024, and a resolution passed by our Shareholders on October 17, 2024, the face value of equity shares of our Company was sub-divided from face value of ₹10 each to face value of ₹ 2 each. Sub-division of equity shares is retrospectively considered for the computation of basic EPS, diluted EPS and for all the Financial Years/ periods presented.

Notes:

The ratios have been computed as below:

- (1) Basic earnings per share (₹) = Net profit after tax, as restated/ Weighted average number of equity shares outstanding during the period/ year.
- (2) Diluted earnings per share (₹) = Net profit after tax, as restated/ Weighted average number of potential equity shares outstanding during the period/ year.
- (3) Return on Net Worth (%) = Net profit/(loss) after tax for the years attributable to the owners of the Company divided by Average Net Worth of the Company for the respective year / period.
- (4) Net asset value per share (₹) = Net worth, as restated/ weighted average diluted number of Equity Shares outstanding as at period end.
- (5) Earnings per shares (EPS) calculation is in accordance with the notified Indian Accounting Standard (Ind AS) 33 ‘Earnings per share’ prescribed by the Companies (Indian Accounting Standards).
- (6) The amounts disclosed above are based on the Restated Financial Statements. Other Comprehensive Income & Tax on Other Comprehensive Income is Ignored here, therefore, EBITDA= profit for the year/ period as per the Restated Financial Statement of profit & loss + income tax expense+ depreciation+ finance cost.

For the definitions of Non-GAAP measures, see “**Definitions and Abbreviations**” on page 1.

Reconciliation of non-GAAP measures

Reconciliation for the following non-GAAP financial measures included in this section, is set out below:

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Restated Profit/(loss) after tax (A)	1,078.00	787.89	1,716.79	438.53	(513.50)
CCPS Cost (B)	-	-	-	-	-
Adjusted profit/(loss) after tax (C=A+B)	1,078.00	787.89	1,716.79	438.53	(513.50)

Reconciliation of Net Interest Income
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Interest Income (A)	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Finance Cost (B)	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net Interest Income (A-B)	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10

Reconciliation of Average Total Assets
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Opening Total Assets(A)	48,730.52	31,294.58	31,294.58	23,156.43	21,269.90
Closing Total Assets (B)	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Average Total Assets (C=(A+B)/2)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17

Reconciliation of Average Total Gross Loans
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Opening Total Gross Loans (A)	41,296.60	26,056.88	26,056.88	17,396.40	15,860.80
Closing Total Gross Loans (B)	46,666.65	31,769.12	41,296.60	26,056.88	17,396.40
Average Total Gross Loans (C=(A+B)/2)	43,981.63	28,913.00	33,676.74	21,726.64	16,628.60

Reconciliation of Net Worth
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Equity Share Capital (A)	377.88	304.53	399.31	304.53	304.53
Other Equity (B)	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52
Net Worth (C=A+B)	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05

Reconciliation of average Net Worth
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Opening net worth (A)	12,361.06	7,579.52	7,579.52	7,054.05	7,517.29
Closing net worth (B)	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Average Net Worth (C = (A+B)/2)	14,163.69	7,984.73	9,970.29	7,316.78	7,285.67

Reconciliation of Total Gross Loans / Net Worth
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Total Gross Loans (A)	46,666.65	31,769.12	41,296.60	26,056.88	17,396.40
Net Worth (B)	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Total Gross Loans / Adjusted Net Worth (C = A/B)	2.92	3.78	3.34	3.44	2.47

Reconciliation of Average Total Gross Loans/Average Net Worth
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Average Total Gross Loans (A)	43,981.63	28,913.00	33,676.74	21,726.64	16,628.60
Average Net Worth (B)	14,163.69	7,984.73	9,970.29	7,316.78	7,285.67
Average Total Gross Loans / Average Net Worth (%) (C = A/B)	310.52	362.10	337.77	296.94	228.24

Reconciliation of Total Borrowings
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Debt securities (A)	13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
Borrowings (other than debt securities) (B)	26,957.90	20,519.71	24,766.47	13,963.11	5,985.10
Total Borrowings (C=A+B)	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40

Reconciliation of Return on Assets (ROA)
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Restated Profit/(loss) after tax (A)	1,078.00	787.89	1,716.79	438.53	(513.50)
Average Total Assets (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Return on Assets (%) (C = A/B*100)	4.03*	4.35*	4.29	1.61	(2.31)

**Annualized*
Reconciliation of Average Equity
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Opening Equity:					
Equity share capital (A)	399.31	304.53	304.53	304.53	304.53
Other equity (B)	11,961.75	7,274.99	7,274.99	6,749.52	7,212.76
Total equity (C= A+B)	12,361.06	7,579.52	7,579.52	7,054.05	7,517.29
Closing Equity:					
Equity share capital (D)	377.88	304.53	399.31	304.53	304.53
Other equity (E)	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52
Total equity (F= D+E)	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Average Equity for the year ended (G=(C+F)/2)	14,163.69	7,984.73	9,970.29	7,316.78	7,285.67

Reconciliation of Return on Equity (ROE)
(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Restated Profit/(loss) after tax (A)	1,078.00	787.89	1,716.79	438.53	(513.50)
Average Net Worth (B)	14,163.69	7,984.73	9,970.29	7,316.78	7,285.67
Return on Equity (%) (C = A/B*100)	15.22*	19.73*	17.22	5.99	(7.05)

**Annualized*

Reconciliation of Net Interest Income

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Adj. Interest Income (A)	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Adj. Finance Cost (B)	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net Interest Income (C = A-B)	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10

Reconciliation of Fee and Other Revenue from operation and other income

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Fees and commission income (A)	250.04	215.72	478.64	254.80	135.70
Net gain on derecognition of financial instruments under amortised cost category(B)	17.01	86.90	189.48	125.10	-
Net gain on fair value changes (C)	252.96	143.70	247.20	189.50	84.90
Total other income (D)	248.05	110.40	315.32	199.10	115.70
Fee and other Revenue from operation and other income (E=A+B+C+D)	768.06	556.72	1,230.64	768.50	336.30

Reconciliation of Net Total Income

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Total Income (A)	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Finance Costs (B)	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Net Total Income (C = A-B)	4,877.88	3349.52	7,452.19	4,453.75	2,849.40

Reconciliation of Operating Expenses

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Employee benefits expenses (A)	1,739.09	1,312.10	2,752.11	2,122.00	1,757.60
Depreciation and amortization (B)	97.63	65.61	145.44	114.47	99.70
Other expenses (C)	523.58	392.49	900.27	704.12	434.22
Operating Expenses (G=A+B+C)	2,360.30	1,770.20	3,797.82	2,940.59	2,291.52

Reconciliation of Finance Cost Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Finance cost (A)	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Average Total Asset (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Finance cost ratio (C = A/B)(%)	8.57*	8.18*	8.16	7.27	7.14

*Annualized

Reconciliation of Net Interest Margin (NIM)

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Net Interest Income (A)	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10
Average Total Asset (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Net Interest Margin (%) (C = A/B)	15.37*	15.42*	15.55	13.54	11.31

*Annualized

Reconciliation of Fee and Other Revenue from operation and other income Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Fee and Other Revenue from operations and other income (A)	768.06	556.72	1,230.64	768.50	336.30
Average Total Asset (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Fee and other revenue from operations and other income (C = A/B) (%)	2.87*	3.07*	3.08	2.82	1.51

*Annualized

Reconciliation of Net Total Income Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Net Total Income (A)	4,877.88	3,349.52	7,452.19	4,453.75	2,849.40
Average Total Asset (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Net Total Income Ratio (C = A/B)(%)	18.24*	18.49*	18.62	16.36	12.83

*Annualized

Reconciliation of Operating Expenses to net total Income Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Operating Expenses (A)	2,360.30	1,770.20	3,797.82	2,940.59	2,291.52
Net Total Income(B)	4,877.88	3,349.52	7,452.19	4,453.75	2,849.40
Operating Expenses to net total Income Ratio (C = A/B) (%)	48.39	52.85	50.96	66.03	80.42

Reconciliation of Profit before Credit Cost Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Profit before credit cost (C)	2,454.99	1,552.42	3,592.57	1,447.46	536.88
Average Total Asset (D)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Profit Before Credit Cost Ratio (E = C/D)	9.18*	8.57*	8.98	5.32	2.42

*Annualized

Reconciliation of Credit Cost Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Impairment on Financial Instruments (A)	1,013.90	413.49	1,314.01	733.50	1,211.00
Average Total Asset (B)	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17
Credit Cost Ratio (C = A/B) (%)	3.79*	2.28*	3.28	2.69	5.45

*Annualized

Reconciliation of Cost to Income Ratio

(in ₹ million)

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Operating Expenses (A)	2,360.30	1,770.20	3,797.82	2,940.59	2,291.52
Net Total Income (B)	4,877.88	3,349.52	7,452.19	4,453.75	2,849.40
Cost to Income Ratio (C = A/B) (%)	48.39*	52.85*	50.96	66.03	80.42

*Annualized

Reconciliation of NNPA*(in ₹ million)*

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Stage 3 Loans (A)	1,547.44	856.09	1,316.30	653.90	572.80
Stage 3 Impairment Allowance (B)	1,021.97	460.91	949.60	325.80	338.60
NNPA (C = A-B)	525.47	395.18	366.70	328.10	234.20

Reconciliation of NNPA Ratio (%)*(in ₹ million)*

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Total Gross Loans (A)	46,666.65	31,769.12	41,296.60	26,055.88	17,396.40
Stage 3 Impairment Allowance (B)	1,021.97	460.91	949.60	325.80	338.60
NNPA (C)	525.47	395.18	366.70	328.10	234.20
NNPA Ratio (D = C/(A-B)) (%)	1.15	1.26	0.91	1.28	1.37

Provision Coverage Ratio (PCR)*(in ₹ million)*

	As of / For the six months ended September 30		As at and for the Fiscal ended March 31,		
	2024	2023	2024	2023	2022
Stage 3 Impairment Allowance (A)	1,021.97	460.91	949.60	325.80	338.60
Stage 3 Loans (B)	1,547.44	856.09	1,316.30	653.90	572.80
Provision Coverage Ratio (PCR) (C = A/B) (%)	66.07	53.83	72.14	49.82	59.12

Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 read with the SEBI ICDR Regulations, for the six months ended September 30, 2024 and September 30, 2023, and for Fiscals 2024, 2023 and 2022 and as reported in the Restated Financial Statements, see “**Summary of this Draft Red Herring Prospectus– Summary of Related Party Transactions**” on page 25.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2024, on the basis of amounts derived from our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Risk Factors*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", on pages 30, 284 and 391 respectively.

(₹ in million)

Particulars	Pre-Offer as at September 30, 2024	As adjusted for the proposed Offer ⁽¹⁾
Borrowings		
Debt securities (I)*	13,873.11	[●]
Borrowings other than debt securities (II)*	26,957.90	[●]
Total Borrowings (I) + (II) = (A)*	40,831.01	[●]
Equity		
Equity share capital*	377.88	[●]
Other equity*	15,588.45	[●]
Total Equity (B)	15,966.33	[●]
Capitalisation (A) + (B)	56,797.34	[●]
Total borrowings/ Total equity	2.56	[●]

Notes:

⁽¹⁾ The corresponding post offer capitalisation data for each of amounts mentioned in the above table is not determinable at this stage pending the completion of book building process and hence the same has not been provided in above table. To be updated upon finalization of the Offer Price.

*All terms shall carry the meaning as per Schedule III of the Companies Act 2013.

FINANCIAL INDEBTEDNESS

Our Company has availed credit facilities in the ordinary course of its business for the primary purpose of onward lending to the borrowers of our Company and to meet its business requirements. As on the date of the Draft Red Herring Prospectus, our Subsidiary doesn't have any outstanding facilities.

For details regarding the borrowing powers of our Board, please see “*Our Management – Borrowing powers of the Board*” on page 269.

Set forth below is a table of the aggregate borrowings of our Company, as on October 31, 2024:

Nature of Borrowing	Amount Sanctioned	Amount outstanding ⁽¹⁾
<i>(in ₹ million)</i>		
Debt securities		
Secured redeemable non-convertible debentures	16,655.72	13,439.90
Unsecured redeemable non-convertible debentures	1,234.00	1,033.80
Borrowings		
Secured term loans		
- From banks ⁽²⁾	13,825.00	8,087.10
- From other financial institution	9,900.00	4,991.40
- External commercial borrowings ⁽³⁾	2,209.64	1,957.67
Unsecured term loans		
- From other financial Institution	1,150.00	649.90
- External commercial borrowings ⁽³⁾	1,261.33	1,291.73
Secured loans repayable on demand – cash credit / working capital demand loan facilities		
- From banks	411.00	14.00
Overdraft limit against fixed deposit		
-From banks	277.00	0.00
Total	46,923.69	31,465.50

* As certified by the Statutory Auditors by way of their certificate dated December 16, 2024.

Notes:

(1) Represents principal amount outstanding, accrued interest amount and impact of effective interest rate.

(2) Includes a loan with original sanction amount of ₹ 750.00 million and revised sanction amount of ₹ 533.30 million in subsequent sanction letters, on the account of rundown of facility availed against original amount.

(3) Includes external commercial borrowings having sanctioned amount of USD 25.00 million and EURO 15.00 million and outstanding amount of USD 21.67 million and EURO 15.00 million converted using exchange rate of 1 USD = ₹84.0886 and 1 EURO = ₹ 91.2505 as at October 31, 2024. (Source- <https://www.fbil.org.in/>).

Principal terms of our outstanding borrowings availed by our Company:

- **Interest rate:** The interest rates for the term loans availed by our Company typically ranges from 8.30% to 12.70% per annum, which is linked to the marginal cost of fund-based lending rate or external benchmark rates and RBI repo rates. Our Company has also issued NCDs to various subscribers. For such borrowings, our Company enters 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 typically ranges from 9.00% to 12.65% per annum (*excluding the effect of the withholding tax*). Our Company has also raised funds in the form of ECBs from various lenders. The interest rate for the ECBs issued by our Company typically ranges from 8.05 % to 10.31% per annum (*excluding the effect of the withholding tax*).
- **Tenor:** The tenure of the term loans availed by our Company typically ranges from approximately 18 to 39 months. The tenure of the NCDs issued by our Company is typically 16 months to 72 months. The tenor of ECBs availed by our Company typically ranges from approximately 36 months to 61 months.
- **Security:** In terms of the borrowings, including NCDs, where security needs to be created, our Company is typically required to create security primarily by way of first and exclusive charge on our Company's book debts and receivables. There may be additional requirements for creation of security under the various borrowing arrangements entered into by our Company such as by way of demand promissory notes and letters of continuity for specified amounts in the form approved by the relevant lender and

security cover and *pari passu* or first charge on hypothecation of standard loan receivables under the facility.

- **Repayment:** The loan facilities are repayable as per a fixed schedule in monthly, quarterly, half yearly and bullet instalments.
- **Prepayment:** Our Company has 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 1.00% to 4.00% for a term loan, up to 2.00% with respect to NCDs and up to 2.00% with respect to ECBs.
- **Restrictive covenants:** The loans availed by our Company typically, contain certain key covenants, which require prior approval of, or intimation to, the lenders and other relevant parties for certain specified events on corporate actions, including *inter-alia*:
 - a) effecting changes in our capital structure, ownership or control;
 - b) effecting changes in our shareholding pattern;
 - c) effecting changes in our management;
 - d) amending and/or modifying our constitutional documents;
 - e) effecting changes in our Memorandum of Association and Article of Association; and
 - f) Declaration or payment of dividends by our Company.
- **Events of default:** In terms of the 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) change in our control or management or constitution;
 - e) occurrence of a material adverse change;
 - f) commencement or existence of any legal proceedings, investigations or proceedings that may have material adverse effect; and
 - g) proceedings related to winding up, liquidation or insolvency initiated against us.
- **Consequences of occurrence of events of default:** In terms of the loan agreements, sanction letters and DTDs, the following, among others, are the consequences of occurrence of events of default, whereby the lenders or trustees (acting on the instructions of the majority debenture holders) may:
 - a) declare all amounts payable by us with respect to the facility to be due and payable immediately;
 - b) enforce their security over the hypothecated / mortgaged assets;
 - c) declare the security created in terms of the transaction documents to be enforceable; and
 - d) to disclose the name of the Company to RBI, CIBIL and any other agency authorised in this behalf by RBI.

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.

For the purpose of the Offer, our Company has obtained the necessary consents from our lenders, as required under the relevant loan documents and have intimated our other lenders, to the extent applicable, for undertaking activities relating to the Offer including corporate actions, such as change in the capital structure, change in constitutional documents, etc.

For risks in relation to our indebtedness, please see, “*Risk Factors – 8. We are subject to various covenants and obligations under our financing arrangements. Inability to meet our obligations could adversely affect our business, results of operations, cash flows and financial condition.*”, on page 36.

Details of listed non-convertible debentures issued by our Company

The following table sets forth the ISIN and scrip code of the non-convertible debentures issued by our Company and listed on the debt segment of the BSE, as of October 31, 2024:

ISIN	Scrip Code	Outstanding principal amount (in ₹ million)	Maturity
INE501X07125	958855	262.50	June 26, 2025
INE501X07299	974092	310.00	July 28, 2027
INE501X07315	974234	260.00	September 20, 2027
INE501X07349	974367	310.00	November 15, 2027
INE501X07398	974590	90.00	May 15, 2025
INE501X07448	974992	41.68	January 26, 2025
INE501X07455	975007	41.67	February 2, 2025
INE501X07463	975020	75.00	December 8, 2024
INE501X07471	975049	116.67	February 25, 2025
INE501X07489	975058	400.00	March 4, 2025
INE501X07497	975075	133.33	March 14, 2025
INE501X07505	975100	250.00	August 31, 2025
INE501X07547	975418	500.00	August 23, 2025
INE501X07554	975466	675.00	March 6, 2026
INE501X07562	975539	500.00	October 7, 2025
INE501X07570	975630	1,000.00	April 30, 2027
INE501X07588	975663	250.00	November 17, 2026
INE501X07596	975698	2,490.00	May 30, 2029
INE501X07604	975755	1,250.00	March 20, 2026
INE501X07612	975852	500.00	January 25, 2026
INE501X07620	975691	750.00	August 28, 2026
INE501X07638	976093	750.00	October 9, 2027
INE501X08081	975348	156.24	January 24, 2026

* As certified by the Statutory Auditors by way of their certificate dated December 16, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our "**Restated Financial Statements**" on page 284. Unless otherwise indicated, the financial information herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. Certain ratios for the six months ended September 30, 2024 and September 30, 2023 have been presented on an annualized basis, as indicated in this Draft Red Herring Prospectus.

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 20 for a discussion of the risks and uncertainties related to those statements and also the sections "**Risk Factors**", "**Industry Overview**", "**Restated Financial Statements**" and "**Our Business**" on pages 30, 140, 284 and 201, respectively, as well as financial statements and other information contained in this Draft Red Herring Prospectus as a whole, 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.

Unless otherwise indicated, industry and market data used in this section has been derived from the report "Report on Loans and Financial Services Industry in India" dated December 2024 ("**CRISIL Report**") prepared and released by CRISIL and exclusively commissioned by and paid for by us pursuant to the appointment of CRISIL vide letter dated October 23, 2024, in connection with the Offer. The data included herein includes excerpts from the CRISIL Report, which is available on the website of the Company at <https://www.ayefin.com/wp-content/uploads/2024/12/industry-report.pdf> from the date of this Draft Red Herring Prospectus till the Bid/Offer Closing Date, and has also been included in "**Material Contracts and Documents for Inspection – Material Documents**" on page 560. The industry data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. The relevant industry sources are indicated at all relevant places within this section. For more information, see "**Risk Factors – 42. Industry information included in this Draft Red Herring Prospectus has been derived from an industry report prepared by CRISIL, exclusively commissioned and paid for by us for such purpose**" on page 52. Also see, "**Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data**" on page 17.

Our Company's financial year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year.

OVERVIEW

For information in relation to our business, see "**Our Business**" on page 201.

Our results of operations and financial condition are affected by a number of important factors including:

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Funding and Borrowing Costs

Our ability to secure debt and equity funding on favorable terms is influenced by several factors that include our present and projected operational performance, risk management practices, credit ratings and shifts in both domestic and global markets affecting the Indian economy. Additionally, regulatory conditions and policy initiatives in India play a significant role in shaping our access to funding. Further, liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds.

We have long-standing relationships with a range of banks and financial institutions, allowing consistent access to funding. We have historically secured, and seek to continue to secure cost effective funding through a variety of sources, including public sector banks, private sector banks, small finance banks, foreign banks other non-banking financial institutions, developmental financial institutions, multilateral agencies and public investors. Our credit ratings have consistently improved over the years, and as of September 30, 2024, we have been rated 'A' by ICRA and India Ratings. Our credit status with our lenders is determined primarily by our increased capital base, stable asset quality, and the overall robustness of our operations in serving the micro enterprise sector. For

further information, see “*Our Business – Credit Ratings*” on page 229.

As of September 30, 2024 and September 30, 2023 and as of March 31, 2024, March 31, 2023 and March 31, 2022, our total borrowings were ₹ 40,831.01 million, ₹ 31,730.71 million, ₹ 34,989.90 million, ₹ 22,961.61 million and ₹ 15,207.40 million, respectively. Finance costs account for a substantial majority of our expenses. In the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, our finance costs were ₹ 2,292.57 million, ₹ 1,480.99 million, ₹ 3,265.31 million, ₹ 1,979.60 million and ₹ 1,585.50 million, respectively, which represented 33.12%, 31.38%, 31.39%, 31.75% and 36.71% of our revenue from operations such periods, respectively. Our average cost of borrowings was 11.64%, 11.26%, 11.40%, 11.80% and 12.99% in the six months ended September 30, 2024 and September 30, 2023, and Fiscals 2024, 2023 and 2022, respectively. For further information in relation to our borrowings, see “*Financial Indebtedness*” on page 388.

Our ability to maintain favorable margins depends largely on securing low-cost funding at rates below those at which we lend. Accessing sufficient financing on suitable terms and in a timely manner is crucial to our operations. With our broad lender base, and varied liability profile mix of term loans, non-convertible debentures and external commercial borrowings, we maintain a diversified funding approach, ensuring we are not reliant on a single type or source of funding.

Our approach to financing, which includes strategic fundraising and asset management, has helped us keep finance costs stable. By securitizing certain future receivables and co-originating loans, we have strengthened our liquidity position. This structure allows us to keep debt servicing costs low, enabling us to offer financial products at competitive rates. Keeping finance costs at optimal levels remains essential to sustaining profitability, operational results, and overall financial health.

Asset Quality, NPAs and Provisioning

Our ability to manage the credit quality of our loans, which we measure through assets that are more than 90 days past due (“**DPD**”, and such assets, NPAs), is a key driver of our results of operations. Maintaining asset quality requires managing NPA ratios in alignment with the credit performance of our customers and ensuring our credit, underwriting, servicing, and collection systems are effective. Further, accurate risk assessment is essential to maintaining our asset quality. Any miscalculation could lead to inadequate provisions for potential NPA increases. We may also need to derecognize NPAs when recovery is unlikely, which can impact our balance sheet.

As of September 30, 2024, our Stage 3 assets and NPAs also include linked loans (where one customer has more than one loan with our Company, if one loan becomes NPA, all other linked loans also become NPA), and loans that have been 90 DPD and have rolled back but not become current. The following table sets forth our asset quality ratios for the periods indicated:

Particulars	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except ratios and percentages)				
Gross NPA ⁽¹⁾	1,547.44	856.09	1,316.30	653.90	572.80
Gross NPA ratio ⁽²⁾ (%)	3.32%	2.69%	3.19%	2.49%	3.29%
Net NPA ⁽³⁾	525.47	395.18	366.70	328.10	234.20
Net NPA ratio ⁽⁴⁾ (%)	1.15%	1.26%	0.91%	1.28%	1.37%

⁽¹⁾Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

⁽²⁾Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

⁽³⁾Net NPA represents Gross NPA reduced by NPA provisions as of the last day of relevant period.

⁽⁴⁾Net NPA ratio represents the ratio of our Net NPA to Net Loan portfolio as of last day of the relevant period/year. Net Loan portfolio represents total loan portfolio reduced by impairment allowance, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.

We may face increased defaults on principal or interest repayments in the future. Various external factors, including changes in the Indian and global economies, political events, borrower behavior, demographic shifts, natural disasters, diseases, and regulatory changes (such as lending requirements to specific sectors), could also contribute to rising NPAs.

Joint efforts of the government and private sector have significantly influenced the growth of India’s capital markets, driven in part by a focus on financial inclusion. (Source: *CRISIL Report*) This has led to the rise of digital banking, microfinance, and collaborations with fintech companies, transforming the traditional banking model.

(Source: CRISIL Report) However, maintaining low NPAs and provisioning requirements remains challenging, particularly when lending to MSMEs, which often lack verifiable credit histories, formal business records, and adequate documentation. (Source: CRISIL Report) Moreover, the small loan sizes of MSMEs create difficulties in managing operational and credit risks effectively. (Source: CRISIL Report)

Our curated cluster based underwriting approach allows us to ascertain the scale and profitability of such MSMEs. Our customer-centric approach that ensures appropriate risk management along with our strong understanding of local characteristics of these markets and customers has allowed us to address the needs of MSME customers and assisted us to penetrate deeper into such markets.

Geographical Reach of Our Branch Network

As of September 30, 2024, we have a broad pan-India network of 499 branches spread across 18 states and three union territories. We are organized into four key zones—North, South, East, and West. Our mix of AUM is well-distributed across these zones, contributing to our overall portfolio diversification, with 34.91% in the North, 16.61% in the South, 25.99% in the East and 22.49% in the West, as of September 30, 2024.

Our target customers are micro-scale businesses with annual turnovers ranging from ₹ 2 million to ₹ 10 million, predominantly located in semi-urban areas in tier II, tier III, and tier IV towns. In semi-urban locations, infrastructure may be limited, particularly for transportation, electricity and internet bandwidth. At some of our branch offices in remote locations, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures.

We intend to further expand our branch network into semi-urban markets as well as rural markets, which may affect our profitability. Our ability to effectively expand and manage our operational network, while maintaining cost efficiency, will directly influence our performance.

Competition in the Indian Financial Services Industry

The lending market in India is highly competitive, with a variety of financial entities, including traditional banks, NBFCs, and small finance banks, vying to serve the micro enterprise segment. These institutions cater primarily to the credit needs of low-to-middle-income individuals and MSMEs. Many of these competitors may have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate financing products, variable payment terms and lower processing fees introduced by our competitors. Moreover, liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services (Source: CRISIL Report).

While many players focus on small ticket loans, the overall addressable market remains heavily underserved, with over 97.13% of MSMEs being classified as micro enterprises (Source: CRISIL Report). Given our extensive experience in micro-enterprise financing, combined with our data-driven underwriting and risk assessment capabilities, our robust digital infrastructure, and our strong customer-centric approach, we believe we are strategically positioned to outperform our competition.

Government Regulations and Initiatives

We operate in a regulated industry and are required to adhere to various laws, rules and regulations. As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI and comply with other regulatory requirements. For instance, we are required to maintain a capital adequacy ratio which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items and our Tier I capital, at any point in time, shall not be less than 10% and Tier II capital should not exceed Tier I capital. For further information, see “**Key Regulations and Policies in India**” on page 237.

We are also required to obtain, and have obtained, certain statutory and regulatory licenses and approvals in India for our operations. For further information, see “**Government and Other Approvals**” on page 460. 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. The approvals required by us are subject to numerous

conditions, and failure to obtain or renew such approvals may result in us being liable to fines and penalties, or cancellation or suspension of our certifications of registration.

Further, the industry we operate in is significantly influenced by favorable government initiatives aimed at supporting the MSME sector. The Government of India has introduced several initiatives to bolster the MSME sector, including the Productivity Linked Incentive scheme, which provides substantial funding to boost manufacturing across various industries. Various other initiatives such as Udyam Registration Portal, PM Vishwakarma scheme and Prime Minister's Employment Generation Programme are expected to enhance competitiveness and drive growth within the sector. These initiatives span a range of strategies, including tax exemptions, enhanced access to funding, and the expansion of financing, marketing, and technology support. Key policies driving this agenda include the Pradhan Mantri MUDRA Yojana, the Special Credit Linked Capital Subsidy Scheme, SAMBHAV, and the National MSME Policy.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Presentation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (“**Ind AS**”) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2020, as amended (the “**NBFC Master Directions**”) issued by RBI. The financial statements have been prepared on a going concern basis.

We use accrual basis of accounting except in case of significant uncertainties. The financial statements are presented in Indian Rupees (“**INR**”) and all values are rounded to millions up to two decimals, except when otherwise indicated. The regulatory disclosures as required by RBI Master Directions to be included as a part of the Notes to Accounts are also prepared as per the Ind AS financial statements.

We present our balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of our Company and / or our counterparties

Material accounting policies

The Restated Financial Statements comprise the restated statement of assets and liabilities as at September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022, the restated statement of profit & loss account (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for years ended September 30, 2024, September 30, 2023, March 31, 2024, March 31, 2023 and March 31, 2022,; and material accounting policies and other explanatory information to the Restated Financial Statements, has been specifically prepared by the management for inclusion in the document to be filed by our Company with SEBI and National Stock Exchange of India Limited and BSE Limited, where the Equity Shares are proposed to be listed in connection with the proposed initial public offer of equity shares of our Company, in accordance with the requirements of:

- Section 26 of Part I of Chapter III of the Companies Act, 2013;
- Relevant provisions of the SEBI ICDR Regulations issued by SEBI on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992; and
- The Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the Institute of

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

Interest income

EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. We recognised interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is recorded as and when realised.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

Net gain or fair value changes

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by our Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss.

Net gain / (loss) on de recognition of financial instruments under amortised cost category

Gains arising out of direct assignment transactions comprise 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 cash flows, on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in statement of profit and loss.

Income from direct assignment transaction represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and consideration received (including any new asset obtained less any new liability).

Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. This includes cheque bouncing charges, late payment charges and prepayment charges etc. which are recorded as and when realised.

We recognised revenue from contracts with customers based on a five-step model as set out in IndAS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, we allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which we expect to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) we satisfy a performance obligation.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Income from other financial charges including cheque bouncing charges, foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Leases

We evaluate each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

Our Company as a lessee

Our lease asset classes primarily consist of leases for its various office spaces. We assess whether a contract contains a lease, at inception of a contract. 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. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether: (i) the contract involves the use of an identified asset (ii) we have substantially all of the economic benefits from use of the asset through the period of the lease and (iii) we have the right to direct the use of the asset.

At the date of commencement of the lease, we recognize a right-of-use asset (“**ROU**”) and a corresponding lease liability for all lease arrangements in which it is a lessee. We have not exercised the exemption to exclude short term leases or low value leases.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash

Generating Unit (“CGU”) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates pertaining to our Company. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if we change our assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

Short term employee benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Post employment benefits

Defined contribution plan

Our contribution to Employee Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund under the relevant Acts are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

Benefits payable to eligible employees of our Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Long-term employee benefits

Compensated absences with respect to leave encashment benefits payable to employees of our Company while in service, on retirement, death while in service or on termination of employment with respect to accumulated leaves outstanding at the year end are accounted for on the basis of an actuarial valuation as at the balance sheet date. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

Termination benefits

Termination benefits such as compensation under employee separation schemes are recognised as expense when our offer of the termination benefit is accepted or when we recognise the related restructuring costs whichever is earlier.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is measured in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws.

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.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) 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 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 realised, 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 consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax for the year

Current tax and deferred tax are 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 and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalization is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic

benefits / functioning capability from / of such assets.

Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

Depreciation and amortization

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss. We follow estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. Leasehold improvements are amortised over the period of lease.

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets is acquired/installed. Depreciation on sale/deduction from property, plant and equipment is provided for up to the date of sale deduction and discernment as the case may be.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives has been revised, the unamortized depreciable amount is charged over the revised remaining useful lives of the assets.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

Intangible assets / Intangible assets under development

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a written down basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

Derecognition of Intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Useful lives of intangible assets

Estimated useful lives of the intangible asset for the current and comparative periods are as follows:

- (1) Computer software: 3 years

Intangible Assets under development which are under development as at the balance sheet date.

Impairment of non financial assets

At the end of each reporting period, we review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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). When it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of

allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognized in the Statement of Profit and Loss.

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, it is probable that we will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of our Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets

Contingent assets are not recognized in the financial statements, however they are disclosed when an inflow of economic benefits is probable.

Share-based payment arrangements

The stock options granted to employees pursuant to our Stock Options Schemes, are measured at the fair value of the options at the grant date in accordance with IND AS 102, Share-based payments. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

We have constituted an Employee Stock Option Plan 2016. The Plan provides for grant of options to employees of our Company to acquire equity shares of our Company that vest in a graded manner and that are to be exercised within a specified period.

We have constituted an Employee Stock Option Plan 2020. We have transferred all the ungranted options under Employee Stock Option Plan 2016 to Employee Stock Option Plan 2020 while options granted under the Employee Stock Option Plan 2016 continue to be governed by the conditions of Employee Stock Option Plan 2016. Both plans provide for grant of options to employees of our Company to acquire equity shares of our Company that vest in a graded manner and that are to be exercised within a specified period.

Financial instruments

Financial assets and financial liabilities are recognised when we become a party to the contractual provisions of the instrument.

Financial assets and financial 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial asset are adjusted to the fair value on initial recognition.

Subsequent measurement

For the purpose of Subsequent measurement, we classify financial assets in following categories:

- (1) Financial assets at amortized cost
- (2) FVTOCI
- (3) FVTPL

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- (1) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (2) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement of financial assets

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in statement of profit and loss.

Financial investment at FVOCI are subsequently measured at fair value. Interest income under effective interest

method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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 recognised in statement of profit and loss.

All other equity investments are measured at fair value, with value changes recognised in Profit and loss, except for those equity investments for which we have elected to present the changes in fair value through OCI.

De-recognition of financial assets

We derecognised 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 we neither transfer nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Our Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. When our Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of our continuing involvement, in which case, we also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that our Company has retained.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction costs that are attributable to the acquisition of the financial liabilities are adjusted to the fair value on initial recognition.

Subsequent measurement

Subsequent to initial recognition, all liabilities are measured at amortized cost using the effective interest method except for derivatives, financial liabilities designated for measurement at FVTPL which are measured at fair value.

De-recognition of financial liabilities

A financial liabilities is de-recognized when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

Reclassification of financial assets and liabilities

We do not reclassify our financial assets and liabilities subsequent to their initial recognition.

Modification of financial assets and financial liabilities

Financial assets

We evaluate whether the cash flows from a financial asset are modified and the modified asset is substantially

different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

In case the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, we recalculate the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in statement of profit and loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

We derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

Impairment of financial instruments

In accordance with Ind-AS 109, we apply Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss for financial assets other than those measured through FVTPL.

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs (Lifetime expected Credit losses) and 12 months ECLs are calculated on collective basis.

Based on the above, we categorise our loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1

When loans are first recognised, we recognize an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant increase in credit risk observed and also includes facilities where the credit risk has been 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, we record an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3 and facilities where the credit risk has been increased due to restructuring and loan has been reclassified from stage 1.

Stage 3

Loans considered credit impaired are the loans which are past due for more than 90 days. We record an allowance for life time ECL.

Definition of Default

We consider a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments.

Significant increase in credit risk

We continuously monitor all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, we assess whether there has been a significant increase in credit risk since initial recognition. We consider an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

Probability of Default

Probability of Default (“**PD**”) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default

Exposure at Default (“**EAD**”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

Loss Given Default

Loss Given Default (“**LGD**”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

We have calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

Forward looking information

While estimating the expected credit losses, we review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, we analyse if there is any relationship between key economic trends like GDP, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by our Company based on its internal data. While the internal estimates of PD, LGD rates by our Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

The mechanics of the ECL method are summarised below:

Stage 1

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. We calculate the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to the EAD and multiplied by the expected LGD.

Stage 2

When a loan has shown a significant increase in credit risk since origination, we record an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3 / Regulatory Stage 3

For loans considered credit-impaired, we recognise the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loss allowances for ECL are presented in the statement of financial position as follows:

1. for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
2. for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

Write offs

Loans and debt securities are written off when we have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. We may apply enforcement activities to financial assets written off. Recoveries resulting from our enforcement activities will result in impairment gains.

Derivative financial instruments

We enter into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in statement of profit and loss.

Hedge accounting

We make use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, we apply hedge accounting for transactions that meet specified criteria.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain/(loss) on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain/(loss) on fair value changes.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Our accounting policies require, measurement of certain financial / non-financial assets and liabilities at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortized cost are required to be disclosed in the said financial statements. We are required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy which reflects the significance of inputs used in the measurement). Accordingly, we use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

Level 1 financial instruments

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that we have access to at the measurement date. We consider markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments

Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments

Include one or more unobservable input where there is little market activity for the asset/liability at the measurement date that is significant to the measurement as a whole.

Significant management judgements in applying accounting policies and estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying our accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are significant management estimation/uncertainty and judgement in applying the accounting policies of our Company that have the most significant effect on the financial statements:

Defined benefit obligation

Management estimates of these obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Business model assessment

Classification and measurement of financial assets depends on the results of business model and the SPPI 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 judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. We monitor financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of 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.

Fair value of financial instruments: The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

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 behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of our future taxable income against which the deferred tax assets can be utilized.

Property, plant and equipment

Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.

Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities

At each balance sheet date basis the management judgment, changes in facts and legal aspects, we assess the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.

Impairment of financial assets

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances. Our ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on our Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. We make assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, we consider factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to our operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, we use a Black-Scholes model.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during the six months ended September 30, 2024, September 30, 2023 and during Fiscals 2024, 2023 and 2022.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Our total income comprises our revenue from operations and other income.

Revenue from operations

Our revenue from operations comprises: (i) interest income; (ii) fees and commission income; (iii) net gain/(loss) on derecognition of financial instruments under amortised cost category; and (iv) net gain on fair value changes.

Interest Income: Our interest income comprises primarily (i) interest on loans to customers; (ii) processing fee; (ii) interest from securitisation on loans; and (iii) interest on deposits with banks.

Fees and commission income: Our fees and commission income comprises: (i) servicing fee; (ii) application fee; and (iii) delay payment charges, registration charges, cheque dishonour charges etc.

Net gain on derecognition of financial instruments under amortised cost category: Our net gain on derecognition of financial instruments under amortised cost category comprise net gain on derecognition of portfolio sold under direct assignment which is generated through direct assignment transactions where the derecognition criteria as per Ind AS 109 is satisfied, including for transactions of substantially all the risks and rewards relating to assets being transferred to the buyer, the assets are derecognized. Income from assignment transactions, *i.e.*, present value of excess interest spread is recognized and presented under this item.

Net gain on fair value changes: Our net gain on fair value changes comprises (i) gain on sale of mutual funds; and (ii) gain on currency fluctuation (which is mark to market (“MTM”) impact of the hedging instruments to hedge the foreign currency borrowings).

Other income

Our other income primarily comprises (i) profit on sale of assets (ii) early lease termination (iii) miscellaneous income which includes interest income on security deposits, and grants among others.

Expenses

Our expenses comprise: (i) finance cost; (ii) net loss on fair value changes; (iii) impairment on financial instruments; (iv) employee benefit expenses; (v) depreciation and amortization expense; and (vi) other expenses.

Finance costs

Our finance costs comprise interest on (i) debentures; (ii) term loans; (iii) securitisation; (iv) lease liabilities; and (v) delayed payment of statutory dues; (vi) amortization of ancillary costs relating to borrowings; and (vii) other borrowing cost.

Net loss on fair value changes

Net loss on fair value changes comprises loss on fair value of cross currency swaps.

Impairment on financial instruments

Impairment on financial instruments comprises impairment on financial instruments at amortised cost; amounts written off (net of recovery); and loss on settlement measured at amortised cost.

Employee benefits expense

Employee benefits expense comprises: (i) salaries and wages; (ii) contribution to provident and other funds; (iii) expenses on employee stock option scheme; (iv) staff welfare expenses; and (v) gratuity expenses.

Other expenses

Our other expenses include (i) rent; (ii) rates and taxes; (iii) communication costs; (iv) printing and stationery; (v) Legal and Professional charges; (vi) Directors fees (vii) Payment to auditors (viii) corporate social responsibility; (ix) membership and subscription fees; (x) travel and conveyance; (xi) tour and travelling; (xii) electricity expenses;

(xiii) office expenses; (xiv) CGTMSE premium charge (xv) bank charges; (xvi) Loss on sale of property, plant and equipment; (xvii) provision on investments; and (xviii) miscellaneous expenses.

NON-GAAP MEASURES

Certain measures such as net interest income, average total assets, average total gross loans, net worth, average net worth, total gross loans / adjusted net worth, average total gross loans / average net worth, total borrowings, return on assets, average equity, return on equity, fee and other income, net total income, operating expenses, profit before credit cost, finance cost ratio, net interest margin, fee and other income ratio, net total income ratio, operating expenses to net total income ratio, profit before credit cost ratio, credit cost ratio, cost to income ratio, NNPA, NNPA ratio and provision coverage ratio presented in this Draft Red Herring prospectus are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these 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, there are not standardised terms, hence a direct comparison of these Non-GAAP measures between companies may not be possible. Other companies may calculate these Non-GAAP measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, 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. For further information, see "Risk Factors – 49. We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies" and "Other Financial Information" on pages 55 and 381, respectively.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations on a standalone basis for the six months ended September 30, 2024 and September 30, 2023:

Particulars	Six months ended September 30,			
	2024		2023	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Revenue from operations				
Interest income	6,402.39	89.29%	4,273.79	88.47%
Fees and commission income	250.04	3.49%	215.72	4.47%
Net gain on derecognition of financial instruments under amortised cost	17.01	0.24%	86.90	1.80%
Net gain on fair value changes	252.96	3.53%	143.70	2.97%
Total revenue from operations	6,922.40	96.54%	4,720.11	97.71%
Other income	248.05	3.46%	110.40	2.29%
Total income	7,170.45	100.00%	4,830.51	100.00%
Finance cost	2,292.57	31.97%	1,480.99	30.66%
Net loss on fair value changes	62.59	0.87%	26.90	0.56%
Impairment on financial instruments	1,013.90	14.14%	413.49	8.56%
Employee benefit expenses	1,739.09	24.25%	1,312.10	27.16%
Depreciation and amortization expense	97.63	1.36%	65.61	1.36%
Other expenses	523.58	7.30%	392.49	8.13%
Total expenses	5,729.36	79.90%	3,691.58	76.42%
Profit before tax	1,441.09	20.10%	1,138.93	23.58%
Tax expense				
Current tax	445.72	6.22%	339.87	7.04%
Deferred tax	(82.63)	(1.15)%	11.17	0.23%
Income tax expense	363.09	5.06%	351.04	7.27%

Particulars	Six months ended September 30,			
	2024		2023	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Profit for the year	1,078.00	15.03%	787.89	16.31%
Other comprehensive (loss)/ income				
<i>Items that will not be reclassified subsequently to profit and loss</i>				
Re-measurement income on defined benefit plans	(11.56)	(0.16)%	(5.61)	(0.12)%
Income tax effect	2.90	0.04%	1.41	0.03%
Other comprehensive (loss) / income	(8.66)	(0.12)%	(4.20)	(0.09)%
Total comprehensive income for the year	1,069.34	14.91%	783.69	16.22%

The following table sets forth certain information with respect to our results of operations on a standalone basis for Fiscals 2024, 2023 and 2022:

Particulars	2024		Fiscal 2023		2022	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Revenue from operations						
Interest income	9,486.86	88.52%	5,664.85	88.05%	4,098.60	92.42%
Fees and commission income	478.64	4.47%	254.80	3.96%	135.70	3.06%
Net gain on derecognition of financial instruments under amortised cost	189.48	1.77%	125.10	1.94%	-	-
Net gain on fair value changes	247.20	2.31%	189.50	2.95%	84.90	1.91%
Total revenue from operations	10,402.18	97.06%	6,234.25	96.91%	4,319.20	97.39%
Other income	315.32	2.94%	199.10	3.09%	115.70	2.61%
Total income	10,717.50	100.00%	6,433.35	100.00%	4,434.90	100.00%
Finance cost						
Finance cost	3,265.31	30.47%	1,979.60	30.77%	1,585.50	35.75%
Net loss on fair value changes	61.80	0.58%	65.70	1.02%	21.00	0.47%
Net loss on derecognition of financial instruments under amortised cost	-	-	-	-	-	-
Impairment on financial instruments	1,314.01	12.26%	733.50	11.40%	1,211.00	27.31%
Employee benefit expenses	2,752.11	25.68%	2,122.00	32.98%	1,757.60	39.63%
Depreciation and amortization expense	145.44	1.36%	114.47	1.78%	99.70	2.25%
Other expenses	900.27	8.40%	704.12	10.94%	434.22	9.79%
Total expenses	8,438.94	78.74%	5,719.39	88.90%	5,109.02	115.20%
Profit / loss before tax	2,278.56	21.26%	713.96	11.10%	(674.12)	(15.20)%
Tax expense						
Current tax	706.29	6.59%	105.52	1.64%	-	-
Deferred tax	(144.52)	(1.35)%	169.91	2.64%	(160.62)	(3.62)%
Income tax expense	561.77	5.24%	275.43	4.28%	(160.62)	(3.62)%
Profit / loss for the year	1,716.79	16.02%	438.53	6.82%	(513.50)	(11.58)%
Other comprehensive (loss)/ income						
<i>Items that will not be reclassified subsequently to profit and loss</i>						
Re-measurement income on defined benefit plans	(5.61)	(0.05)%	39.90	0.62%	13.08	0.29%
Income tax effect	1.50	0.01%	(10.02)	(0.16)%	(3.32)	(0.07)%

Particulars	2024		Fiscal 2023		2022	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Other comprehensive (loss) / income	(4.11)	(0.04)%	29.88	0.46%	9.76	0.22%
Total comprehensive income / (loss) for the year	1,712.68	15.98%	468.41	7.28%	(503.74)	(11.36)%

SIX MONTHS ENDED SEPTEMBER 30, 2024 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2023

Total income

Our total income increased by 48.44% from ₹ 4,830.51 million in the six months ended September 30, 2023 to ₹ 7,170.45 million in the six months ended September 30, 2024, primarily due to increase in the interest income that is broadly in line with the increase in the On-book AUM. Our On-book AUM increased by 46.89% from ₹ 31,769.12 million in the six months ended September 30, 2023 to ₹ 46,666.65 million in the six months ended September 30, 2024.

Revenue from operations

Our revenue from operations increased by 46.66% from ₹ 4,720.11 million in the six months ended September 30, 2023 to ₹ 6,922.40 million in the six months ended September 30, 2024, primarily due to increase in the interest income that is broadly in line with the increase in our AUM during the period.

The following table sets forth details of our AUM as of September 30, 2024 and September 30, 2023:

Particulars	As of September 30,		Increase/ (Decrease) (%)
	2024	2023	
	(₹ million)		
AUM			
Hypothecation loans	43,931.89	31,121.28	41.16%
Loan against Property*	5,865.75	2,562.44	128.91%
Total AUM	49,797.64	33,683.72	47.84%

*Loan against Property includes Mortgage loans and 'Saras' Property Loans.

Interest income

Interest income increased by 49.81% from ₹ 4,273.79 million in the six months ended September 30, 2023 to ₹ 6,402.39 million in the six months ended September 30, 2024, primarily due to an increase in the interest income that is broadly in line with the increase in our on-book AUM by 46.89% from ₹ 31,769.12 million in the six months ended September 30, 2023 to ₹ 46,666.65 million in the six months ended September 30, 2024.

Fees and commission income

Fees and commission income increased by 15.91% from ₹ 215.72 million in the six months ended September 30, 2023 to ₹ 250.04 million in the six months ended September 30, 2024, primarily on account of an increase in our disbursements, that increased by 24.41% from ₹ 16,190.05 million in the six months ended September 30, 2023 to ₹ 20,141.46 million in the six months ended September 30, 2024.

Net gain on derecognition of financial instruments under amortised cost

Net gain on derecognition of financial instruments under amortised cost decreased by 80.43% from ₹ 86.90 million in the six months ended September 30, 2023 to ₹ 17.01 million in the six months ended September 30, 2024, primarily because of lesser direct assignment deals transacted during six months ended September 30, 2024.

Net gain on fair value changes

Net gain on fair value changes increased by 76.03% from ₹ 143.70 million in the six months ended September 30, 2023 to ₹ 252.96 million in the six months ended September 30, 2024, primarily due to gain on investment in mutual funds.

Other income

Our other income increased by ₹ 110.40 million in the six months ended September 30, 2023 to ₹ 248.05 million in the six months ended September 30, 2024, mainly led by advertisement income / cross selling commission that increased from ₹ 101.04 million to ₹ 230.52 million.

Expenses

Total expenses increased by 55.20% from ₹ 3,691.58 million in the six months ended September 30, 2023 to ₹ 5,729.36 million in the six months ended September 30, 2024, primarily due to growth in the business of our Company. Operating expenses ratio (defined as operating expenses to average total assets) improved from 9.77% in the six months ended September 30, 2023 to 8.83% in the six months ended September 30, 2024.

Finance cost

Our finance cost increased by 54.80% from ₹ 1,480.99 million in the six months ended September 30, 2023 to ₹ 2,292.57 million in the six months ended September 30, 2024, primarily on account of growth in our business and the resultant increase in funding requirements. Our average total borrowings increased by 49.64% from ₹ 26,316.50 million, as of September 30, 2023 to ₹ 39,378.79 million, as of September 30, 2024. Our average cost of borrowings increased marginally from 11.26% in the six months ended September 30, 2023 to 11.64% in the six months ended September 30, 2024.

Net loss on fair value changes

Our net loss on fair value changes increased from ₹ 26.90 million in the six months ended September 30, 2023 to ₹ 62.59 million in the six months ended September 30, 2024, primarily due to the impact of currency fluctuation and cross currency swaps.

Impairment on financial instruments

Impairment on financial instruments increased by 145.21% from ₹ 413.49 million in the six months ended September 30, 2023 to ₹ 1,013.90 million in the six months ended September 30, 2024, primarily due to the sale of a loan portfolio to an asset reconstruction company on March 31, 2023, which resulted in a lower impairment on financial instruments in the previous period. There was no such transaction in the six months ended September 30, 2024. Further, the increase in impairment on financial instruments is also due to increased technical write-offs. Write-offs were ₹ 228.4 million in the six months ended September 30, 2023 that increased to ₹ 764.28 million in the six months ended September 30, 2024. This was on account of higher defaults and delinquencies in our loan portfolio.

Employee benefit expenses

Our employee benefit expenses increased by 32.54% from ₹ 1,312.10 million in the six months ended September 30, 2023 to ₹ 1,739.09 million in the six months ended September 30, 2024, primarily due to an increase in employee head count to support the growth of our operations. As on September 30, 2023, our total employees were 5,684 and we had 398 branches which increased to 8,388 employees and 499 branches, as on September 30, 2024. Employee benefit expenses also increased on account of yearly and half yearly salary appraisals in line with our Human Resources Policy.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by 48.80% from ₹ 65.61 million in the six months ended September 30, 2023 to ₹ 97.63 million in the six months ended September 30, 2024, primarily due to an increase in fixed assets to meet our growing business requirements.

Other expenses

Our other expenses increased by 33.40% from ₹ 392.49 million in the six months ended September 30, 2023 to ₹ 523.58 million in the six months ended September 30, 2024, primarily due to:

- Travel and conveyance from ₹ 133.79 million in the six months ended September 30, 2023 to ₹ 152.89 million in the six months ended September 30, 2024 on account of increased sales volumes, collections and AUM volume.

- Legal and professional charges from ₹ 60.50 million in the six months ended September 30, 2023 to ₹ 102.33 million in the six months ended September 30, 2024 to meet growth in business requirements.
- Membership and subscription fees (mainly information technology expenses) from ₹ 57.12 million in the six months ended September 30, 2023 to ₹ 70.04 million in the six months ended September 30, 2024, on account of increased sales volumes and head count to address growth in our operations.
- Tour and travelling from ₹ 31.20 million in the six months ended September 30, 2023 to ₹ 40.21 million in the six months ended September 30, 2024 to meet growth in business requirements.
- Office expenses from ₹ 28.54 million in the six months ended September 30, 2023 to ₹ 35.52 million in the six months ended September 30, 2024 to meet the requirements of an increased number of branches and head counts.
- Miscellaneous expenses from ₹ 5.80 million in the six months ended September 30, 2023 to ₹ 33.74 million in the six months ended September 30, 2024 to meet the growth in sales volume and business requirements. Miscellaneous expenses comprise listing fees for NCDs, advertisement expenses, insurance expenses, out of pocket expenses to auditors, business promotion expenses and Happay card fee expenses.
- Bank charges from ₹ 10.50 million in the six months ended September 30, 2023 to ₹ 14.45 million in the six months ended September 30, 2024 to meet the business growth requirements from increased number of branches.
- Rates and taxes from ₹ 2.84 million in the six months ended September 30, 2023 to ₹ 10.16 million in the six months ended September 30, 2024 to meet the business growth requirements from increased number of branches.
- Electricity expenses from ₹ 7.23 million in the six months ended September 30, 2023 to ₹ 9.49 million in the six months ended September 30, 2024 on account of an increased number of branches and increased business operations.
- Corporate social responsibility (“CSR”) from ₹ 5.00 million in the six months ended September 30, 2023 to ₹ 8.4 million in the six months ended September 30, 2024, in line with the approved CSR plans.
- Directors’ fees from ₹ 1.87 million in the six months ended September 30, 2023 to ₹ 1.66 million in the six months ended September 30, 2024 on account of necessary meetings conducted during the period.
- Payments to auditors from ₹ 5.07 million in the six months ended September 30, 2023 to ₹ 4.62 million in the six months ended September 30, 2024 to meet statutory audit requirements.

This was partially offset primarily by decreases in (i) communication costs from ₹ 30.26 million in the six months ended September 30, 2023 to ₹ 28.30 million in the six months ended September 30, 2024; and (ii) printing and stationery from ₹ 11.70 million in the six months ended September 30, 2023 to ₹ 10.73 million in the six months ended September 30, 2024.

Profit before tax

For the reasons discussed above, profit before tax was ₹ 1,441.09 million in the six months ended September 30, 2024 compared to loss before tax of ₹ 1,138.93 million in the six months ended September 30, 2023.

Income tax expense

Our income tax expenses increased from ₹ 351.04 million in the six months ended September 30, 2023 to ₹ 363.09 million in the six months ended September 30, 2024. Current tax expense increased to ₹ 445.72 million in the six months ended September 30, 2024 from ₹ 339.87 million in the six months ended September 30, 2023, in line with increase in profit before tax. Our deferred tax credit was ₹ 11.17 million in the six months ended September 30, 2023 compared to deferred tax of ₹ 82.63 million in the six months ended September 30, 2024.

Profit for the period

Our profit for the year in the six months ended September 30, 2024 was ₹ 1,078.00 million compared to ₹ 787.89 million in the six months ended September 30, 2023.

FISCAL 2024 COMPARED TO FISCAL 2023

Total income

Our total income increased by 66.59% from ₹ 6,433.35 million in Fiscal 2023 to ₹ 10,717.50 million in Fiscal 2024. This increase was primarily due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased by 66.86% from ₹ 6,234.25 million in Fiscal 2023 to ₹ 10,402.18 million in Fiscal 2024, primarily due to an increase in (i) interest income by 67.47% from ₹ 5,664.85 million in Fiscal 2023 to ₹ 9,486.86 million in Fiscal 2024; (ii) fees and commission income by 87.85% from ₹ 254.80 million in Fiscal 2023 to ₹ 478.64 million in Fiscal 2024; (iii) net gain on derecognition of financial instruments under amortised cost by 51.46% from ₹ 125.10 million in Fiscal 2023 to ₹ 189.48 million in Fiscal 2024; (iv) net gain on fair value changes by 30.45% from ₹ 189.50 million in Fiscal 2023 to ₹ 247.20 million in Fiscal 2024.

The following table sets forth details of our AUM as of March 31, 2024 and March 31, 2023:

Particulars	As of March 31,		Increase/ (Decrease) (%)
	2024	2023	
	(₹ million)		
AUM			
Hypothecation loans	40,104.02	25,545.95	56.99%
Loans Against Property*	4,528.89	1,669.57	171.26%
Total AUM	44,632.91	27,215.51	64.00%

*Loans against property include mortgage loans and 'Saral' Property Loans.

Interest income

Interest income increased by 67.47% from ₹ 5,664.85 million in Fiscal 2023 to ₹ 9,486.86 million in Fiscal 2024 primarily due to an increase in loans to customers from ₹ 5,557.25 million in Fiscal 2023 to ₹ 9,322.30 million in Fiscal 2024.

Fees and commission income

Fees and commission income increased by 87.85% from ₹ 254.80 million in Fiscal 2023 to ₹ 478.64 million in Fiscal 2024, primarily due to an increase in delay payment charges, registration charges and cheque dishonour charges from ₹ 150.20 million in Fiscal 2023 to ₹ 310.33 million in Fiscal 2024.

Net gain on derecognition of financial instruments under amortised cost

Net gain on derecognition of financial instruments under amortised cost increased by 51.46% from ₹ 125.10 million in Fiscal 2023 to ₹ 189.48 million in Fiscal 2024 primarily due to a decrease in direct assignment deals in Fiscal 2023.

Net gain on fair value changes

Net gain on fair value changes increased by 30.45% from ₹ 189.50 million in Fiscal 2023 to ₹ 247.20 million in Fiscal 2024 primarily due to an increase in realised gain on investments from ₹ 116.50 million in Fiscal 2023 to ₹ 269.90 million in Fiscal 2024.

Other income

Our other income increased by 58.37% from ₹ 199.10 million in Fiscal 2023 compared to ₹ 315.32 million in Fiscal 2024, primarily due to an increase in miscellaneous income from ₹ 199.10 million in Fiscal 2023 to ₹ 312.63 million in Fiscal 2024.

Expenses

Total expenses increased by 47.55% from ₹ 5,719.39 million in Fiscal 2023 to ₹ 8,438.94 million in Fiscal 2024. This increase was due to an increase in (i) finance costs; (ii) impairment on financial instruments; (iii) employee benefit expenses; and (iv) other expenses. This increase was partially offset by a net loss on fair value changes.

Finance cost

Our finance cost increased by 64.95% from ₹ 1,979.60 million in Fiscal 2023 to ₹ 3,265.31 million in Fiscal 2024, primarily due to an increase in interest on borrowings (other than debt securities) from ₹ 815.90 million in Fiscal 2023 to ₹ 1,932.40 million in Fiscal 2024.

Net loss on fair value changes

Net loss on fair value changes decreased by 5.94% from ₹ 65.70 million in Fiscal 2023 to ₹ 61.80 million in Fiscal 2024, primarily due to MTM impact of hedging instruments to hedge foreign currency borrowings.

Impairment on financial instruments

Impairment on financial instruments increased by 79.14% to ₹ 733.50 million in Fiscal 2024 from ₹ 1,314.01 million in Fiscal 2023. This was primarily due to an increase in impairment on financial instruments at amortised cost from ₹ 208.50 million in Fiscal 2023 to ₹ 768.00 million in Fiscal 2024.

Employee benefits expense

Our employee benefit expenses increased by 29.69% from ₹ 2,122.00 million in Fiscal 2023 to ₹ 2,752.11 million in Fiscal 2024, primarily due to (i) salaries and wages from ₹ 1,743.50 million in Fiscal 2023 to ₹ 2,252.00 million in Fiscal 2024; (ii) contribution to provident and other funds from ₹ 152.70 million in Fiscal 2023 to ₹ 176.10 million in Fiscal 2024; and (iii) staff welfare expenses from ₹ 144.90 million in Fiscal 2023 to ₹ 249.91 million in Fiscal 2024.

This was partially offset by a decrease in expense on employee stock option scheme from ₹ 57.00 million in Fiscal 2023 to ₹ 47.00 million in Fiscal 2024, in line with the set policy under which ESOPs are allotted to employees.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by 27.06% to ₹ 114.47 million in Fiscal 2024 from ₹ 145.44 million in Fiscal 2023, primarily due to an increase led by investment in capital expenditure, in line with the growth and expansions of our branch size, employee count, and AUM.

Other expenses

Our other expenses increased by 27.86% from ₹ 704.12 million in Fiscal 2023 to ₹ 900.27 million in Fiscal 2024, primarily due to an increase in:

- (1) Travel and conveyance from ₹ 240.90 million in the Fiscal 2023 to ₹ 293.78 million in Fiscal 2024 on account of increased sales volumes, collections and AUM volume.
- (2) Legal and professional charges from ₹ 98.60 million in Fiscal 2023 to ₹ 153.90 million in Fiscal 2024 to meet the growth in business requirements.
- (3) Membership and subscription fees (mainly information technology expenses) from ₹ 98.70 million in Fiscal 2023 to ₹ 121.06 million in Fiscal 2024 on account of increased sales volumes and head count to address growth in our operations.
- (4) Tour and travelling from ₹ 51.90 million in Fiscal 2023 to ₹ 68.24 million in Fiscal 2024 to meet growth in business requirements.
- (5) Office expenses from ₹ 53.40 million in Fiscal 2023 to ₹ 61.04 million in Fiscal 2024 to meet the increased number of branches and head counts.
- (6) Miscellaneous expenses from ₹ 15.19 million in Fiscal 2023 to ₹ 24.59 million in Fiscal 2024 to meet the growth in the sales volume and business requirements.
- (7) Bank charges from ₹ 11.70 million in Fiscal 2023 to ₹ 22.99 million in Fiscal 2024 to meet the business growth requirements from increased number of branches.
- (8) Rates and taxes from ₹ 12.20 million in Fiscal 2023 to ₹ 25.55 million in Fiscal 2024 to meet the business growth requirements from increased number of branches.
- (9) Electricity expenses from ₹ 10.50 million in Fiscal 2023 to ₹ 14.85 million in Fiscal 2024 on account of an increased number of branches and increased business operations.
- (10) CSR from ₹ 5.30 million in Fiscal 2023 to ₹ 9.36 million in Fiscal 2024 in line with the approved CSR plans.
- (11) Directors' fees from ₹ 2.50 million in Fiscal 2023 to ₹ 3.50 million in Fiscal 2024 on account of necessary meetings conducted during the period.
- (12) Payments to auditors from ₹ 12.23 million in Fiscal 2023 to ₹ 10.49 million in Fiscal 2024 to meet statutory audit requirements.

This was partially offset primarily by decreases in (i) CGTMSE premium charge from ₹ 22.5 million in Fiscal 2023 to ₹ 0.75 million in Fiscal 2024 due to payment of the CGTMSE premium in the previous year, (ii) communication costs from ₹ 48.50 million in Fiscal 2023 to ₹ 63.14 million in Fiscal 2024, and (iii) printing and stationery expenses from ₹ 19.20 million in Fiscal 2023 to ₹ 23.90 million in Fiscal 2024.

Profit before tax

For the reasons discussed above, profit before tax was ₹ 2,278.56 million in Fiscal 2024 compared to profit before tax of ₹ 713.96 million in Fiscal 2023.

Tax expense

Our income tax expense increased from ₹ 275.43 million in Fiscal 2023 to ₹ 561.77 million in Fiscal 2024. Current tax increased from ₹ 105.52 million in Fiscal 2023 to ₹ 706.29 million in Fiscal 2024, mainly on account of an increased profit before tax, which was in line with the growth in the business. Our deferred tax was ₹ 169.91 million in Fiscal 2023 compared to a deferred tax of ₹ (144.52) million in Fiscal 2024. Tax relating to earlier years remained at nil in Fiscal 2023 and Fiscal 2024.

Profit for the year

Our profit for the year in Fiscal 2024 was ₹ 1,716.79 million while our profit for the year in Fiscal 2023 was ₹ 438.53 million.

FISCAL 2023 COMPARED TO FISCAL 2022

Total income

Our total income increased by 45.06% from ₹ 4,434.90 million in Fiscal 2022 to ₹ 6,433.35 million in Fiscal 2023. This increase was due to an increase in both revenue from operations and other income.

Revenue from operations

Our revenue from operations increased by 44.34% from ₹ 4,319.20 million in Fiscal 2022 to ₹ 6,234.25 million in Fiscal 2023, primarily due to an increase in (i) interest income by 38.21% from ₹ 4,098.60 million in Fiscal 2022 to ₹ 5,664.85 million in Fiscal 2023; (ii) fees and commission income by 87.77% from ₹ 135.70 million in Fiscal 2022 to ₹ 254.80 million in Fiscal 2023; (iii) net gain on derecognition of financial instruments under amortised cost from nil in Fiscal 2022 to ₹ 125.10 million in Fiscal 2023; (iv) net gain on fair value changes from ₹ 84.90 million in Fiscal 2022 to ₹ 189.50 million in Fiscal 2023.

The following table sets forth details of our AUM as of March 31, 2023 and March 31, 2022:

Particulars	As of March 31,		Increase/ (Decrease) (%)
	2023	2022	
AUM			
Hypothecation loans	25,545.95	15,845.41	61.22%
Loans against Property*	1,669.57	1,439.44	15.99%
Total AUM	27,215.51	17,284.86	57.45%

*Loans against property include mortgage loans and 'Saraal' Property Loans.

Interest income

Interest income increased by 38.21% from ₹ 4,098.60 million in Fiscal 2022 to ₹ 5,664.85 million in Fiscal 2023 primarily due to an increase in interest on loans to customers from ₹ 3,973.70 million in Fiscal 2022 to ₹ 5,557.25 million in Fiscal 2023.

Fees and commission income

Fees and commission income increased by 87.77% from ₹ 135.70 million in Fiscal 2022 to ₹ 254.80 million in Fiscal 2023, primarily due to an increase in delay payment charges, registration charges and cheque dishonour charges from ₹ 80.30 million in Fiscal 2022 to ₹ 150.20 million in Fiscal 2023.

Net gain on derecognition of financial instruments under amortised cost

Net gain on derecognition of financial instruments under amortised cost increased from nil in Fiscal 2022 to ₹ 125.10 million in Fiscal 2023 primarily due to an increase in direct assignment deals in Fiscal 2023.

Net gain on fair value changes

Net gain on fair value changes increased from ₹ 84.90 million in Fiscal 2022 to ₹ 189.50 million in Fiscal 2023 primarily due to an increase in gain on sale of mutual funds from ₹ 79.70 million in Fiscal 2022 to ₹ 119.90 million in Fiscal 2023 and an increase in gain on currency fluctuation from ₹ 5.20 million in Fiscal 2022 to ₹ 69.60 million in Fiscal 2023.

Other income

Our other income increased from ₹ 115.70 million in Fiscal 2022 to ₹ 199.10 million in Fiscal 2023 primarily due to an increase in miscellaneous income from ₹ 115.70 million in Fiscal 2022 to ₹ 199.10 million in Fiscal 2023.

Expenses

Total expenses increased by 11.95% from ₹ 5,109.02 million in Fiscal 2022 to ₹ 5,719.39 million in Fiscal 2023. This increase was due to an increase in (i) finance cost; (ii) employee benefit expenses; (iii) net loss on fair value changes; (iv) depreciation and amortization expense; and (v) other expenses.

Finance cost

Our finance cost increased by 24.86% from ₹ 1,585.50 million in Fiscal 2022 to ₹ 1,979.60 million in Fiscal 2023, primarily due to an increase in interest on borrowings (other than debt securities) from ₹ 426.30 million in Fiscal 2022 to ₹ 815.90 million in Fiscal 2023.

Net loss on fair value changes

Net loss on fair value changes increased from ₹ 21.00 million in Fiscal 2022 to ₹ 65.70 million in Fiscal 2023, primarily due to the MTM impact of hedging instruments to hedge foreign currency borrowings.

Impairment on financial instruments

Impairment on financial instruments decreased by 39.43% from ₹ 1,211.00 million in Fiscal 2022 to ₹ 733.50 million in Fiscal 2023. This was primarily due to a decrease in amounts written off (net of recovery) from ₹ 1,132.10 million in Fiscal 2022 to ₹ 500.00 million in Fiscal 2023.

Employee benefits expenses

Our employee benefit expenses increased by 20.73% from ₹ 1,757.60 million in Fiscal 2022 to ₹ 2,122.00 million in Fiscal 2023, primarily due to an increase in: (i) salaries and wages from ₹ 1,453.40 million in Fiscal 2022 to ₹ 1,743.50 million in Fiscal 2023; (ii) staff welfare expenses from ₹ 106.40 million in Fiscal 2022 to ₹ 144.90 million in Fiscal 2023; and (iii) contribution to provident and other funds from ₹ 121.90 million in Fiscal 2022 to ₹ 152.70 million in Fiscal 2023.

This was offset by a decrease in gratuity expenses from ₹ 35.40 million in Fiscal 2022 to ₹ 23.90 million in Fiscal 2023.

Depreciation and amortisation expense

Our depreciation and amortization expense increased by 14.81% from ₹ 99.70 million in Fiscal 2022 to ₹ 114.47 million in Fiscal 2023, primarily due to an increase in investment in capital expenditure, in line with the growth and expansions in branch size, employee count and AUMs.

Other expenses

Our other expenses increased by 62.16% from ₹ 434.22 million in Fiscal 2022 to ₹ 704.12 million in Fiscal 2023, primarily due to an increase in:

- Travel and conveyance from ₹ 130.20 million in Fiscal 2022 to ₹ 240.90 million in Fiscal 2023 on account of increased sales volumes, collections and AUM volume.
- Legal and professional services charges from ₹ 61.60 million in Fiscal 2022 to ₹ 98.60 million in Fiscal 2023 on account of growth in business requirements.
- Membership and subscription fees (mainly information technology expenses) from ₹ 47.90 million in Fiscal

2022 to ₹ 98.70 million in Fiscal 2023 on account of increased sales volumes and head count to address growth in our operations.

- Tour and travelling from ₹ 28.50 million in Fiscal 2022 to ₹ 51.90 million in Fiscal 2023 to meet growth in business requirements.
- Office expenses from ₹ 39.00 million in Fiscal 2022 to ₹ 53.40 million in Fiscal 2023 to meet growth in business requirements due to an increased number of branches and head counts,
- Miscellaneous expenses from ₹ 23.32 million in Fiscal 2022 to ₹ 15.19 million in Fiscal 2023 to meet the growth in the sales volume and business requirements.
- Bank charges from ₹ 10.00 million in Fiscal 2022 to ₹ 11.70 million in Fiscal 2023 to meet the business growth requirements from an increased number of branches.
- Rates and taxes from ₹ 7.50 million in Fiscal 2022 to ₹ 12.20 million in Fiscal 2023 to meet the business growth requirements from an increased number of branches.
- Electricity expenses from ₹ 7.70 million in Fiscal 2022 to ₹ 10.50 million in Fiscal 2023 on account of an increased number of branches and increased business operations.
- CSR from ₹ 10.40 million in Fiscal 2022 to ₹ 5.30 million in Fiscal 2023 in line with the approved CSR plans.

Profit before tax

For the reasons discussed above, profit before tax was ₹ 713.96 million in Fiscal 2023 compared to loss before tax of ₹ (674.12) million in Fiscal 2022.

Tax expense

Our income tax expense increased from ₹ (160.62) million in Fiscal 2022 from ₹ 275.43 million in Fiscal 2023. Current tax increased from nil in Fiscal 2022 from ₹ 105.52 million in Fiscal 2023, primarily due to increased business volumes that led to an increase in the profit before taxes in the current Fiscal 2023 as compared to the previous Fiscal 2022. Our deferred tax was ₹ (160.62) million in Fiscal 2022 compared to ₹ 169.91 million in Fiscal 2023.

Profit for the year

Our profit for the year in Fiscal 2023 was ₹ 438.53 million while our profit for the year in Fiscal 2022 was ₹ (513.50) million.

FINANCIAL CONDITION

Assets

The table below sets out the principal components of our assets as of the dates indicated:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
(₹ million)					
Financial assets					
Cash and cash equivalents	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40
Bank balances other than cash and cash equivalents	1,907.89	1,868.10	2,036.70	1,214.16	2,242.20
Derivative financial instruments	24.15	3.46	-	30.70	-
Loans	45,162.27	31,087.71	40,031.24	25,554.43	16,877.10
Investments	227.61	573.13	106.09	844.60	1,551.10
Other financial assets	318.80	281.28	306.55	228.12	70.90
Total financial assets	56,902.26	40,457.00	47,746.47	30,598.30	22,269.70
Non-Financial assets					
Current tax assets (net)	244.38	87.30	117.36	75.28	82.13
Deferred tax assets (net)	524.90	283.59	439.37	293.35	473.30
Property, plant and equipment	127.48	54.97	89.61	54.65	47.80
Right of use asset	262.94	174.41	214.31	211.50	205.80
Intangible assets under development	23.78	11.69	29.53	4.70	0.60

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Intangible assets	34.64	9.60	13.20	5.50	13.70
Other non-financial assets	104.67	81.24	80.67	51.30	63.40
Total non-financial assets	1,322.79	702.80	984.05	696.28	886.73
Total assets	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43

As of September 30, 2024, we had total assets of ₹ 58,225.05 million, compared to ₹ 48,730.52 million as March 31, 2024, ₹ 41,159.80 million as of September 30, 2023, ₹ 31,294.58 million as of March 31, 2023 and ₹ 23,156.43 million as of March 31, 2022. The increase in our total assets from March 31, 2022 to September 30, 2024 was primarily on account of an increase in business volumes and loan portfolio.

Financial Assets

Cash and cash equivalents

Our cash and cash equivalents increased from ₹ 1,528.40 million as of March 31, 2022 to ₹ 2,726.29 million as of March 31, 2023, primarily due to an increase in balances with banks – deposit with original maturity of less than three months from ₹ 782.40 million as of March 31, 2022 to ₹ 2,303.32 million as of March 31, 2023. Cash and cash equivalents increased to ₹ 6,643.32 million as of September 30, 2023 due to an increase in the business volumes and subsequently decreased to ₹ 5,265.89 million as of March 31, 2024, to meet growth of business requirements and in line with our liquidity planning. Cash and cash equivalents increased to ₹ 9,261.54 million as of September 30, 2024, due to an increase in the business volumes.

Bank balances other than cash and cash equivalents

Our bank balances other than cash and cash equivalents decreased from ₹ 2,242.20 million as of March 31, 2022 to ₹ 1,214.16 million as of March 31, 2023, primarily due to a decrease in fixed deposit with original maturity for more than three months from ₹ 2,108.70 million as of March 31, 2022 to ₹ 50.00 million as of March 31, 2023. Bank balances other than cash and cash equivalents increased to ₹ 1,868.10 million as of September 30, 2023 to meet growth of business requirements and in line with our liquidity planning, and subsequently further increased to ₹ 2,036.70 million as of March 31, 2024, due to an increase in the business volumes. Bank balances other than cash and cash equivalents increased to ₹ 1,907.89 million as of September 30, 2024, due to an increase in the business volumes.

Derivative financial instruments

Our derivative financial instruments increased from nil as of March 31, 2022 to ₹ 30.70 million as of March 31, 2023, primarily due to MTM impact of hedging instruments to hedge foreign currency borrowings. Derivative financial instruments decreased to ₹ 3.46 million as of September 30, 2023 due to currency and hedge movements with respect to foreign currency borrowings, and subsequently decreased to nil as of March 31, 2024, owing to MTM impact of hedging instruments to hedge foreign currency borrowings. Derivative financial instruments increased to ₹ 24.15 million as of September 30, 2024, owing to MTM impact of hedging instruments to hedge foreign currency borrowings.

Loans

Our loans increased from ₹ 16,877.10 million as of March 31, 2022 to ₹ 25,554.43 million as of March 31, 2023, primarily due to an increase in business volumes. Loans increased to ₹ 31,087.71 million as of September 30, 2023 due to growth in business and subsequently increased to ₹ 40,031.24 million as of March 31, 2024, due to an increase in business volumes. Loans increased to ₹ 45,162.27 million as of September 30, 2024, due to an increase in business volumes.

Investments

Our investments decreased from ₹ 1,551.10 million as of March 31, 2022 to ₹ 844.60 million as of March 31, 2023, primarily due to a decrease in mutual funds from investments carried at fair value through profit or loss from ₹ 1,192.90 million as of March 31, 2022 to ₹ 585.10 million as of March 31, 2023. Investments decreased to ₹ 573.13 million as of September 30, 2023 in accordance with our liquidity planning and fund management strategy and

subsequently decreased to ₹ 106.09 million as of March 31, 2024, due to an increase in business volumes. Investments increased to ₹ 227.61 million as of September 30, 2024, due to an increase in business volumes and disbursements.

Other financial assets

Our other financial assets increased from ₹ 70.90 million as of March 31, 2022 to ₹ 228.12 million as of March 31, 2023, primarily due to an increase in other receivables from ₹ 8.90 million as of March 31, 2022 to ₹ 184.08 million as of March 31, 2023. Other financial assets increased to ₹ 281.28 million as of September 30, 2023 to meet business volumes and subsequently increased to ₹ 306.55 million as of March 31, 2024, due to an increase in the business volumes. Other financial assets increased to ₹ 318.80 million as of September 30, 2024, due to an increase in the business volumes.

Non-Financial Assets

Current tax assets (net)

Current tax assets (net) decreased from ₹ 82.13 million as of March 31, 2022 to ₹ 75.28 million as of March 31, 2023 on account of increased business volumes that led to a significant increase in profit before taxes in Fiscal 2023 and decreased subsequently to ₹ 87.30 million as of September 30, 2023 on account of incurring losses in earlier periods. Current tax assets (net) increased from ₹ 117.36 million as of March 31, 2024 to ₹ 244.38 million as of September 30, 2024 due to an increase in the profit before tax.

Deferred tax assets (net)

Deferred tax assets (net) decreased from ₹ 473.30 million as of March 31, 2022 to ₹ 293.35 million as of March 31, 2023 mainly in accordance with the ECL movement. Deferred tax assets (net) decreased subsequently to ₹ 283.59 million as of September 30, 2023 mainly on account of changes in the temporary tax line items. Deferred tax assets (net) increased from ₹ 439.37 million as of March 31, 2024 to ₹ 524.90 million as of September 30, 2024 mainly in accordance with the ECL movement that has impacted the tax line.

Property, plant and equipment

Our property, plant and equipment increased from ₹ 47.80 million as of March 31, 2022 to ₹ 54.65 million as of March 31, 2023. Property, plant and equipment increased to ₹ 54.97 million as of September 30, 2023 and subsequently further increased to ₹ 89.61 million as of March 31, 2024 due to an increase in fixed assets required to meet increased business volumes. Subsequently, property, plant and equipment increased to ₹ 127.48 million as of September 30, 2024.

Right of use assets

Our right of use assets increased from ₹ 205.80 million as of March 31, 2022 to ₹ 211.50 million as of March 31, 2023, primarily due to an increase in the rent payable due to the addition of new branches and escalation in rent expenses. Right of use assets were at ₹ 174.41 million as of September 30, 2023 that subsequently increased to ₹ 214.31 million as of March 31, 2024, due to an increase in the number of branches and escalation in the rent expenses. Subsequently, right of use assets increased to ₹ 262.94 million as of September 30, 2024.

Intangible assets under development

Our intangible assets under development increased from ₹ 0.60 million as of March 31, 2022 to ₹ 4.70 million as of March 31, 2023. Intangible assets under development increased to ₹ 11.69 million as of September 30, 2023 and subsequently increased to ₹ 29.53 million as of March 31, 2024, due to increased business volumes, new branches and employee headcounts. Intangible assets under development decreased to ₹ 23.78 million as of September 30, 2024.

Intangible assets

Our intangible assets decreased from ₹ 13.70 million as of March 31, 2022 to ₹ 5.50 million as of March 31, 2023. Intangible assets increased to ₹ 9.60 million as of September 30, 2023 and subsequently increased to ₹ 13.20 million as of March 31, 2024 due to increased business volume, new branches and employee head counts. Subsequently, intangible assets increased to ₹ 34.64 million as of September 30, 2024.

Other non-financial assets

Our other non-financial assets decreased from ₹ 63.40 million as of March 31, 2022 to ₹ 51.30 million as of March 31, 2023, primarily due to reduction/ unwinding of prepaid expenses. Other non-financial assets increased to ₹ 81.24 million as of September 30, 2023 due to regrouping of certain balances and subsequently increased to ₹ 80.67 million as of March 31, 2024, due to an increase in the business volume. Other non-financial assets increased to ₹ 104.67 million as of September 30, 2024, due to an increase in prepaid expenses.

Liabilities and Equity

The following table sets forth the principal components of our liabilities as of the dates indicated:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
<i>(₹ million)</i>					
Financial liabilities					
Derivative financial instruments	-	-	31.52	-	38.90
Debt securities	13,873.11	11,211.00	10,223.43	8,998.50	9,222.30
Borrowings (other than debt securities)	26,957.90	20,519.71	24,766.47	13,963.11	5,985.10
Lease liabilities	285.50	202.51	236.31	242.90	233.50
Other financial liabilities	517.15	303.09	554.23	160.65	327.75
Total financial liabilities	41,633.66	32,236.31	35,811.96	23,365.16	15,807.55
Non-financial liabilities					
Current tax liabilities (net)	105.30	122.85	-	-	-
Provisions	333.39	270.59	302.86	226.70	231.38
Other non-financial liabilities	186.37	140.10	254.64	123.20	63.45
Total non-financial liabilities	625.06	533.54	557.50	349.90	294.83
Equity					
Equity share capital	377.88	304.53	399.31	304.53	304.53
Other equity	15,588.45	8,085.42	11,961.75	7,274.99	6,749.52
Total equity	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Total Liabilities and Equity	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43

As of September 30, 2024, we had total liabilities and equity of ₹ 58,225.05 million, compared to ₹ 48,730.52 million as March 31, 2024, ₹ 41,159.80 million as of September 30, 2023, ₹ 31,294.58 million as of March 31, 2023 and ₹ 23,156.43 million as of March 31, 2022. The increase in our total liabilities and equity from March 31, 2022 to September 30, 2024 was primarily on account of an increase in the business and equity and borrowings raised to meet the increased business requirements.

Financial Liabilities

Derivative financial instruments

Derivative financial liabilities decreased from ₹ 38.90 million as of March 31, 2022 to ₹ nil as of March 31, 2023 on account of hedging on the foreign currency borrowings. Derivative financial liabilities decreased to ₹ nil as of September 30, 2023 on account of hedging on the foreign currency borrowings. Derivative financial liabilities increased to ₹ 31.52 million as of March 31, 2024 on account of hedging on the foreign currency borrowings. Subsequently, derivative financial liabilities decreased to nil as of September 30, 2024.

Debt securities

Debt securities decreased from ₹ 9,222.30 million as of March 31, 2022 to ₹ 8,998.50 million as of March 31, 2023 on account of increased borrowings to meet the business growth and expansions. Debt securities increased to ₹ 11,211.00 million as of September 30, 2023 on account of increased borrowings to meet business growth requirements. Debt securities further increased to ₹ 10,223.43 million as of March 31, 2024 and then increased to ₹ 13,873.11 million as of September 30, 2024.

Borrowings (other than debt securities)

Borrowings increased from ₹ 5,985.10 million as of March 31, 2022 to ₹ 13,963.11 million as of March 31, 2023, owing to increase in (i) secured term loans from other financial institutions (ii) secured term loans from external commercial borrowings, (iii) unsecured term loans from other financial institutions; (iv) liabilities in respect of securitised transactions from non-banking financial companies. Borrowings increased to ₹ 20,519.71 million as of September 30, 2023 on account of increased borrowings to meet to meet business growth requirements. Borrowings further increased to ₹ 24,766.47 million as of March 31, 2024 and then increased to ₹ 26,957.90 million as of September 30, 2024.

Lease liabilities

Lease liabilities increased from ₹ 233.50 million as of March 31, 2022 to ₹ 242.90 million as of March 31, 2023 on account of an increase in the rent payable due to an increased number of branches. Lease liabilities decreased to ₹ 202.51 million as of September 30, 2023 on account of increase in the rent premises mainly due to increased number of branches and then increased to ₹ 236.31 million as of March 31, 2024 on account of increase in the rent premises mainly due to increase in number of branches. Subsequently, lease liabilities increased to ₹ 285.50 million as of September 30, 2024.

Other financial liabilities

Other financial liabilities decreased from ₹ 327.75 million as of March 31, 2022 to ₹ 160.65 million as of March 31, 2023 on account of a decrease in DSRA payable from ₹ 228.90 million as of March 31, 2022 to nil as of March 31, 2023. Other financial liabilities increased to ₹ 303.09 million as of September 30, 2023 on account of an increase in the business volumes and further increased to ₹ 554.23 million as of March 31, 2024. Subsequently, other financial liabilities decreased to ₹ 517.15 million as of September 30, 2024.

Non-Financial Liabilities

Current tax liabilities (net)

Current tax liabilities (net) were nil as of each of March 31, 2022, March 31, 2023, and ₹ 122.85 million as of September 30, 2023 and nil as of March 31, 2024, as there were no liabilities to be discharged as of such dates. Subsequently, current tax liabilities increased to ₹ 122.85 million in the six months ended September 30, 2023 and ₹ 105.30 million in the six months ended September 30, 2024, respectively.

Provisions

Provisions decreased marginally from ₹ 231.38 million as of March 31, 2022 to ₹ 226.70 million as of March 31, 2023 on account of a decrease in provision for gratuity from ₹ 92.40 million as of March 31, 2022 to ₹ 67.80 million as of March 31, 2023. Provisions increased to ₹ 270.59 million as of September 30, 2023 on account of an increase in business transactions and increased employee headcounts and further increased to ₹ 302.86 million as of March 31, 2024. Subsequently, provisions increased to ₹ 333.39 million as of September 30, 2024.

Other non-financial liabilities

Other non-financial liabilities increased from ₹ 63.45 million as of March 31, 2022 to ₹ 123.20 million as of March 31, 2023 on account of an increase in EMI and interest received in advance from customers (including Pre EMI) from ₹ 18.30 million as of March 31, 2022 to ₹ 60.21 million as of March 31, 2023. Other non-financial liabilities increased to ₹ 140.10 million as of September 30, 2023 on account of an increase in the business volume and further increased to ₹ 254.64 million as of March 31, 2024. Other non-financial liabilities increased to ₹ 186.37 million as of September 30, 2024.

Equity

As of September 30, 2024, our total equity was ₹ 15,966.33 million, representing 27.42% of our total assets. As of March 31, 2024, our total equity was ₹ 12,361.06 million, representing 25.37% of our total assets. As of September 30, 2023, our total equity was ₹ 8,389.95 million, representing 20.38% of our total assets. As of March 31, 2023, our total equity was ₹ 7,579.52 million, representing 24.22% of our total assets. As of March 31, 2022, our total equity was ₹ 7,054.05 million, representing 30.46% of our total assets. The increase in our total equity from March 31, 2022 to September 30, 2024 was primarily due to accumulated profits and certain equity raises during the period. In Fiscal 2024, we have raised equity of ₹ 3,100.00 million.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

We fund our operations through equity share capital and other equity, which includes retained profits, and borrowings. Our primary source of funding is borrowings. Our strategy is to raise long-term borrowings and maintain a judicious mix of borrowings between banks, money markets and deposits. Our objective is to maintain appropriate levels of capital to support our business strategy taking into account the regulatory, economic and commercial environment. We aim to maintain a strong capital base to support the risks inherent to our business and growth strategies. We endeavour to maintain a higher capital base than the mandated regulatory capital at all times.

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 further information, see “*Financial Indebtedness*” and “*Risk Factors – 8. We are subject to various covenants and obligations under our financing arrangements. Inability to meet our obligations could adversely affect our business, results of operations, cash flows and financial condition*” on pages 388 and 36, respectively.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	For the six months ended September 30,		For the year ended March 31,		
	2024	2023	2024	2023	2022
			(₹ million)		
Net cash used in operating activities	(4,188.45)	(5,133.00)	(13,228.26)	(7,203.90)	(2,718.74)
Net cash used in from investing activities (B)	(26.70)	333.10	830.44	782.11	456.00
Net cash generated from financing activities ©	8,210.80	8,716.93	14,937.42	7,619.68	1,996.64
Net increase / (decrease) in cash and cash equivalents (A + B + C)	3,995.65	3,917.03	2,539.60	1,197.89	(266.10)
Cash and cash equivalents at the end of the period/ year	9,261.54	6,643.32	5,265.89	2,726.29	1,528.40

Operating Activities

Six months ended September 30, 2024

Net cash used in operating activities was ₹ 4,188.45 million for the six months ended September 30, 2024. While our profit before tax was ₹ 1,441.09 million, we had an operating profit before working capital changes of ₹ 2,433.78 million. This was primarily due to addition of loans and advances written-off amounting to ₹ 783.51 million and impairment of financial instruments amounting to ₹ 240.22 million.

Our working capital adjustments primarily comprised a decrease in bank balances not considered as cash and cash equivalents of ₹ 128.81 million, increase in loan portfolio of ₹ 6,164.16 million, increase in other financial assets of ₹ 13.20 million, increase in other non-financial assets of ₹ 24.00 million, decrease in other financial liabilities (excluding lease liabilities) of ₹ 32.94 million, decrease in other non-financial liabilities of ₹ 68.27 million and increase in provisions of ₹ 18.97 million. Cash used in operations was ₹ 3,721.01 million. Income tax paid was ₹ 467.44 million.

Six months ended September 30, 2023

Net cash used in operating activities was ₹ 5,133.00 million for the six months ended September 30, 2023. While our profit before tax was ₹ 1,138.93 million, we had an operating profit before working capital changes of ₹ 1,587.77 million. This was primarily due to addition of impairment of financial instruments of ₹ 178.60 million, loans and advances written off amounting to ₹ 235.20 million, depreciation on right of use assets amounting to ₹ 46.63 million, loss on fair value of cross currency swap of ₹ 26.90 million as well as depreciation and impairment of property, plant and equipment amounting to ₹ 18.98 million.

Our working capital adjustments primarily comprised an increase in loan portfolio amounting to ₹ 5,953.57 million

on account of increased business requirements, an increase in bank balances not considered as cash and cash equivalents amounting to ₹ 653.94 million, an increase in other financial liabilities (excluding lease liabilities) amounting to ₹ 144.44 million and an increase in other non-financial liabilities amounting to ₹ 16.90 million. Cash used in operations was ₹ 4,903.96 million. Income tax paid was ₹ 229.04 million.

Fiscal 2024

Net cash used in operating activities was ₹ 13,228.26 million in Fiscal 2024. While our profit before tax was ₹ 2,278.56 million, we had an operating profit before working capital changes of ₹ 3,677.20 million. This was primarily due to addition of impairment of financial instruments of ₹ 768.00 million, loans and advances written off amounting to ₹ 553.14 million, depreciation on right of use assets amounting to ₹ 94.59 million, loss on fair value of cross currency swap of ₹ 62.16 million as well as depreciation and impairment of property, plant and equipment amounting to ₹ 50.85 million.

Our working capital adjustments primarily comprised an increase in loan portfolio amounting to ₹ 15,814.73 million on account of increased business requirements in line with the growth in the business, an increase in bank balances not considered as cash and cash equivalents amounting to ₹ 822.54 million, an increase in other financial liabilities (excluding lease liabilities) amounting to ₹ 390.24 million and an increase in other non-financial liabilities amounting to ₹ 131.43 million. Cash used in operations was ₹ 12,479.89 million. Income tax paid was ₹ 748.37 million.

Fiscal 2023

Net cash used in operating activities was ₹ 7,203.90 million in Fiscal 2023. While our profit before tax was ₹ 713.96 million, we had an operating profit before working capital changes of ₹ 1,525.39 million. This was primarily due to loans and advances written off amounting to ₹ 500.00 million, impairment of financial instruments of ₹ 208.50 million, as well as profit on sale of mutual fund units amounting to ₹ 118.54 million.

Our working capital adjustments primarily comprised an increase in loan portfolio amounting to ₹ 9,410.83 million on account of increased business requirements in line with the growth in the business, a decrease in bank balances not considered as cash and cash equivalents amounting to ₹ 1,029.54 million, a decrease in other financial liabilities (excluding lease liabilities) amounting to ₹ 167.10 million, and an increase in other non-financial liabilities amounting to ₹ 59.75 million. Cash used in operations was ₹ 7,115.23 million. Income tax paid was ₹ 88.67 million.

Fiscal 2022

Net cash used in operating activities was ₹ 2,718.74 million in Fiscal 2022. While our loss before tax was ₹ 674.12 million, we had an operating profit before working capital changes of ₹ 620.08 million. This was primarily due to loans and advances written off amounting to ₹ 1,132.10 million, profit on sale of mutual fund units amounting to ₹ 79.38 million, impairment of financial instruments amounting to ₹ 62.20 million, as well as depreciation on right of use assets amounting to ₹ 54.50 million and depreciation and impairment of property, plant and equipment amounting to ₹ 45.20 million.

Our working capital adjustments primarily comprised an increase in loan portfolio amounting to ₹ 3,080.40 million on account of increased business requirements in line with the growth in the business, an increase in bank balances not considered as cash and cash equivalents amounting to ₹ 560.70 million, an increase in other financial liabilities (excluding lease liabilities) amounting to ₹ 267.42 million, a decrease in other financial assets amounting to ₹ 90.20 million, a decrease in other non-financial liabilities amounting to ₹ 61.50 million and an increase in provisions amounting to ₹ 24.86 million. Cash used in operations was ₹ 2,693.84 million. Income tax paid was ₹ 24.90 million.

Investing Activities

Six months ended September 30, 2024

Net cash used in investing activities was ₹ 26.70 million in the six months ended September 30, 2024, primarily on account of sale of investments, which was largely offset by purchase of investments of ₹ 53,650.26 million.

Six months ended September 30, 2023

Net cash generated in investing activities was ₹ 333.10 million in the six months ended September 30, 2023, primarily on account of sale of investments accounting for ₹ 28,569.27 million, which was partially offset by purchase of investments amounting to ₹ 28,203.60 million and purchase of property, plant and equipment,

excluding right of use assets amounting to ₹ 33.00 million.

Fiscal 2024

Net cash generated in investing activities was ₹ 830.44 million in Fiscal 2024, primarily on account of sale of investments accounting for ₹ 72,831.11 million, which was partially offset by purchase of investments amounting to ₹ 71,885.00 million and purchase of property, plant and equipment, excluding right of use assets amounting to ₹ 116.13 million.

Fiscal 2023

Net cash generated in investing activities was ₹ 782.11 million in Fiscal 2023, primarily on account of sale of investments accounting for ₹ 38,264.50 million, which was offset by purchase of investments amounting to ₹ 37,438.10 million and purchase of property, plant and equipment, excluding right of use assets amounting to ₹ 44.29 million.

Fiscal 2022

Net cash generated from investing activities was ₹ 456.00 million in Fiscal 2022, primarily on account sale of investments accounting for ₹ 16,158.60 million, which was offset by purchase of investments amounting to ₹ 15,647.70 million and purchase of property, plant and equipment, excluding right of use assets amounting to ₹ 54.90 million.

Financing Activities

Six months ended September 30, 2024

Net cash generated from financing activities was ₹ 8,210.80 million in the six months ended September 30, 2024 primarily on account of proceeds from issue of equity shares (including securities premium) of ₹ 2,498.51 million, proceeds from issue of debt securities of ₹ 6,240.00 million and proceeds from borrowings (other than debt securities) of ₹ 12,859.98 million. These were primarily offset on account of repayment of borrowings (other than debt securities) of ₹ 10,731.19 million, redemption of debt securities of ₹ 2,590.32 million and payment of lease liabilities (including interest) of ₹ 66.18 million.

Six months ended September 30, 2023

Net cash generated from financing activities was ₹ 8,716.93 million in the six months ended September 30, 2023 primarily on account of proceeds from borrowings (other than debt securities) amounting to ₹ 14,029.30 million, proceeds from issue of debt securities amounting to ₹ 4,137.10 million. These were primarily offset on account of repayment of borrowings (other than debt securities) amounting to ₹ 7,472.06 million, redemption of debt securities amounting to ₹ 1,924.60 million, and payment of lease liabilities (including interest) amounting to ₹ 52.81 million.

Fiscal 2024

Net cash generated from financing activities was ₹ 14,937.42 million in Fiscal 2024 on account of proceeds from borrowings (other than debt securities) amounting to ₹ 28,395.00 million, proceeds from issue of debt securities amounting to ₹ 6,787.00 million, and proceeds from issue of equity shares (including securities premium) amounting to ₹ 3,020.87 million. These were primarily offset on account of repayment of borrowings (other than debt securities) amounting to ₹ 17,591.63 million, redemption of debt securities amounting to ₹ 5,562.07 million, and payment of lease liabilities (including interest) amounting to ₹ 112.70 million.

Fiscal 2023

Net cash generated from financing activities was ₹ 7,619.68 million in Fiscal 2023 on account of proceeds from borrowings (other than debt securities) amounting to ₹ 12,677.23 million, proceeds from issue of debt securities amounting to ₹ 4,926.51 million. These were primarily offset on account of redemption of debt securities amounting to ₹ 5,150.31 million, and repayment of borrowings (other than debt securities) amounting to ₹ 4,736.35 million.

Fiscal 2022

Net cash generated used in financing activities was ₹ 1,996.64 million in Fiscal 2022 primarily on account of proceeds from borrowings (other than debt securities) amounting to ₹ 4,150.10 million and proceeds from issue of

debt securities amounting to ₹ 2,372.20 million. These were primarily offset on account of redemption of debt securities amounting to ₹ 2,604.30 million and repayment of borrowings (other than debt securities) amounting to ₹ 1,847.56 million.

Financial Indebtedness

Our Company has availed loans and other financing arrangements in the ordinary course of business primarily for onward lending to our borrowers and to meet its business requirements.

As of September 30, 2024, our total borrowings were ₹ 40,831.01 million, excluding lease liabilities of ₹ 285.50 million. The following table sets forth certain information relating to outstanding indebtedness as of September 30, 2024 and our repayment obligations in the periods indicated:

	Payment due by period				
	Total	Less than one year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Debt securities	13,873.11	5,016.61	6,449.83	2,406.66	0.00
Borrowings (other than debt securities)	26,957.90	15,975.74	9,798.64	1,183.52	0.00
Total Borrowings	40,831.01	20,992.35	16,248.48	3,590.18	0.00

Contingent Liabilities and Commitments

The following table sets forth our contingent liabilities and capital commitments as of September 30, 2024:

Particulars	As of September 30, 2024 (₹ million)
Contingent liabilities – Income tax laws	24.40
Total	24.40
Commitments	291.11

For further information, please see “*Restated Financial Information – Note 33 – Contingent Liabilities and commitments*” on page 327.

Off-Balance Sheet Commitments and Arrangements

Other than as disclosed in this Draft Red Herring Prospectus, we have no other off-balance sheet commitments and arrangements that materially affect our financial condition or results of operations.

Capital Expenditures / Additions to Property, Plant and Equipment

Our capital expenditures consist principally of IT assets such as laptops, computer hardware and software. In Fiscal 2022, 2023 and 2024 and in the six months ended September 30, 2023 and September 30, 2024, we incurred ₹ 38.10 million, ₹ 40.31 million, ₹ 91.19 million, ₹ 23.98 million and ₹ 105.29 million, respectively, towards the purchase of property, plant and equipment, acquiring right to use assets for our leased premises and investment property.

Capital to Risk-weighted Assets Ratios (“CRAR”)

The following table sets forth certain details of our CRAR, as of the dates indicated:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except percentages)				
Tier I Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.2
Tier II Capital	-	-	-	-	-
Total Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.2
Risk Weighted Assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.2
Capital Ratios					
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	37.61%	29.97%	32.79%	31.07%	36.03%

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except percentages)				
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	-	-	-	-	-
Total (%)	37.61%	29.97%	32.79%	31.07%	36.03%

For further information in relation to CRAR, see “*Risk Factors – 15. Changes in regulations governing the financial services industry could adversely affect our business, results of operations and prospects.*” on page 39.

Credit Ratings

For information on our credit ratings, see “*Our Business – Credit Ratings*” on page 229.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see “*Summary of this Draft Red Herring Prospectus – Related Party Transactions*” on page 25.

Quantitative and Qualitative Disclosure about Financial Risk Management Framework

Our principal financial liabilities comprise borrowings from banks and debentures. The main purpose of these financial liabilities is to finance our operations and to support its operations. Our financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations. In the course of its business, we are exposed to certain financial risks namely credit risk, interest risk, price risk, currency risk and liquidity risk. Our primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Our board of directors has an overall responsibility for the establishment and oversight of our risk management framework. The board of directors has established the risk management committee and asset liability committee, which is responsible for developing and monitoring our risk management policies. The committee reports regularly to the board of directors on its activities.

Our risk management policies are established to identify and analyse the risks faced by our Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities.

Our risk management committee oversees how management monitors compliance with our risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by our Company.

Credit risk

Credit risk is the risk that we will incur a loss because its customers fail to discharge their contractual obligations. We have a comprehensive framework for monitoring credit quality of its loans and advances primarily based on days past due monitoring at year end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse. Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. In order to avoid excessive concentrations of risk, our policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products / states / customer base with a cap on maximum limit of exposure for an individual / Group.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities (other than derivatives) that are settled by delivering cash or another financial asset. It also refers to the risk that we are not able to meet our short term or long term gratuity pay-outs. This may arise due to non-availability of enough cash or cash equivalents to meet the liabilities, or holding of illiquid assets not being sold in time. Our approach to managing liquidity is to ensure as far as possible, that we will have sufficient liquidity to meet our

liabilities when they are due.

Liquidity risk management in our Company is managed as per the guidelines of Board-approved Asset-Liability Management (“ALM”) Policy which is monitored by the Asset Liability Committee. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of our lending and borrowing activities. We maintain flexibility in funding by maintaining availability under committed credit lines. Our Management monitors our liquidity positions (also comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows. We also take into account liquidity of the market in which we operate.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity price risk. Financial instruments affected by market risk include foreign currency receivables.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for us arises majorly on account of foreign currency borrowings. When a derivative is entered into for the purpose of being as hedge, we negotiate the terms of those derivatives to match with the terms of the hedge exposure. Our policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. We hold derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. We do not have any exposure to the risk of changes in market interest rates as we do not have any borrowings/loans on fluctuating interest rates except as stated in the “*Restated Financial Statements*” on page 284.

Auditor’s Observations

Our Statutory Auditors have not included any qualifications, reservations or adverse remarks in the Restated Financial Statements. Additionally, see “*Risk Factors – 14. Our erstwhile auditors have included an emphasis of matter in their audit report for Fiscal 2022. Further, our Statutory Auditors have included a remark under the section ‘Other Legal and Regulatory Requirements’ in their audit report for Fiscal 2024*” on page 39.

Unusual or infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, 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 Results of Operations and Financial Condition*” and the uncertainties described in “*Risk Factors*” on pages 391 and 30, respectively. Except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

Significant Economic Changes that Materially Affect or are Likely to Affect Income from Continuing Operation

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in “—*Significant Factors affecting our Results of Operations and Financial Condition*” and the uncertainties described in “*Risk*

Factors” on pages 391 and 30, respectively.

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.

New Products or Business Segments

Except as described in this Draft Red Herring Prospectus, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and the introduction of new products.

Future Relationship Between Cost and Income

Other than as described elsewhere in the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 30, 201 and 391, respectively, to our knowledge, there are no known factors that will have a material adverse impact on our operations and financial condition.

Significant Dependence on a Single or Few Customers or Suppliers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Competitive Conditions

We operate in a competitive environment. See sections, “*Our Business*”, “*Industry Overview*”, “*Risk Factors—38. Our inability to compete effectively in an increasingly competitive industry may adversely affect our market share, business and financial condition.*” And “— *Significant Factors affecting our Results of Operations and Financial Condition – Competition*” on pages 201, 140, 51 and 391, respectively.

Seasonality/Cyclicality of Business

Our business may be affected by seasonal trends in the Indian economy. For further information, see “*Risk Factors – 20. Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.*” On page 42.

Significant Developments After September 30, 2024 That May Affect our Future Results of Operations

Other than as disclosed above and elsewhere in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since September 30, 2024 that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our “**Restated Financial Statements**” on page 284 as well as “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 201 and 391, respectively. Certain ratios for the six months ended September 30, 2024 and September 30, 2023 have been presented on an annualized basis, as indicated in this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to “the Company”, “our Company”, “we”, “us” and “our” refer to Aye Finance Limited on a standalone basis.

Certain 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. 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 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 banks or financial institutions in India or elsewhere. Other companies may calculate the non-GAAP Measures differently from us, limiting its utility as a comparative measure. See “**Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation — Financial Data – Non-Generally Accepted Accounting Principles Financial Measures**” on page 17, and “**Risk Factors — 49. We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies**” on page 55.

Return on Equity and Assets

The following table sets forth, as of and for the periods/years indicated, our key financial and operational metrics:

	As of / For the Six Months Ended		As of / For the Financial Year		
	September 30,		2024	2023	2022
	2024	2023	2024	2023	2022
	(₹ million, except percentages and per share data)				
Profit for the period / year	1,078.00	787.89	1,716.79	438.53	(513.50)
AUM ⁽¹⁾	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
Average AUM ⁽²⁾	47,215.28	30,449.62	35,924.21	22,250.19	16,489.69
On-book AUM ⁽³⁾	46,666.65	31,769.12	41,296.60	26,056.88	17,396.40
Off-book AUM	3,518.35	2,039.64	3,582.90	1,098.65	0.00
Total Assets ⁽⁴⁾	58,225.05	41,159.80	48,730.52	31,294.58	23,156.43
Average Total Assets ⁽⁵⁾	53,477.78	36,227.19	40,012.55	27,225.51	22,213.17

	As of / For the Six Months Ended		As of / For the Financial Year		
	September 30,		2024	2023	2022
	2024	2023	2024	2023	2022
	(₹ million, except percentages and per share data)				
Net Worth ⁽⁶⁾	15,966.33	8,389.95	12,361.06	7,579.52	7,054.05
Average Net Worth ⁽⁷⁾	14,163.69	7,984.73	9,970.29	7,316.78	7,285.67
Total Borrowings ⁽⁸⁾	40,831.01	31,730.71	34,989.90	22,961.61	15,207.40
Average Total Borrowings ⁽⁹⁾	39,378.79	26,316.50	28,643.78	16,780.36	12,201.14
Return on Average Total Assets (%) ⁽¹⁰⁾	4.03%*	4.35%*	4.29%	1.61%	(2.31%)
Return on Average Equity (%) ⁽¹¹⁾	15.22%*	19.73%*	17.22%	5.99%	(7.05%)
Basic Earnings Per Equity Share ^{(12)**}	6.09	5.08	10.62	2.83	(3.31)
Diluted Earnings Per Equity Share ^{(12)**}	5.97	5.02	10.50	2.79	(3.31)
Net Asset Value Per Equity Share ⁽¹³⁾	88.42	53.48	75.63	48.27	44.84

*Annualized

**Earnings per Equity Share not annualised for the periods ended September 30, 2024 and September 30, 2023.

Notes:

- (1) AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- (2) 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.
- (3) On-book AUM represents the aggregate of principal outstanding of term loans, interest accrued and other Ind AS adjustments held in our books as of the last day of the relevant period/year.
- (4) Total Assets represents the total of our financial assets and non-financial assets.
- (5) Average Total Assets represents the simple average of Total Assets plus impairment loss allowance of the previous period/year and ending with the last date of the relevant period/year.
- (6) Net Worth is Total equity as of the last day of the relevant year / period.
- (7) Average Net Worth represents the simple average the Net Worth as of the last day of the previous period/year and ending with the last day of the relevant period/year.
- (8) Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year.
- (9) Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.
- (10) Return on Average Total Assets is calculated as the Profit After Tax for the relevant period/year as a percentage of Average Total Assets in such period/year.
- (11) Return on Average Equity is calculated as the Profit After Tax for the relevant period/year as a percentage of Average Net Worth in such period/year.
- (12) 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). This is computed after giving effect to the subdivision of each equity share of face value of ₹ 10, each fully paid up into 10 equity shares of face value ₹2, each fully paid up, in accordance with Ind AS 33 principles for all periods/years presented.
- (13) Net Asset Value Per Share is Net Worth as per the restated financial statements/ weighted average number of equity shares outstanding during the year/period plus the weighted average number of equity shares that would be issues on conversion of all the dilutive potential equity shares into equity shares.

Financial Metrics

The following table sets forth, for the periods/years indicated, certain of our financial ratios:

	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	<i>(₹ million, except percentages and ratios/time)</i>				
AUM ⁽¹⁾	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
AUM Growth (%) ⁽²⁾	11.57%	23.77%	64.00%	57.45%	10.13%
Securitised assets ⁽³⁾	9,668.85	9,247.86	8,913.00	5,968.10	1,023.40
Disbursements ⁽⁴⁾	20,141.46	16,190.05	39,389.34	23,570.93	13,042.48
Disbursement Growth (%) ⁽⁵⁾	24.41%	97.45%	67.11%	80.72%	95.22%
Total Revenue from Operations	6,922.40	4,720.11	10,402.18	6,234.25	4,319.20
Other Income	248.05	110.40	315.32	199.10	115.70
Total Income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Finance Costs	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Fee expenses ⁽⁶⁾	116.35	71.81	178.40	107.40	62.50
Total Net Income ⁽⁷⁾	4,877.88	3,349.52	7,452.19	4,453.75	2,849.40
Total Expenses ⁽⁸⁾	5,729.36	3,691.58	8,438.94	5,719.39	5,109.02
Cost to income ratio (%) ⁽⁹⁾	48.39%	52.85%	50.96%	66.03%	80.42%
Operating Expenses ⁽¹⁰⁾	2,360.30	1,770.20	3,797.82	2,940.59	2,291.52
Pre Provision Operating Profit (PPOP)	1,681.31	1,317.53	3,046.56	922.46	(611.92)
Credit Cost ⁽¹¹⁾	1,013.90	413.49	1,314.01	733.50	1,211.00
Credit Cost to Average Total Assets (%) ⁽¹²⁾	3.79% *	2.28% *	3.28%	2.69%	5.45%
Operating Expenses to Average Total Assets (%) ⁽¹³⁾	8.83% *	9.77% *	9.49%	10.80%	10.32%
Operating Expenses to Net Total Income (%) ⁽¹⁴⁾	48.39%	52.85%	50.96%	66.03%	80.42%
Pre Provision Operating Profit (PPOP) to Average Total Assets (%)	6.29% *	7.27% *	7.61%	3.39%	(2.75%)
Impairment Loss Allowance to Average Total Assets (%) ⁽¹⁵⁾	0.90% *	0.99% *	1.92%	0.77%	0.28%
Gross NPA ⁽¹⁶⁾	1,547.44	856.09	1,316.30	653.90	572.80
Gross NPA ratio (%) ⁽¹⁷⁾	3.32%	2.69%	3.19%	2.49%	3.29%
NPA Provision ⁽¹⁸⁾	1,021.97	460.91	949.60	325.80	338.60
Net NPA ⁽¹⁹⁾	525.47	395.18	366.70	328.10	234.20
Net NPA ratio (%) ⁽²⁰⁾	1.15%	1.26%	0.91%	1.28%	1.37%
Provision Coverage Ratio (%) ⁽²¹⁾	66.07%	53.83%	72.14%	49.82%	59.12%

	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except percentages and ratios/time)				
AUM / Net Worth	3.12	4.01	3.61	3.59	2.45
Average AUM / Average Net Worth	3.33	3.81	3.60	3.04	2.26
Net AUM ⁽²²⁾	48,254.66	32,970.33	43,330.16	26,680.73	16,739.86
Collection Efficiency(%) ⁽²³⁾	92.38%	94.51%	93.95%	93.10%	85.75%
Default Rate (%)	33.85%	29.41%	31.26%	29.54%	40.44%

*Annualized

Notes:

- ⁽¹⁾ AUM represents aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization, including assignees' share of loan portfolio transferred under direct assignment and/ or co-lending transactions and are outstanding as on the last day of the relevant period.
- ⁽²⁾ AUM Growth represents percentage growth in AUM for the relevant period/year over AUM of the previous period/year end.
- ⁽³⁾ Securitised 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 us by way of securitisation and outstanding as of the last day of the relevant period/year but excludes the amount of over collateral outstanding as of the last day of the relevant period/year.
- ⁽⁴⁾ Disbursements represents the aggregate of all loan amounts extended to our customers in the relevant period/year.
- ⁽⁵⁾ Disbursement Growth represents percentage growth in disbursements for the relevant period/year over disbursements of the previous period/year end.
- ⁽⁶⁾ Fee expenses refer to fee expenses incurred on borrowings.
- ⁽⁷⁾ Total Net Income refers to Total Income less Finance Cost.
- ⁽⁸⁾ Total Expenses represents total expenses for the relevant period/year. Total expenses include employee benefits expense, finance cost, impairment on financial instruments, depreciation and amortisation expense, other expenses.
- ⁽⁹⁾ Cost to Income Ratio represents Operating Expenses upon total income less finance costs for the relevant period/year.
- ⁽¹⁰⁾ Operating Expenses represents employee benefits expense, depreciation and amortization expense, and Other Expenses for the relevant period/year.
- ⁽¹¹⁾ Credit Cost represents impairment loss (including loss on derecognition) allowance on financial instruments as per Ind AS 109, write off (net of recovery) for the relevant period.
- ⁽¹²⁾ Credit Cost to Average Total Assets represents our Credit Cost for a period to the Average Total Assets for the period.
- ⁽¹³⁾ Operating Expenses to Average Total Assets represents the Operating Expenses for the relevant period/year upon Average of Total Assets, represented as a percentage.
- ⁽¹⁴⁾ Operating Expenses to Net Total Income represents the ratio of operating expenses for the relevant period/year divided by Net Total Income for the period/year, expressed as a percentage. Net Total Income represents Total Income less Finance Costs for the relevant period/year.
- ⁽¹⁵⁾ Impairment Loss Allowance to Average Total Assets represents the impairment loss allowance to simple average of Total Assets as of the last day of the previous period/year and ending with the last day of the relevant period/year, represented as a percentage.
- ⁽¹⁶⁾ Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- ⁽¹⁷⁾ Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time. Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- ⁽¹⁸⁾ 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, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- ⁽¹⁹⁾ Net NPA represents Gross NPA reduced by NPA provisions as of the last day of relevant period.
- ⁽²⁰⁾ Net NPA ratio represents the ratio of our Net NPA to Net Loan portfolio as of last day of the relevant period/year. Net Loan portfolio represents total loan portfolio reduced by impairment allowance, as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- ⁽²¹⁾ Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.
- ⁽²²⁾ Net AUM represents AUM less Impairment Loss Allowance on AUM as of the last day of the relevant period/year.

⁽²³⁾ *Collection Efficiency is calculated as the ratio of total collections (including overdue, advance and prepayment collections) to billings restricted to the maximum of one EMI per loan for the relevant year/period.*

Return Ratios

	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	<i>(in percentages)</i>				
Revenue from Operations to Average AUM (%) ⁽¹⁾	29.32%*	31.00%*	28.96%	28.02%	26.18%
Other Income to Average AUM (%) ⁽²⁾	1.05%*	0.73%*	0.88%	0.89%	0.70%
Total Revenue to Average AUM (%) ⁽³⁾	30.37%*	31.73%*	29.83%	28.91%	26.88%
Total Net Income to Average AUM (%) ⁽⁴⁾	20.66%*	22.00%*	20.74%	20.02%	17.27%
Operating Expenses to Average AUM (%) ⁽⁵⁾	10.00%*	11.63%*	10.57%	13.22%	13.89%
Pre Provision Operating Profit (PPOP)	1,681.31	1,317.53	3,046.56	922.46	(611.92)
Impairment Loss Allowance to Average AUM (%) ⁽⁶⁾	1.02%*	1.17%*	2.14%	0.94%	0.38%
PBT to Average AUM (%) ⁽⁷⁾	6.10%*	7.48%*	6.34%	3.21%	(4.09%)
PAT to Average AUM (%) ⁽⁸⁾	4.57%*	5.18%*	4.78%	1.97%	(3.11%)
PAT to Average Net Worth (%) ⁽⁹⁾	15.22%*	19.73%*	17.22%	5.99%	(7.05%)
PAT to Total Assets (%) ⁽¹⁰⁾	3.70%*	3.83%*	3.52%	1.40%	(2.22%)

*Annualized

Notes:

- ⁽¹⁾ *Revenue from Operations to Average AUM represents our total revenue from operations for the period/year to the Average AUM for the period/year. 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.*
- ⁽²⁾ *Other Income to Average AUM represents our other income for the relevant period/year to the Average AUM for the period/year.*
- ⁽³⁾ *Total Revenue to Average AUM represents sum of Revenue from operations and other income for the period/year to the Average AUM for the period/year.*
- ⁽⁴⁾ *Total Net Income to Average AUM represents the difference between Adjusted Interest Income and Adjusted Finance Cost for the period/year to the Average AUM for the period/year.*
- ⁽⁵⁾ *Operating Expenses to Average AUM represents our operating expenses for the period/year to the Average AUM for the period/year.*
- ⁽⁶⁾ *Impairment Loss Allowance to Average AUM represents our Impairment Loss Allowance for the period/year to the Average AUM for the period/year.*
- ⁽⁷⁾ *PBT to Average AUM represents our Profit Before Tax for the period/year to the Average AUM for the period/year.*
- ⁽⁸⁾ *PAT to Average AUM represents our Profit After Tax for the period/year to the Average AUM for the period/year.*
- ⁽⁹⁾ *PAT to Average Net Worth represents our Profit After Tax for the period/year to the Average Net Worth for the period/year.*
- ⁽¹⁰⁾ *PAT to Total Assets represents our Profit After Tax for the period/year to Total Assets for the period/year.*

Yields, Spreads and Margins

	As of / For the Six Months Ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except percentages)				
Total Interest-earning Assets ⁽¹⁾	54,123.78	38,565.38	44,970.40	29,657.01	21,159.20
Average Interest-earning Assets ⁽²⁾	49,547.09	34,111.20	37,313.71	25,408.11	20,508.25
Average Interest-bearing liabilities ⁽³⁾	39,378.79	26,316.50	28,643.78	16,780.36	12,201.14
Interest Income	6,402.39	4,273.79	9,486.86	5,664.85	4,098.60
Finance Costs	2,292.57	1,480.99	3,265.31	1,979.60	1,585.50
Fee expenses	116.35	71.81	178.40	107.40	62.50
Interest on lease liability	19.41	8.60	22.11	31.60	27.70
Interest on current tax liability	0.95	-	-	0.10	0.10
Total Income	7,170.45	4,830.51	10,717.50	6,433.35	4,434.90
Net Interest Income ⁽⁴⁾	4,109.82	2,792.80	6,221.55	3,685.25	2,513.10
Average yield on AUM (%) ⁽⁵⁾	27.12%*	28.07%*	26.41%	25.46%	24.84%
Average Cost of Borrowings (%) ⁽⁶⁾	11.64%*	11.26%*	11.40%	11.80%	12.99%
Spread (%) ⁽⁷⁾	15.48%	16.81%	15.01%	13.66%	11.85%
Net Interest Margin (%) ⁽⁸⁾	15.37%*	15.42%*	15.55%	13.54%	11.31%
Average Yield on Disbursements (%) ⁽⁹⁾	28.48%*	28.79%*	28.69%	29.35%	27.31%
Incremental Cost of Borrowings (%) ⁽¹⁰⁾	11.21%	11.23%	11.27%	11.34%	11.09%
Fresh Borrowings during the period/year	19,099.98	18,166.40	35,182.00	17,603.74	6,522.30

*Annualized

Notes:

- ⁽¹⁾ Total Interest-earning Assets represents 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; and investment in mutual funds, government securities and bonds as of the last day of the previous period/year.
- ⁽²⁾ Average Interest-earning Assets represent the simple average of total interest-earning assets as of the last day of the previous period/year and ending with the last month of the relevant period/year.
- ⁽³⁾ 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 month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.
- ⁽⁴⁾ Net Interest Income represents Interest Income less Finance Cost of the relevant period / year.
- ⁽⁵⁾ Average Yield on AUM represents the ratio of interest income for the period/year to the average AUM for the period/year.
- ⁽⁶⁾ Average Cost of Borrowings represents Finance Cost for the relevant period/year as a percentage of Average Total Assets in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.
- ⁽⁷⁾ Spread represents Average Yield on AUM less Average Cost of Borrowings including securitisation.
- ⁽⁸⁾ Net Interest Margin represents our Net Interest Income for the period/year to the Average Total Assets for the period/year, represented as a percentage. Net Interest Income represents Interest Income less Finance Cost of the relevant period / year.
- ⁽⁹⁾ Average Yield on Disbursement represents weighted Average Yield on Disbursement, weights being sanctioned amount of each loan disbursed during the relevant period/year.
- ⁽¹⁰⁾ Incremental Cost of Borrowing represents weighted average rate of interest on fresh borrowings in the relevant period/year, weights being availed amount of each borrowing during the relevant period/year.

End-use Wise Gross AUM

End-use Wise AUM (in terms of Amount)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Hypothecation Loans	43,931.89	31,121.28	40,104.02	25,545.95	15,845.41
Loans Against Property*	5,865.75	2,562.44	4,528.89	1,669.57	1,439.44
Total Gross AUM	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise Average AUM

End-use Wise AUM (in terms of Amount)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Hypothecation Loans	42,017.95	28,333.61	32,824.98	20,695.68	14,601.32
Loans Against Property*	5,197.32	2,116.00	3,099.23	1,554.50	1,888.36
Total Average AUM	47,215.28	30,449.62	35,924.21	22,250.19	16,489.68

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise AUM (in terms of Cases)

End-use Wise AUM (in terms of Cases)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(Numbers)				
Hypothecation Loans	487,343	358,056	438,669	299,219	188,958
Loans Against Property*	24,133	14,015	19,593	11,794	11,951
Total	511,476	372,071	458,262	311,013	200,909

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise Yields

Yields (%)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(%)				
Hypothecation Loans	28.89%	29.18%	28.48%	29.54%	27.40%
Loans against Property*	24.66%	24.37%	25.84%	25.62%	25.07%

Yields (%)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Total Yield	28.48%	28.79%	28.22%	29.35%	27.31%

*Loans against property include mortgage loans and 'Saral' Property Loans.

Disbursement Metrics

The following table sets forth, for the periods/years indicated, our disbursement metrics:

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Number of Loans Disbursed ⁽¹⁾	130,659	114,704	269,508	180,080	106,518
Disbursements ⁽²⁾ (₹ million)	19,882.65	16,176.36	39,304.25	23,569.72	13,042.48
Average Ticket Size ⁽³⁾ (₹ million)	0.15	0.14	0.15	0.13	0.12

Notes:

⁽¹⁾ Number of Loans Disbursed represents the number of loans disbursed to our borrowers (both new and existing) during the relevant period/year.

⁽²⁾ Amount Disbursed represents the aggregate of all loan amounts extended to our customers during the relevant period/year.

⁽³⁾ Average Ticket Size is computed by dividing the Amount Disbursed (both to new and existing customers) by the Number of Loans Disbursed for the relevant period/year.

End-use Wise Disbursement

Product Wise Disbursement	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
			(₹ million)		
Hypothecation Loans	18,186.33	14,893.12	35,633.94	22,416.89	12,532.62
Loans against Property*	1,955.14	1,296.93	3,755.40	1,154.04	509.87
Total	20,141.46	16,190.05	39,389.34	23,570.93	13,042.48

*Loans against property include mortgage loans and 'Saral' Property Loans.

Average Ticket Size on Disbursement (End-use Wise)

ATS on Disbursement*	For the Six Months ended September 30,		For the Year ended March 31,		
	2024	2023	2024	2023	2022
			(₹ million)		
Hypothecation Loans					
<=0.1 million		0.09	0.09	0.09	0.09

ATS on Disbursement*	For the Six Months ended September 30,		For the Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
>0.1 to 0.3 million	0.17	0.17	0.17	0.16	0.16
>0.3 million	0.34	0.35	0.35	0.34	0.34
Total	0.14	0.13	0.14	0.13	0.12
Total Disbursals					
<=0.1 million	0.09	0.09	0.09	0.08	0.07
>0.1 to 0.3 million	0.17	0.17	0.17	0.17	0.16
>0.3 million	0.38	0.42	0.42	0.39	0.35
Total	0.15	0.14	0.15	0.13	0.12

*Excluding loans disbursed through SwitchPe.

ATS on Disbursement	For the Six Months ended September 30,		For the Year ended March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Loans against Property*					
<=0.3 million	0.22	0.20	0.21	0.19	0.12
>0.3 to 0.6 million	0.43	0.45	0.44	0.45	0.41
>0.6 million	0.81	0.82	0.81	0.83	0.72
Total	0.31	0.30	0.32	0.24	0.13
Total Disbursals					
<=0.3 million	0.14	0.13	0.14	0.13	0.12
>0.3 to 0.6 million	0.37	0.40	0.40	0.38	0.35
>0.6 million	0.81	0.82	0.81	0.91	0.72
Total	0.15	0.14	0.15	0.13	0.12

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise Collection Efficiency

End-use Wise Collection Efficiency (%)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(Percentage)				
Hypothecation Loans	92.28%	94.54%	93.94%	93.29%	86.28%

End-use Wise Collection Efficiency (%)	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(Percentage)				
Loans against Property*	94.49%	93.50%	94.30%	89.03%	79.64%

*Loans against property include mortgage loans and 'Saraal' Property Loans.

Productivity Ratios

The following table sets forth, for the periods/years indicated, certain of our productivity ratios:

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Number of branches ⁽¹⁾	499	398	478	398	311
Number of Business Officers	4,365	3,182	3,745	2,938	2,495
Number of Collections Officers	988	470	577	587	539
Number of on-roll employees ⁽²⁾	8,388	5,684	6,825	5,724	4,837
Average number of Business Officers per branch ⁽³⁾	9	8	8	7	8
Live Accounts (including securitized accounts) ⁽⁴⁾	511,476	372,071	458,262	311,013	200,909
AUM per branch ⁽⁵⁾ (₹ million)	99.79	84.63	93.37	68.38	55.58
AUM per Business Officer ⁽⁶⁾ (₹ million)	11.41	10.59	11.92	9.26	6.93
AUM per employee ⁽⁷⁾ (₹ million)	5.94	5.93	6.54	4.75	3.57
Disbursement per branch ⁽⁸⁾ (₹ million)	40.36	40.68	82.40	59.22	41.94
Disbursement per Business Officer ⁽⁹⁾ (₹ million)	4.61	5.09	10.52	8.02	5.23
Disbursement per employee ⁽¹⁰⁾ (₹ million)	2.40	2.85	5.77	4.12	2.70
Live Accounts per branch ⁽¹¹⁾	1,025	935	959	781	646
Live Accounts per Business Officer ⁽¹²⁾	117	117	122	106	81
Live Accounts per employee ⁽¹³⁾	61	65	67	54	42

Notes:

⁽¹⁾ Number of branches represents aggregate number of our branches as of the last day of relevant period/year.

⁽²⁾ Number of on-roll employees represents aggregate number of our employees as of the last day of relevant period/year.

⁽³⁾ Represents the Number of Business Officers as of the last day of the relevant period/year divided by the Number of Branches as of the last day of the relevant period/year.

⁽⁴⁾ Live Accounts (including securitized accounts) represents the aggregate number of loan accounts outstanding as of the end of the relevant period/year including loan accounts which have been transferred by us by way of securitisation and are outstanding as of the last day of the relevant period/year.

⁽⁵⁾ AUM per branch represents AUM as of last day of the relevant period/year divided by number of branches.

⁽⁶⁾ AUM per Business Officer represents AUM as of the last day of the relevant period/year divided by number of Business Officers.

⁽⁷⁾ AUM per employee represents AUM as of the last day of the relevant period/year divided by number of on-roll employees.

⁽⁸⁾ Disbursement per branch represents disbursements in the relevant period/year divided by average number of branches which is a simple average of the monthly number of branches as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

⁽⁹⁾ Disbursement per Business Officer represents disbursements in the relevant period/year divided by average number of Business Officers, which is a simple average of the monthly number of Business Officers as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

⁽¹⁰⁾ Disbursement per employee represents disbursements in the relevant period/year divided by average number of on roll employees, which is a simple average of the monthly number of on roll employees as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

⁽¹¹⁾ Live Accounts per branch represents live accounts as of the last day of the relevant period/year divided by number of branches.

⁽¹²⁾ Live Accounts per Business Officer represents live accounts as of the last day of the relevant period/year divided by number of Business Officers.

⁽¹³⁾ Live Accounts per employee represents live accounts as of the last day of the relevant period/year divided by number of on roll employees.

Capital Adequacy⁽¹⁾

Particulars	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million, except percentages and multiples)				
Tier I Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Tier II Capital	-	-	-	-	-
Total Capital	13,976.85	6,968.49	10,587.63	6,563.76	6,426.20
Risk Weighted Assets	37,163.92	23,250.25	32,292.76	21,124.92	17,834.20
Capital Adequacy Ratio (CRAR)					
CRAR- Tier I Capital	37.61%	29.97%	32.79%	31.07%	36.03%
CRAR -Tier II Capital	-	-	-	-	-
Total Borrowings⁽²⁾ to Total Equity Ratio⁽³⁾	2.56	3.78	2.83	3.03	2.16

Notes:

(1) Computed in accordance with relevant RBI guidelines.

(2) Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year.

(3) Total Borrowings to Total Equity ratio represents the aggregate of debt securities and borrowings (other than debt securities) as of the last day of the relevant period/year to Total Equity as of the last day of the relevant period/year.

Sources of Capital

Particulars	As of / For the Six Months ended September 30,		As of / For the Year Ended March 31,		
	2024	2023	2024	2023	2022
Number of entities borrowed from					
- Private sector banks	20	16	17	9	7
- Public sector banks	2	-	-	-	-
- NBFCs	21	22	21	17	7
- Mutual Funds	-	-	-	-	-
- Insurance Companies	-	-	-	-	-
- Others	40	35	37	30	28

Particulars	As of / For the Six Months ended September 30,				As of / For the Year Ended March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total Borrowings (%)	Amount (₹ million)	Percentage of Total Borrowings (%)	Amount (₹ million)	Percentage of Total Borrowings (%)	Amount (₹ million)	Percentage of Total Borrowings (%)	Amount (₹ million)	Percentage of Total Borrowings (%)
Total Borrowings⁽¹⁾	40,831.01	100.00%	31,730.71	100.00%	34,989.90	100.00%	22,961.61	100.00%	15,207.40	100.00%
-Private sector banks	9,193.23	22.52%	8,206.42	25.86%	9,887.79	28.26%	4,791.71	20.87%	2,137.47	14.00%
- Public sector banks	708.30	1.73%	-	-	-	-	-	-	-	-
- NBFCs	15,680.41	38.41%	14,043.76	44.26%	13,252.19	37.87%	8,624.19	37.56%	3,306.50	21.74%
- Development Finance Institutions	9,344.19	22.89%	5,120.48	16.14%	6,499.81	18.58%	6,349.21	27.65%	8,947.63	58.84%
- Others	5,719.29	14.01%	4,076.17	12.85%	5,139.16	14.69%	2,892.00	12.59%	600.00	3.95%
-Accrued Interest	442.77	1.08%	436.86	1.37%	394.54	1.13%	410.40	1.79%	297.30	2.01%
- EIR	(257.18)	(0.63%)	(152.98)	(0.48%)	(183.59)	(0.52%)	(105.90)	(0.46%)	(81.50)	(0.54%)
Average Cost of Borrowings (excluding assignments)	NA	11.64%	NA	11.26%	NA	11.40%	NA	11.80%	NA	12.99%
Total Equity	15,966.33	-	8,389.95	-	12,361.06	-	7,579.52	-	7,054.05	-
Total Borrowings to Total Equity Ratio ⁽²⁾	2.56	-	3.78	-	2.83	-	3.03	-	2.16	-
Undrawn borrowing facilities ⁽³⁾	2,183.30	5.35%	138.00	0.43%	378.90	1.08%	98.00	0.43%	50.00	0.33%

Notes:

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) as of the last day of the relevant period/year.

(2) Total Borrowings to Total Equity Ratio represents the aggregate of debt securities, borrowings (other than debt securities) as of the last day of the relevant period/year to Total Equity as of the last day of the relevant period/year.

(3) *Undrawn borrowing facilities represent the aggregate of borrowings that have been sanctioned by lenders but yet to be drawn by us and includes undrawn amounts from sanctioned cash credit facilities but does not include securitisation or assignment transactions.*

Borrowings by Rate Method

Types of Borrowings	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Fixed Interest Rate	29,468.73	72.17%	21,487.72	67.72%	25,229.50	72.11%	14,192.60	61.81%	12,577.40	82.71%
Floating Interest Rate	11,362.28	27.83%	10,242.99	32.28%	9,760.40	27.89%	8,769.00	38.19%	2,630.00	17.29%

Types of Interest bearing Financial Liabilities (Total Borrowings including Securitisation)

Types of Interest bearing Financial Liabilities (Total Borrowings including Securitisation)	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Fixed Interest Rate Financial Liabilities (Total Borrowings including Securitisation)	29,468.73	72.17%	21,487.72	67.72%	25,229.50	72.11%	14,192.60	61.81%	12,577.40	82.71%
Floating Interest Rate Financial Liabilities (Total Borrowings including Securitisation)	11,362.28	27.83%	10,242.99	32.28%	9,760.40	27.89%	8,769.00	38.19%	2,630.00	17.29%
Total Interest bearing Financial Liabilities (Total Borrowings)	40,831.01	100.00%	31,730.71	100.00%	34,989.90	100.00%	22,961.60	100.00%	15,207.40	100.00%

Types of Interest bearing Financial Liabilities (Total Borrowings including Securitisation)	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
including Securitisation)										

Average Cost of Borrowings and Tenure

Particulars	As of September 30,		As of March 31,			
	2024	2023	2024		2023	2022
	<i>(in months, except percentages)</i>					
Average Tenure of Borrowings (including securitisation) ⁽¹⁾		30.34	29.12	28.89	31.38	36.02
Average Tenure of Borrowings (including securitisation) ⁽²⁾		24.17	21.76	22.06	20.17	16.58
Average Cost of Borrowings (%) ⁽³⁾		11.64%	11.26%	11.40%	11.80%	12.99%

Notes:

(1) Weighted based on origination tenure.

(2) Weighted based on residual tenure.

(3) Average Cost of Borrowings represents Finance Cost for the relevant period/year as a percentage of Average Total Assets in such period/year. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous period/year and ending with the last month of the relevant period/year.

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as at the end of the relevant period or year:

Particulars		1 day to	Over 1	Over 2	Over 3	Over 6	Over 1 to 3	Over 3 to 5	Over 5 years	Total
		30/31 (1 month)	month to 2 months	months to 3 months	months to 6 months	months to 1 year	years	years		
Liabilities										
Borrowings	As of September 30, 2024	2,745.96	1,699.92	1,861.68	6,027.30	8,657.48	16,248.48	3,590.18	0.00	40,831.01
	As of September 30, 2023	2,611.14	1,593.88	1,628.75	5,483.42	8,154.71	10,472.34	1,172.77	613.68	31,730.70

Particulars		1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year (₹ million)	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
	As of March 31, 2024	1,934.00	1,415.30	2,570.90	4,932.70	9,863.10	11,841.50	1,837.80	594.60	34,989.90
	As of March 31, 2023	809.57	1,054.72	1,849.41	3,866.18	6,828.58	7,496.65	1,056.49	0.00	22,961.61
	As of March 31, 2022	312.33	1,369.27	638.63	1,401.37	3,843.60	7,363.18	279.27	0.00	15,207.66
Assets										
Advances	As of September 30, 2024	2,664.81	1,782.20	1,800.08	5,475.65	10,625.26	19,754.99	2,397.31	623.37	45,123.67
	As of September 30, 2023	1,920.61	1,338.83	1,351.11	4,083.66	7,857.06	13,352.48	1,117.25	150.77	31,171.77
	As of March 31, 2024	2,257.17	1,557.98	1,580.97	4,843.86	9,524.55	17,985.93	1,805.29	438.45	39,994.20
	As of March 31, 2023	1,584.53	1,080.02	1,145.89	3,523.64	6,978.90	11,411.70	302.39	62.15	26,089.22
	As of March 31, 2022	1,092.11	770.53	770.67	2,348.34	4,623.23	7,152.34	651.37	13.48	17,422.06
Investments	As of September 30, 2024	6,086.72	978.64	510.59	67.71	742.97	574.88	0.00	0.00	8,961.51
	As of September 30, 2023	5,608.03	303.14	100.63	66.20	942.40	457.27	0.00	0.00	7,477.67
	As of March 31, 2024	3,089.52	178.74	128.94	512.94	598.54	430.49	-	-	4,939.17
	As of March 31, 2023	2,888.40	33.73	50.15	350.40	438.99	648.93	0.00	0.00	4,410.60
	As of March 31, 2022	2,000.64	567.34	141.49	1,310.96	459.46	121.38	0.00	0.00	4,601.26

Asset Quality

Provisioning and Write-offs

Asset Category (loan book)	As of / For the Six Months Ended September 30		As of / For the year ended 31 March		
	2024	2023	2024 (₹ million)	2023	2022
AUM	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
Gross NPAs ⁽¹⁾	1,547.44	856.09	1,316.30	653.90	572.80
NPA Provisions ⁽²⁾	1,021.97	460.91	949.60	325.80	338.60
Net NPAs ⁽³⁾	525.47	395.18	366.70	328.10	234.20
Bad Debts Write-off ⁽⁴⁾	773.68	234.89	546.01	525.00	1,148.80

Notes:

- ⁽¹⁾ Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning norms issued and modified by RBI from time to time.
- ⁽²⁾ NPA provisions represents total Expected Credit Loss allowance and contingent provisions on Stage 3 Loans held in the books as of the last day of the relevant period.
- ⁽³⁾ 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.
- ⁽⁴⁾ Bad Debts Write-off (net of recovery) includes loss on settlement.

Stage Wise AUM, Impairment Loss Allowance and AUM (Net)

	As of September 30,		As of March 31,		
	2024	2023	2024 (₹ million)	2023	2022
Gross Carrying Amount – AUM					
1. Stage 1 ⁽¹⁾	47,287.57	32,420.96	42,799.61	26,280.29	15,935.69
2. Stage 2 ⁽²⁾	792.27	353.66	427.97	262.59	801.29
3. Stage 3 ⁽³⁾	1,717.80	909.10	1,405.33	672.64	547.88
4. Total AUM (Gross)	49,797.64	33,683.72	44,632.91	27,215.51	17,284.86
Impairment Loss Allowance					
5. Stage 1	202.44	210.06	181.35	173.60	97.10
6. Stage 2	318.57	42.42	171.80	35.00	109.30
7. Stage 3	876.97	460.91	749.50	326.20	338.60
8. Contingent provisions	145.00	0.00	200.10	0.00	0.00
9. Total Impairment Loss Allowance	1,542.98	713.39	1,302.75	534.80	545.00
AUM (Net)					
10. Stage 1 (net) (10=1-5)	47,085.13	32,210.90	42,618.26	26,106.69	15,838.59
11. Stage 2 (net) (11=2-6)	473.70	311.24	256.17	227.59	691.99

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
12. Stage 3 (net) (12=3-7)	695.83	448.19	455.73	346.44	209.28
13. Total AUM (Net) (14=4-(8+9))	48,254.66	32,970.33	43,330.16	26,680.72	16,739.86

For further details, see “Risk Factors – 3. If we are unable to control the level of Gross Non-Performing Assets / Stage 3 Assets / Net NPAs in our portfolio effectively, or if we are unable to maintain adequate provisioning coverage, or if there is any change in regulatorily mandated provisioning requirements, our financial condition and results of operations may be adversely” And “Management’s Discussion and Analysis of Financial Condition and Results of Operations –Factors Affecting our Results of Operations and Financial Condition – Asset quality, NPAs and Provisioning” on pages 32 and 392, respectively.

Notes:

(1) AUM where credit risk has not increased significantly since initial recognition and represents loans which are not overdue or overdue for not more than thirty days.

(2) AUM where credit risk has increased significantly since initial recognition and represents loans which are overdue for more than 30 days but overdue for not more than 90 days.

(3) AUM which is credit impaired and represents loans which are overdue for more than 90 days.

Stage Wise Loans – Hypothecation Loans

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Stage 1	41,607.80	29,971.95	38,380.05	24,739.91	14,786.40
Stage 2	733.12	328.30	406.82	228.29	623.54
Stage 3 ⁽¹⁾	1,590.98	821.03	1,317.15	577.42	435.48
Total AUM – Hypothecation Loans	43,931.90	31,121.28	40,104.02	25,545.62	15,845.42
Hypothecation Loans (%)					
Stage 1 ⁽²⁾	94.71%	96.31%	95.70%	96.85%	93.32%
Stage 2 ⁽³⁾	1.67%	1.05%	1.01%	0.89%	3.94%
Stage 3 ⁽⁴⁾	3.62%	2.64%	3.28%	2.26%	2.75%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

(1) Stage 3 represents Gross NPA of Hypothecation Loans as of the last day of the relevant period.

(2) Stage 1% represents Stage 1 of Hypothecation Loans to AUM of Hypothecation Loans of our Company as of the last day of relevant period.

(3) Stage 2% represents Stage 2 of Hypothecation Loans to AUM of Hypothecation Loans of our Company as of the last day of relevant period.

(4) Stage 3% represents Stage 3 / Hypothecation Loans to AUM of Hypothecation Loans of our Company as of the last day of relevant period.

Stage Wise Loans – Loans against Property

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Stage 1	5,679.78	2,449.01	4,419.56	1,540.05	1,149.29
Stage 2	59.16	25.36	21.16	34.30	177.75
Stage 3 ⁽¹⁾	126.82	88.07	88.18	95.22	112.40
Total AUM – Loans against Property	5,865.76	2,562.44	4,528.90	1,669.57	1,439.44
Loans against Property (%)					
Stage 1 ⁽²⁾	96.83%	95.57%	97.59%	92.24%	79.84%
Stage 2 ⁽³⁾	1.01%	0.99%	0.47%	2.05%	12.35%
Stage 3 ⁽⁴⁾	2.16%	3.44%	1.95%	5.70%	7.81%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Notes:

- (1) Stage 3 represents Gross NPA of Loans against Property as of the last day of the relevant period.
- (2) Stage 1% represents Stage 1 of Loans against Property to AUM of Loans against Property of our Company as of the last day of relevant period.
- (3) Stage 2% represents Stage 2 of Loans against Property to AUM of Loans against Property of our Company as of the last day of relevant period.
- (4) Stage 3% represents Stage 3 / of Loans against Property to AUM of Loans against Property of our Company as of the last day of relevant period.

Product-wise Gross NPA (AUM)

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Hypothecation Loans	1,590.98	821.03	1,317.15	577.42	435.48
Loans against Property*	126.82	88.07	88.18	95.22	112.40
Total Gross NPA	1,717.80	909.10	1,405.33	672.64	547.88

*Loans against property include mortgage loans and 'Saraal' Property Loans.

Product-wise Net NPA (%)

	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(₹ million)				
Hypothecation Loans	89.06%	88.45%	87.78%	85.18%	77.49%
Loans against Property*	10.94%	11.55%	12.22%	14.82%	22.51%
Total Net NPA (%)	100.00%	100.00%	100.00%	100.00%	100.00%

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise Number of Cases of Stage 3 AUM

End-use Wise Number of Cases of Stage 3 AUM	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(Numbers)				
Hypothecation Loans	27,006	13,927	21,376	10,277	4,934
Loans against Property*	1,546	1,194	1,228	1,032	660
Total	28,552	15,121	22,604	11,309	5,594

*Loans against property include mortgage loans and 'Saral' Property Loans.

End-use Wise % Stage 3 AUM

End-use Wise % Stage 3 AUM	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
	(Percentage)				
Hypothecation Loans	3.62%	2.64%	3.28%	2.26%	2.52%
Loans against Property*	2.16%	3.44%	1.95%	5.70%	0.65%
Total	3.45%	2.70%	3.15%	2.47%	3.17%

*Loans against property include mortgage loans and 'Saral' Property Loans.

Collections & DPD metrics

Metric	As of				
	September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
	<i>(₹ million, except for percentages)</i>				
0+ DPD to AUM ⁽¹⁾	6.45%	4.76%	4.73%	4.83%	8.54%
30+ DPD to AUM ⁽²⁾	4.98%	3.68%	4.06%	3.35%	5.99%
60+ DPD to AUM ⁽³⁾	3.96%	2.97%	3.45%	2.65%	4.37%
Stage 3 AUM to AUM	3.45%	2.70%	3.15%	2.47%	3.17%
Impairment loss allowance on Stage 3 AUM	1,021.97	460.91	949.60	325.80	338.60
Stage 3 AUM (net) to AUM	1.40%	1.33%	1.02%	1.27%	1.21%
Incremental restructured portfolio ⁽⁴⁾	11.46	3.03	9.18	11.92	447.61
Total restructured portfolio	46.05	113.65	62.22	194.11	1,012.67
Total restructured portfolio as a % of AUM	0.09%	0.34%	0.14%	0.71%	5.86%

Notes:

⁽¹⁾ Represents AUM which is not overdue as a percentage of the total AUM as of the last day of the relevant period/year.

⁽²⁾ Represents AUM which is overdue by more than 30 days as a percentage of the total AUM as of the last day of the relevant period/year.

⁽³⁾ Represents AUM which are overdue by more than 60 days as a percentage of the total AUM as of the last day of the relevant period/year.

⁽⁴⁾ Represents the sum of AUM of additional cases that have opted for restructuring in the relevant period/year.

Industries Covered by State/Territory

State/Territory	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Andhra Pradesh	5	5	5	5	5
Bihar	6	5	5	5	5
Chandigarh	5	5	5	5	5
Chhattisgarh	5	5	5	5	5
Delhi	5	5	5	5	5
Gujarat	6	5	6	5	5
Haryana	6	5	5	5	5
Himachal Pradesh	4	4	4	4	4
Jammu	5	5	5	5	5
Jharkhand	6	5	5	5	5
Karnataka	6	5	5	5	5
Madhya Pradesh	6	5	6	5	5

State/Territory	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Maharashtra	6	5	5	5	5
Orissa	5	5	5	4	0
Punjab	6	5	5	5	5
Rajasthan	6	6	6	5	5
Tamil Nadu	6	5	5	5	5
Telangana	5	5	5	5	5
Uttar Pradesh	6	5	5	5	5
Uttarakhand	6	5	5	5	5
West Bengal	6	5	5	5	4

Branches by State/Territory

State/Territory	As of September 30,		As of March 31,		
	2024	2022	2024	2023	2022
Andhra Pradesh	19	19	19	19	10
Bihar	42	37	42	37	28
Chandigarh	1	1	1	1	1
Chhattisgarh	9	5	8	5	4
Delhi	2	2	2	2	2
Gujarat	20	19	20	19	17
Haryana	23	21	23	21	18
Himachal Pradesh	5	5	5	5	1
Jammu	1	1	1	1	1
Jharkhand	21	21	21	21	19
Karnataka	40	30	36	30	25
Madhya Pradesh	30	26	30	26	20
Maharashtra	41	31	41	31	23
Orissa	25	8	18	8	0
Punjab	21	20	21	20	18
Rajasthan	55	49	54	49	40
Tamil Nadu	40	26	36	26	24
Telangana	14	14	14	14	10
Uttar Pradesh	62	47	60	47	36
Uttarakhand	7	7	7	7	7
West Bengal	21	9	19	9	7

State/Territory	As of September 30,		As of March 31,			
	2024	2022	2024	2023	2022	
Total	499	398	478	398	311	

State-wise Branch Vintage

State/Territory	As of September 30, 2024				Simple Average Vintage* (Number of months)
	Less than or equal to 4 years	4-5 years	More than 5 years		
Andhra Pradesh	11	1	7	48	
Bihar	24	7	12	40	
Chandigarh	0	0	1	65	
Chhattisgarh	5	1	2	29	
Delhi	0	0	2	126	
Gujarat	7	2	11	49	
Haryana	10	2	11	59	
Himachal Pradesh	5	0	1	31	
Jammu	1	0	0	36	
Jharkhand	9	5	6	45	
Karnataka	23	2	15	44	
Madhya Pradesh	14	4	12	48	
Maharashtra	28	1	11	33	
Orissa	25	0	0	12	
Punjab	9	2	10	60	
Rajasthan	30	5	19	50	
Tamil Nadu	22	1	17	43	
Telangana	6	1	7	52	
Uttar Pradesh	37	5	22	45	
Uttarakhand	1	1	5	70	
West Bengal	21	0	0	18	
Total	288	40	171	43	

* Represents the simple average of branch vintage in each of the states

State-wise Vintage-wise Average AUM per Branch

State/Territory	As of September 30, 2024		
	Less than or equal to 4 years	4-5 years (₹ million)	More than 5 years
Andhra Pradesh	75.65	115.27	98.94
Bihar	135.26	218.82	201.51
Chandigarh	NA	NA	109.12
Chhattisgarh	25.94	90.78	83.54
Delhi	NA	NA	124.73
Gujarat	80.71	158.18	86.27
Haryana	71.64	129.26	169.55
Himachal Pradesh	39.79	NA	91.77
Jammu	89.29	NA	NA
Jharkhand	128.63	210.82	151.68
Karnataka	35.70	79.05	104.11
Madhya Pradesh	66.99	131.58	177.53
Maharashtra	59.78	148.18	119.85
Orissa	42.70	NA	NA
Punjab	78.13	100.75	160.02
Rajasthan	68.65	135.06	163.55
Tamil Nadu	44.94	53.15	119.97
Telangana	48.31	46.37	95.89
Uttar Pradesh	49.73	154.10	194.34
Uttarakhand	62.00	36.17	144.58
West Bengal	74.15	NA	NA
Total	65.75	149.56	145.49

AUM by State/Territory

State/Territory	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Andhra Pradesh	1,640.06	3.29%	1,178.86	3.50%	1,558.69	3.49%	823.75	3.03%	414.74	2.40%
Bihar	7,196.16	14.45%	4,287.34	12.73%	6,009.43	13.46%	3,348.39	12.30%	1,400.23	8.10%
Chandigarh	109.12	0.22%	96.13	0.29%	106.09	0.24%	84.25	0.31%	69.32	0.40%

State/Territory	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Chhattisgarh	387.56	0.78%	258.04	0.77%	333.40	0.75%	206.82	0.76%	116.97	0.68%
Delhi	249.46	0.50%	189.76	0.56%	251.01	0.56%	155.11	0.57%	165.93	0.96%
Gujarat	1,830.26	3.68%	1,453.55	4.32%	1,738.18	3.89%	1,234.44	4.54%	684.33	3.96%
Haryana	2,840.03	5.70%	2,244.58	6.66%	2,779.50	6.23%	1,975.64	7.26%	1,620.69	9.38%
Himachal Pradesh	290.73	0.58%	214.55	0.64%	272.93	0.61%	139.67	0.51%	76.67	0.44%
Jammu	89.29	0.18%	86.26	0.26%	94.74	0.21%	73.83	0.27%	21.49	0.12%
Jharkhand	3,121.83	6.27%	2,209.00	6.56%	2,824.42	6.33%	1,590.43	5.84%	718.96	4.16%
Karnataka	2,540.90	5.10%	1,517.51	4.51%	2,157.06	4.83%	1,182.01	4.34%	914.55	5.29%
Madhya Pradesh	3,594.60	7.22%	2,487.94	7.39%	3,211.41	7.20%	2,135.81	7.85%	1,547.36	8.95%
Maharashtra	3,140.38	6.31%	1,988.93	5.90%	2,778.20	6.22%	1,527.16	5.61%	771.87	4.47%
Orissa	1,067.55	2.14%	366.53	1.09%	666.87	1.49%	196.55	0.72%	-	-
Punjab	2,504.80	5.03%	2,093.41	6.21%	2,447.44	5.48%	1,817.19	6.68%	1,323.22	7.66%
Rajasthan	5,842.16	11.73%	4,252.68	12.63%	5,540.90	12.41%	3,480.16	12.79%	2,459.62	14.23%
Tamil Nadu	3,081.23	6.19%	1,945.76	5.78%	2,695.38	6.04%	1,518.95	5.58%	1,066.26	6.17%
Telangana	1,007.44	2.02%	791.10	2.35%	958.85	2.15%	602.43	2.21%	347.93	2.01%
Uttar Pradesh	6,885.96	13.83%	4,769.26	14.16%	6,294.12	14.10%	4,061.90	14.92%	3,039.87	17.59%
Uttarakhand	821.05	1.65%	654.76	1.94%	824.55	1.85%	555.58	2.04%	445.61	2.58%
West Bengal	1,557.07	3.13%	597.78	1.77%	1,089.73	2.44%	505.45	1.86%	79.24	0.46%
Total	49,797.64	100.00%	33,680.14	100.00%	44,632.91	100.00%	27,215.19	100.00%	17,284.86	100.00%

Collections by State/Territory

State/Territory	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Andhra Pradesh	593.22	3.45%	346.99	2.97%	829.67	3.18%	398.05	2.48%	335.23	2.88%
Bihar	2,435.90	14.17%	1,481.21	12.67%	3,381.62	12.97%	1,586.12	9.89%	653.93	5.62%
Chandigarh	46.02	0.27%	38.48	0.33%	82.36	0.32%	62.65	0.39%	48.14	0.41%
Chhattisgarh	136.57	0.79%	89.30	0.76%	201.87	0.77%	120.16	0.75%	72.15	0.62%
Delhi	83.13	0.48%	61.46	0.53%	134.43	0.52%	128.43	0.80%	174.86	1.50%
Gujarat	617.30	3.59%	489.59	4.19%	1,065.43	4.09%	640.48	3.99%	356.25	3.06%

State/Territory	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Haryana	1,065.16	6.20%	851.71	7.29%	1,825.53	7.00%	1,401.36	8.73%	1,159.32	9.97%
Himachal Pradesh	103.70	0.60%	60.09	0.51%	149.83	0.57%	68.29	0.43%	43.91	0.38%
Jammu	32.44	0.19%	28.58	0.24%	59.99	0.23%	28.17	0.18%	0.89	0.01%
Jharkhand	1,087.96	6.33%	681.69	5.83%	1,561.83	5.99%	745.34	4.65%	300.85	2.59%
Karnataka	859.96	5.00%	526.74	4.51%	1,192.49	4.57%	827.67	5.16%	714.89	6.15%
Madhya Pradesh	1,115.08	6.49%	855.19	7.32%	1,851.95	7.10%	1,290.23	8.04%	948.07	8.15%
Maharashtra	1,029.96	5.99%	641.02	5.48%	1,480.77	5.68%	744.32	4.64%	378.29	3.25%
Orissa	272.00	1.58%	80.60	0.69%	229.86	0.88%	8.60	0.05%	-	-
Punjab	968.25	5.63%	789.78	6.76%	1,701.43	6.53%	1,178.66	7.35%	922.26	7.93%
Rajasthan	2,050.20	11.93%	1,474.23	12.61%	3,265.53	12.53%	2,227.10	13.88%	1,822.41	15.67%
Tamil Nadu	1,062.79	6.18%	663.29	5.67%	1,495.05	5.74%	918.91	5.73%	841.38	7.24%
Telangana	371.38	2.16%	247.16	2.11%	563.06	2.16%	323.07	2.01%	328.74	2.83%
Uttar Pradesh	2,477.58	14.42%	1,804.31	15.44%	3,911.92	15.01%	2,777.59	17.31%	2,181.70	18.76%
Uttarakhand	323.96	1.89%	250.24	2.14%	541.80	2.08%	407.34	2.54%	339.75	2.92%
West Bengal	453.47	2.64%	226.44	1.94%	542.48	2.08%	162.37	1.01%	5.03	0.04%
Grand Total	17,186.05	100.00%	11,688.09	100.00%	26,068.88	100.00%	16,044.93	100.00%	11,628.06	100.00%

AUM by Ticket Size

Ticket Size	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Up to ₹ 0.10 million	10,249.60	20.58%	8,838.58	26.24%	10,103.80	22.64%	7,592.25	27.90%	4,200.80	24.30%
₹ 0.10 million to ₹ 0.30 million	33,609.11	67.49%	22,801.35	67.69%	30,632.51	68.63%	18,484.76	67.92%	12,046.36	69.69%
₹ 0.30 million to ₹ 0.60 million	5,535.10	11.12%	1,939.31	5.76%	3,600.06	8.07%	1,091.01	4.01%	1,000.69	5.79%
More than ₹ 0.60 million	403.83	0.81%	104.49	0.31%	296.54	0.66%	47.50	0.17%	37.01	0.21%
Total	49,797.64	100.00%	33,683.72	100.00%	44,632.91	100.00%	27,215.51	100.00%	17,284.86	100.00%

AUM by Tenor

Tenor	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Up to 24 months	18,150.33	36.48%	18,676.20	55.45%	19,624.38	43.98%	17,740.51	65.19%	10,671.20	61.74%
25 months to 36 months	23,854.64	47.95%	11,987.68	35.59%	19,601.86	43.93%	7,704.62	28.31%	4,046.60	23.41%
37 months to 48 months	3,361.54	6.76%	1,434.90	4.26%	2,221.76	4.98%	901.06	3.31%	1,565.18	9.06%
More than 48 months	4,382.75	8.81%	1,581.35	4.70%	3,171.68	7.11%	869.01	3.19%	1,001.88	5.80%
Total	49,749.29	100.00%	33,680.14	100.00%	44,619.68	100.00%	27,215.19	100.00%	17,284.86	100.00%

*Excluding SwitchPe as SwitchPe is a revolving product

AUM by Industry

Industry	As of September 30,				As of March 31,					
	2024		2023		2024		2023		2022	
	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)	Amount (₹ million)	Percentage of Total (%)
Livestock rearing	15,258.46	30.64%	11,897.60	35.32%	14,775.63	33.10%	10,098.25	37.10%	6,579.85	38.07%
Manufacturing and others	5,741.63	11.53%	3,509.15	10.42%	4,868.64	10.91%	2,720.62	10.00%	1,989.65	11.51%
Service and job work	4,525.60	9.09%	2,794.23	8.30%	3,876.03	8.68%	2,148.40	7.89%	1,452.04	8.40%
Trading	24,271.96	48.74%	15,482.75	45.97%	21,112.61	47.30%	12,248.25	45.00%	7,263.32	42.02%
Total	49,797.64	100.00%	33,683.72	100.00%	44,632.91	100.00%	27,215.51	100.00%	17,284.86	100.00%

Function-wise Split of Employees

Function	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Administration	9	6	7	6	7
Audit and vigilance	50	36	38	39	37
Business excellence	0	4	1	0	0

Function	As of September 30,		As of March 31,		
	2024	2023	2024	2023	2022
Central operations	22	0	0	0	0
Collection	530	307	295	319	296
Corporate impact	0	2	2	2	0
Credit	1,270	928	1,082	902	696
Customer service	273	180	232	152	174
Data science & AI	6	4	5	4	4
Digital business	83	29	51	10	0
Distribution – Hypothecation loans and ‘Saral’ Property Loans	4,936	3,771	4,637	3,820	3,250
Distribution – ML centralized	44	0	0	0	0
Distribution – ML decentralized	669	0	0	0	0
Field operations	357	0	0	0	0
Finance & legal	32	25	28	26	18
General management	7	2	2	2	4
HR	35	27	30	25	24
IT	43	30	31	27	26
Operations	0	315	367	373	278
Product	10	6	7	5	4
Quality	0	0	0	0	2
Senior management	0	0	0	0	6
Risk	5	3	3	4	0
Strategy	7	9	7	8	11
Total	8,388	5,684	6,825	5,724	4,837

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated in this section and in accordance with the materiality policy set out hereunder, as on the date of this Draft Red Herring Prospectus, there are no outstanding (i) criminal proceedings (including matters which are at FIR stage even if no cognizance has been taken by any court); (ii) actions taken by statutory or regulatory authorities (including all outstanding penalties and show cause notices) issued by such authorities to the Relevant Parties (as defined hereinafter); (iii) claims related to any direct or indirect taxes in a consolidated manner; and (iv) other pending litigation as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, Subsidiary, or Directors (collectively, “**Relevant Parties**”). As on date of this Draft Red Herring Prospectus, our Company does not have any group company.

For the purposes of (iv) above, in terms of the Materiality Policy, adopted by resolution of our Board dated December 11, 2024:

- (a) the monetary amount of claim to the extent quantifiable, in any such pending proceeding by or against the entity or person is equivalent to or in excess of: (1) 2% of turnover, for the most recent financial year as per the restated financial statements; or (2) 2% of net worth, as at the end of the most recent financial year as per the restated financial statements; or (3) 5% of the average of absolute value of profit or loss after tax, for the last three financial years as per the restated financial statements, whichever is lower. Accordingly, the threshold for materiality for disclosure in this section is 5% of the average of absolute value of profit or loss after tax, for the last three financial years as per the Restated Financial Statements, being ₹ 44.48 million (the “**Materiality Amount**”);
- (b) any such litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed ₹ 44.48 million.
- (c) any such litigation which may not meet the monetary threshold or is not quantifiable, but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company.

It is clarified that for the purpose of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by governmental, statutory, judicial, tax or regulatory authorities or notices threatening criminal action) shall in not, unless otherwise decided by the Board, be considered material until such time that the Relevant Party, as the case may be, is impleaded as a defendant in proceedings before any judicial court, tribunal or arbitral forum.

Except as stated in this section, there are no outstanding dues to material creditors of our Company. For this purpose, our Board has adopted the Materiality Policy. In terms of the Materiality Policy, outstanding dues to any creditor of our Company having a monetary value which is equal to or exceeds 5% of “creditors for other expenses” of our Company as per the Restated Financial Statements, shall be considered as ‘material’. Accordingly, as of September 30, 2024, any outstanding dues exceeding ₹18.50 million have been considered as material outstanding dues for the purposes of disclosure in this section.

Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 (“**MSME Act**”).

All terms defined in a particular litigation disclosure below correspond to that particular litigation only.

I. LITIGATION INVOLVING OUR COMPANY

Outstanding litigation against our Company

A. Other Tax proceedings

Except as disclosed below, there are no proceedings related to direct and/ or indirect taxes pending against our Company:

<i>(in ₹ million)</i>		
Particulars	Number of cases	Ascertainable amount involved*
Direct tax	1	24.40
Indirect tax	Nil	Nil
Total	1	24.40

*To the extent quantifiable

Outstanding litigation by our Company

A. Criminal proceedings

- (i) Our Company has, in the ordinary course of business, initiated 428 cases against our borrowers under Section 138 of the Negotiable Instruments Act, 1881, in relation to dishonour of cheques. The aggregate amount involved in these proceedings is ₹142.42 million. These matters are currently pending at various stages of adjudication before various courts in India.
- (ii) Our Company has, in the ordinary course of business, initiated 3,417 cases against our borrowers under Section 25 of the Payment and Settlements Act, 2007, in relation to dishonour of electronic funds transfer. The aggregate amount involved in these matters is ₹240.281 million. These matters are currently pending at various stages of adjudication before various courts in India.

II. LITIGATION INVOLVING OUR SUBSIDIARY

Outstanding litigation against our Subsidiary

Nil

Outstanding litigation by our Subsidiary

Nil

III. LITIGATION INVOLVING OUR DIRECTORS

Outstanding litigation against our Directors

Nil

Outstanding litigation by our Directors

Nil

IV. OUTSTANDING DUES TO CREDITORS

As per our Materiality Policy, as of September 30, 2024, we had one material creditor to whom an amount of ₹4.63 million was outstanding. Further, our Company owes an aggregate amount of ₹5.28 million to a total of 25 micro, small and medium enterprises as defined under the MSME Act.

The details of outstanding dues owed as of September 30, 2024 by our Company are set out below:

<i>(in million)</i>		
Type of creditors	Number of creditors	Amount involved*
Micro, small and medium enterprises	25	5.28
Material creditor	1	4.63*
Other creditors**	257	8.59
Total	283	18.50

*Includes MSME creditors which are considered material as per company materiality policy having outstanding balance as on September 30, 2024, as ₹ 4.63 million.

**This does not include an amount aggregating to ₹ 70.75 million due to unbilled creditors. Unbilled creditors comprise provisions on trade payables.

The details pertaining to outstanding over dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at <https://www.ayefin.com/wp-content/uploads/2024/12/list-of-material-creditors.pdf>

V. MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 391, 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 profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our Company requires various approvals, licenses, registrations, and permits issued by relevant governmental and regulatory authorities under various rules and regulations to carry out our present business activities and to undertake the Offer. We have set out below an indicative list of all material approvals required by our Company (“**Material Approvals**”), for the purposes of undertaking our business activities and operations and except as mentioned below, no further material approvals are required to carry on our present business activities.

Certain of our key approvals, licenses, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures, as necessary. For further details, in connection with the applicable regulatory and legal framework within which we operate, see “**Risk Factors**” and “**Key Regulations and Policies in India**” on pages 30 and 237, respectively. For 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 463. For incorporation details of our Company, see “**History and Certain Corporate Matters**” on page 253.

Material approvals in relation to our business and operations

(a) **Material approvals in relation to our business**

The material approvals in relation to the establishments and business operations of our Company issued by authorities of the respective jurisdictions in which our establishments and business operations are located are set forth below:

- (i) Certificate of registration dated November 27, 2015, granted by RBI, bearing no. B-14.03323 to our Company, for registration as an NBFC without accepting public deposits pursuant to powers conferred on RBI under Section 45IA of the RBI Act.
- (ii) Certificate of registration, as a corporate agent (composite) issued by the Insurance Regulatory and Development Authority of India bearing registration number CA0957 issued on June 27, 2024, effective from June 27, 2024 till June 26, 2027.
- (iii) Legal entity identifier code – 335800Q6CHM9LTEPY552 issued by Legal Entity Identifier India Limited.
- (iv) Registration with the Central Know Your Customer Registry under Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), bearing entity code JC15400004 and FI code IN3173.
- (v) Registration with the CERSAI, for uploading of mortgages/charge creation with details of mortgage loans of all customers of our Company on timely basis.
- (vi) Registration for information utility services for financial creditor dated May 16, 2018 with National e-Governance Services Limited.

(b) **Taxation related approvals**

- (i) Our permanent account number of our Company is AABCD8717B.
- (ii) Our tax deduction account number of our Company is DELD15067D.
- (iii) GST registrations issued under the central and state specific GST laws, as applicable to our Company.

(c) **Labour and commercial approvals**

- (i) Certificate of registration dated November 5, 2014, issued under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, to our Company.
- (ii) Certificate of registration dated November 13, 2014 issued under the Employees’ State Insurance Act, 1948, to our Company.

- (iii) Our Company has obtained license under Delhi Shops and Establishment Act, 1954 for registration of our Registered Office as a commercial establishment.
- (iv) Our Company has obtained license under the Punjab Shops and Commercial Establishments Act, 1958 for registration of our Corporate Office as a commercial establishment.

I. Material approvals for our branches and regional offices

Our Company has obtained registrations in the ordinary course of business for our branches and regional offices across various states and union territories in India including licenses for location of business issued by relevant municipal authorities under applicable laws, registrations under professional tax registrations, GST registrations, the Employees' State Insurance Act, 1948, and shops and establishment registrations issued under the relevant state legislations. Certain licenses may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations or is in the process of making such applications. For further details, please see "*Risk Factors – 37. We are required to obtain certain statutory and regulatory licenses and approvals for our operations and any failure or omission to obtain, maintain or renew such licenses and approvals in a timely manner, or at all, could adversely affect our business, cash flows and results of operations*" on page 50.

II. Material approvals applied for but not received

As on the date of this Draft Red Herring Prospectus, there are no material approvals which our Company has applied for, but which have not been received.

III. Material approvals required but not obtained or applied for or renewed

As on the date of this Draft Red Herring Prospectus, there are no material approvals which our Company is required to obtain but which have not been obtained or been applied for.

IV. Intellectual Property Rights

For details in relation to our intellectual property registrations, see "*Our Business – Intellectual Property*" on page 233.

OUR GROUP COMPANIES

Pursuant to a resolution dated December 11, 2024 our Board formulated a policy for identification of group companies (“**Materiality Policy**”) 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 the Subsidiary) with which there were related party transactions as disclosed in the Restated Financial Statements, as covered under the Indian Accounting Standard (Ind AS 24); and (ii) such other companies as considered material by the Board, in accordance with the Materiality Policy.

With respect to point (ii) above, such companies with which our Company has entered into one or more related party transactions as per Ind AS 24 or Companies Act, 2013 during the period after the last completed financial year and the stub period as included in this Draft Red Herring Prospectus until the date of filing of this Draft Red Herring Prospectus have been included as Group Companies.

Accordingly, based on the parameters outlined above, as on the date of this Draft Red Herring Prospectus, our Company does not have any Group Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board has authorised the Offer by way of its resolution dated December 11, 2024 and our Shareholders have authorized the Fresh Issue pursuant to a special resolution passed on December 11, 2024. Further, our Board has taken on record the consent of the Selling Shareholders to participate in the Offer for Sale pursuant to a resolution passed at its meeting held on December 12, 2024.
- Our Board pursuant to its resolution dated December 16, 2024, have approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

Approvals from the Selling Shareholders

Each of the Selling Shareholders have, severally and not jointly, confirmed and approved the inclusion of its respective portion of Offered Shares in the Offer for Sale, as set out below:

Sr. No.	Name of the Selling Shareholder	Date of resolution or other corporate authorization	Date of consent letter	Number of Equity Shares of face value of ₹2 offered for sale/ Amount (₹ in million)
Corporate Selling Shareholder				
1.	A91 Emerging Fund I LLP	November 26, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,000 million
2.	Alpha Wave India I LP	December 9, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1000 million
3.	CapitalG International LLC	October 14, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹68 million
4.	CapitalG LP	October 14, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,300 million
5.	LGT Capital Invest Mauritius PCC with Cell E/VP	December 12, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹1,500 million
6.	MAJ Invest Financial Inclusion Fund II K/S	December 10, 2024	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹560.36 million
Individual Selling Shareholder				
7.	Harleen Kaur Jetley	NA	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹145 million
8.	Vikram Jetley	NA	December 12, 2024	[●] Equity Shares bearing face value of ₹ 2 each aggregating up to ₹76.64 million

In terms of Scale Based Regulations, prior written permission of the RBI is required for any change in the shareholding of a NBFC, including progressive increases over time, which would result in the acquisition/ transfer of shareholding of 26% or more of the paid up equity capital of the NBFC. Accordingly, our Company has filed an application dated December 12, 2024 with the RBI seeking a prior approval in relation to the Offer, the filing of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus and Offer related advertisements.

Each of the Selling Shareholders, severally and not jointly, confirms that its respective portion of the Offered Shares is eligible to be offered for sale in the Offer in accordance with Regulation 8 and Regulation 8A of the SEBI ICDR Regulations, to the extent applicable to it, as on the date of this Draft Red Herring Prospectus.

In-principle listing approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI, RBI or governmental authorities

Our Company, Directors and each of the Selling Shareholders, severally and not jointly, confirm that they are not prohibited from accessing the capital markets 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 authority or court having jurisdiction over them.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company confirms that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to it, as on the date of this Draft Red Herring Prospectus.

Each of the Selling Shareholders, severally and not jointly, confirm that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to it in respect of its holding in our Company, as on the date of this Draft Red Herring Prospectus.

Directors associated with the securities market

None of our Directors are associated with the securities market in any manner and there are no outstanding actions initiated by the SEBI against any of our Directors in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company does not satisfy the conditions specified in Regulation 6(1)(a) and 6(1)(b) of the SEBI ICDR Regulations and are therefore required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations, as set forth below:

“An issuer not satisfying the condition stipulated in Regulation 6(1) of the SEBI ICDR Regulations shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.”

Particulars	<i>(amount ₹ in million)</i>		
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Restated net tangible assets ⁽¹⁾	11,900.96	7,307.37	6,594.15
Restated monetary assets ⁽²⁾	5,729.32	2,776.29	3,637.10
Monetary assets as a % of net tangible assets (%), as restated	48.14	37.99	55.16
Pre-tax operating profit, as restated ⁽³⁾	1,963.24	514.86	(789.82)
Net worth ⁽⁴⁾ as restated	12,361.06	7,579.52	7,054.05

⁽¹⁾“Net tangible assets” means the sum of all net assets of the Company as per the Restated Financial Statements excluding Intangible Assets (as per IND AS- 38), Deferred Tax Assets (net) (as per IND AS-12) and Right of Use Assets (as per IND AS- 116) reduced by Total Liabilities (excluding lease liabilities) of the Company, as defined under the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015).

⁽²⁾“Monetary Assets” means cash in hand, balance with bank in current and deposit account. Bank Deposits pledged are not considered as Monetary Assets.

⁽³⁾“Average Pre-Tax Operating Profit” means restated profit before tax excluding other income and exceptional items.

⁽⁴⁾Net Worth means total equity as of the last day of the relevant year / period.

We are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees under the Offer shall be not less than 1,000, failing which, the entire application money will be refunded forthwith in accordance with the SEBI ICDR Regulations and other applicable laws.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- (a) neither our Company nor our Directors nor any of the Selling Shareholders, are debarred from accessing the capital markets by SEBI;
- (b) none of our Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI;
- (c) neither our Company nor any of our Directors is a Wilful Defaulter or a Fraudulent Borrower;
- (d) none of our Directors is a Fugitive Economic Offender under section 12 of the Fugitive Economic Offenders Act, 2018; and
- (e) as on the date of this Draft Red Herring Prospectus, except for employee stock options granted pursuant to the Employee Stock Option Plans issued by our Company, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares. See “*Capital Structure*” on page 81.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, AXIS CAPITAL LIMITED, IIFL CAPITAL SERVICES LIMITED (FORMERLY KNOWN AS IIFL SECURITIES LIMITED), JM FINANCIAL LIMITED AND NUVAMA WEALTH MANAGEMENT LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND EACH OF THE SELLING SHAREHOLDERS, SEVERALLY AND NOT JOINTLY, WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS RESPECTIVE PORTION OF THE OFFERED SHARES, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, AXIS CAPITAL LIMITED, IIFL CAPITAL SERVICES LIMITED (FORMERLY KNOWN AS IIFL SECURITIES LIMITED), JM FINANCIAL LIMITED AND NUVAMA WEALTH MANAGEMENT LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 16, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT 2013 OR FROM THE

REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors, the Selling Shareholders and the 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 Company's instance and anyone placing reliance on any other source of information, or any website of our Subsidiary, any affiliate of our Company or Selling Shareholders, would be doing so at his or her own risk. It is clarified that neither the Selling Shareholders, nor their respective directors, trustees, partners, affiliates, associates and officers, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Selling Shareholder solely in relation to itself and/or its respective portion of the Offered Shares in this Draft Red Herring Prospectus.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders (severally and not jointly, solely to the extent relating to itself and its respective portion of the Offered Shares and to the extent required in relation to the Offer for Sale) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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 Selling Shareholders, 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, our Subsidiary, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India, Hindu Undivided Families ("HUFs"), companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), non-banking financial companies registered with RBI or trusts under the applicable trust laws, and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act 2013, venture capital funds, permitted insurance companies and pension funds registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 and, to permitted Non-Residents including Eligible NRIs, AIFs, FPIs and QIBs. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase the 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 himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations.

Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of each of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to the date of this Draft Red Herring Prospectus.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Eligibility and transfer restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States (a) only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”), (b) QPs, as defined in Section 2(a)(51) of the U.S. Investment Company Act (persons who are both a U.S. QIB and a QP are referred to as “Entitled QPs”); in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States 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 are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

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.

Our Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. Our Company is relying on the exemption provided by Section 3(a)(7) of the U.S. Investment Company Act, and as a result the Equity Shares are being offered and sold in the United States and to U.S. Persons only to persons who are Entitled QPs.

Our Company may be a “covered fund” for purposes of the “Volcker Rule” contained in the Dodd-Frank Act (Section 619: Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds). Accordingly, entities that may be “covered banking entities” for the purposes of the Volcker Rule may be restricted from holding the Company’s securities and should take specific advice before making an investment in our Company.

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser (i) is a U.S. QIB and a QP, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB and a QP with respect to which it exercises sole investment discretion; the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate of our Company;
5. the purchaser acknowledges that the Company has not registered, and does not intend to register, as an “investment company” (as such term is defined under the U.S. Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described herein so that the Company will qualify for the exception provided under Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company. The purchaser, and each person for which it is acting, also understands and agrees that the Company and the BRLMs shall have the right to request and receive such additional documents, certificates, representations and undertakings, from time to time, as they may deem necessary in order to comply with applicable legal requirements, including a U.S. investment representation letter forming part of the Bid cum Application Form;
6. the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of issuers unaffiliated with such broker-dealer;
7. the purchaser understands that, subject to certain exceptions, to be a QP, entities must have US\$25 million in “investments” (as defined in Rule 2a51-1 of the U.S. Investment Company Act);
8. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
9. the purchaser is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan;
10. the purchaser is not managed as a device for facilitating individual investment decisions of beneficial owners, but rather is managed as a collective investment vehicle;
11. the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
12. it, and each person for which it is acting, was not formed, reformed or recapitalized for the purpose of investing in the Equity Shares and/or other securities of the Company;
13. if the purchaser, or any person for which it is acting, is an investment company excepted from the U.S. Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the U.S. Investment Company Act and the rules promulgated thereunder;
14. the purchaser, and each person for which it is acting, is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investments to be made, or the allocation thereof unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both U.S. QIBs and QPs;

15. the purchaser, and each person for which it is acting, has not invested more than 40.0% of its assets in the Equity Shares (or beneficial interests therein) and/or other securities of the Company after giving effect to the purchase of the Equity Shares (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both U.S. QIBs and QPs);
16. 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 Securities Act to a person outside the United States and 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 NSE). The purchaser agrees not to effect any sale, pledge or other transfer of any Equity Shares in a transaction unless the purchaser first executes a US Resale Letter in the form of Annexure A to this Draft Red Herring Prospectus and delivers such letter to the Company prior to the settlement if any, of the sale, pledge or other transfer of the Equity Shares that is not consummated on BSE or NSE. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
17. 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;
18. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any such Equity Shares;
19. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
20. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"THE EQUITY SHARES REPRESENTED HEREBY HAVE 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 AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN A OFFSHORE TRANSACTION COMPLYING WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

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."

21. the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule

405 of the U.S. Securities Act), 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 or any “general solicitation” or “general advertising” (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;

22. 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 and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the Equity Shares acquired or reoffer, resell, pledge or otherwise transfer the Equity Shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the Equity Shares or any beneficial interest therein except in accordance with these transfer restrictions;
23. the purchaser understands and acknowledges that (i) 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; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;
24. the purchaser understands and acknowledges that the Company may be considered a “covered fund” for purposes of the Volcker Rule. The definition of “covered fund” in the Volcker Rule includes, in part, any entity that would be an investment company under the U.S. Investment Company Act but for the exclusions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered a “covered fund”. Accordingly, “banking entities” that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption under the Volcker Rule. Each purchaser must make its own determination as to whether it is a “banking entity” subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares; and
25. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase; and the purchaser acknowledges that the Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify 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.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
4. the purchaser is not purchasing the Equity Shares as a result of any “directed selling efforts” (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);
5. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
6. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate of the Company;
7. 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 (A) pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;
8. 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;
9. the purchaser is not acquiring the Equity Shares as a result of any “directed selling efforts” (within the meaning of Rule 902© under the U.S. Securities Act);
10. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

“THE EQUITY SHARES REPRESENTED HEREBY HAVE 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 AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (“THE U.S. INVESTMENT COMPANY ACT”). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE EQUITY SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THE EQUITY SHARES 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. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.”

11. the purchaser understands and acknowledges that (i) 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; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;
12. the purchaser understands and acknowledges that the Company may be considered a “covered fund” for purposes of the Volcker Rule. The definition of “covered fund” in the Volcker Rule includes, in part, any entity that would be an investment company under the U.S. Investment Company Act but for the exclusions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered a “covered fund”. Accordingly, “banking entities” that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption under the Volcker Rule. Each purchaser must make its own determination as to whether it is a “banking entity” subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares; and
13. the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Our Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

ERISA considerations

The following is a summary of certain considerations associated with the purchase and holding of Equity Shares by Benefit Plan Investors. A “Benefit Plan Investor” is (1) an “employee benefit plan” (as defined in Section 3(3) of the United States Employee Retirement Income Security Act, as amended (“**ERISA**”)) that is subject to Title I of ERISA, (2) a plan, individual retirement account, “Keogh” plan or other arrangement subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), or provisions under any United States federal, state or local laws, or non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA, (3) an entity whose underlying assets are considered to include “plan assets” by reason of a plan’s investment in such entity (including but not limited to an insurance company general account) (each of (1),(2) and (3), a “**Plan**”), and (4) any entity that otherwise constitutes a “benefit plan investor” within the meaning of the regulations promulgated under ERISA by the U.S. Department of Labor (the “**DOL**”), as modified by Section 3(42) of ERISA (the “**DOL Plan Asset Regulations**”).

The following is merely a summary, however, and should not be construed as legal advice or as complete in all relevant respects. All investors are urged to consult their own legal advisors before investing assets of a Plan in Equity Shares and to make their own independent decision.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or

control over the administration of such a Plan or the management or disposition of the assets of such a Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in Equity Shares with a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable United States federal, state or local laws, or non-U.S. or other laws or regulations that are similar to the Code or ERISA (collectively, "**Similar Laws**").

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of Section 406 of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and may result in the disqualification of an individual retirement account. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code. Regardless of whether or not the underlying assets of the Company (if any) are deemed to include "plan assets," as described below, the acquisition and/or holding of Equity Shares by a Plan with respect to which the Company or an BRLM is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the DOL has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of Equity Shares. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan receives no less, and pays no more, than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied or that any such exemptions will be available with respect to investments in interests in any Equity Shares.

Plan Asset Considerations

The DOL Plan Asset Regulations generally provide that when a Plan acquires an equity interest in an entity that is not (1) a "publicly-offered security," (2) a security issued by an investment company registered under the Investment Company Act, or (3) an "operating company," the Plan's assets are deemed to include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established that the equity participation in the entity by Benefit Plan Investors is not "significant" (the "**Insignificant Participation Test**").

For purposes of the DOL Plan Asset Regulations, an "operating company" is an entity that is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service, other than the investment of capital. It is anticipated that the Company will qualify as an operating company within the meaning of the DOL Plan Asset Regulations, although no assurance can be given in this regard.

For purposes of the Insignificant Participation Test, the DOL Plan Asset Regulations provide that equity participation in an entity by Benefit Plan Investors is not significant if, immediately after the most recent acquisition of an equity interest in the entity, the Benefit Plan Investors' aggregate interest is less than 25% of the value of each class of equity interests in the entity, disregarding, for purposes of such determination, any interests held by any person that has discretionary authority or control with respect to the assets of the Company or who provides investment advice for a fee with respect to the assets of the Company or an affiliate of the Company

(each, a “**Controlling Person**”) other than Benefit Plan Investors. Following this offering, it is possible that Benefit Plan Investors will hold and will continue to hold, less than 25% of the value of each class of equity interests of the Company, disregarding, for purposes of such determination, any interests held by any Controlling Person other than Benefit Plan Investors and, as such, that the Company may rely on the Insignificant Participation Test; however, we cannot be certain or make any assurance that this will be the case.

Plan Asset Consequences

If assets of the Company were deemed to constitute “plan assets” pursuant to the DOL Plan Asset Regulations, the operation and administration of the Company would become subject to the requirements of ERISA, including the fiduciary duty rules and the “prohibited transaction” prohibitions of ERISA, as well as the “prohibited transaction” prohibitions contained in the Code. If the Company becomes subject to these regulations, unless appropriate administrative exemptions are available (and there can be no assurance that they would be), the Company could, among other things, be restricted from entering into otherwise favorable transactions, and certain transactions entered into by the Company in the ordinary course of business could constitute non-exempt prohibited transactions and/or breaches of applicable fiduciary duties under ERISA and/or the Code, which could, in turn, result in potentially substantial excise taxes and other penalties and liabilities under ERISA and the Code.

Representation

Because of the foregoing, Equity Shares should not be acquired or held by any Benefit Plan Investor or any other person investing “plan assets” of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code and will not constitute a similar violation of any applicable Similar Law.

Any purchaser or subsequent transferee, including, without limitation, any fiduciary purchasing on behalf of a Plan, a Benefit Plan Investor, or a governmental, church or non-U.S. plan which is subject to Similar Laws will be deemed to have represented and warranted, in its corporate and fiduciary capacity, that if the purchaser or subsequent transferee is a Benefit Plan Investor, none of the Company or the BRLMs or any of their respective affiliates, has acted as the Plan’s fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser or transferee’s decision to acquire and hold Equity Shares, and shall not at any time be relied upon as the ERISA Plan’s fiduciary with respect to any decision to acquire, continue to hold or transfer Equity Shares.

The foregoing discussion is general in nature, is not intended to be all-inclusive. Such discussion should not be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering investing in Equity Shares on behalf of, or with the assets of, any Plan consult with counsel regarding the potential applicability of ERISA, Section 4975 of the Code and Similar Laws to such investment and whether an exemption would be applicable to the acquisition and/or holding of Equity Shares.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain material U.S. federal income tax consequences to a U.S. holder (as defined below) for purchasing, owning and disposing of Equity Shares acquired pursuant to this Issue. This summary does not address any aspect of U.S. federal non-income tax laws, such as U.S. federal estate and gift tax laws, or state, local or non-U.S. tax laws, and does not purport to be a comprehensive description of all of the U.S. tax considerations that may be relevant to a particular person’s decision to acquire Equity Shares.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

The discussion applies to you only if you acquire the Equity Shares in this Issue and you hold the Equity Shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”). This section does not apply to you if you are a member of a special class of holders subject to special tax rules, including:

- (a) a broker;

- (b) a dealer in securities, commodities or non-U.S. currencies;
- (c) a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- (d) a bank or other financial institution;
- (e) a tax-exempt organization;
- (f) an insurance company;
- (g) a regulated investment company;
- (h) an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- (i) an investor who is a U.S. expatriate, former U.S. citizen or former long term resident of the United States;
- (j) a controlled foreign corporation;
- (k) a passive foreign investment company;
- (l) a mutual fund;
- (m) an individual retirement or other tax-deferred account;
- (n) a holder liable for alternative minimum tax;
- (o) a holder that actually, indirectly or constructively owns 10% or more of (i) the total combined voting power of all classes of the Company voting stock or (ii) the total value of all classes of the Company stock;
- (p) a partnership or other pass-through entity for U.S. federal income tax purposes;
- (q) a holder that holds Equity Shares as part of a straddle, hedging, constructive sale, conversion or other integrated transaction for U.S. federal income tax purposes; or
- (r) a U.S. holder (as defined below) whose functional currency is not the U.S. Dollar.

This section is based on the Code, existing and proposed U.S. Department of the Treasury regulations issued under the Code, legislative history, and judicial and administrative interpretations thereof, all as of the date hereof. All of the foregoing are subject to change at any time, and any change could be retroactive and could affect the accuracy of this discussion. In addition, the application and interpretation of certain aspects of the passive foreign investment company (“**PFIC**”) rules, referred to below, require the issuance of regulations which in many instances have not been promulgated and which may have retroactive effect. There can be no assurance that any of these regulations will be enacted or promulgated, and if so, the form they will take or the effect that they may have on this discussion.

This discussion is not binding on the U.S. Internal Revenue Service (“**IRS**”) or the courts. No ruling has been or will be sought from the IRS with respect to the positions and issues discussed herein, and there can be no assurance that the IRS or a court will not take a different position concerning the U.S. federal income tax consequences of an investment in the Equity Shares or that any such position would not be sustained.

For U.S. federal income tax purposes, you are a “U.S. holder” if you are a beneficial owner of Equity Shares that acquired the shares pursuant to this Issue and you are:

- (a) an individual who is a citizen or resident of the United States;
- (b) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- (c) an estate whose income is subject to U.S. federal income tax regardless of its source; or
- (d) a trust that (1) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

In addition, this discussion is limited to U.S. holders who are not resident in India for purposes of the Income Tax Treaty between the United States and India.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the Equity Shares, the U.S. tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the Equity Shares that is a partnership and partners in such a partnership should consult their own tax advisors concerning the U.S. federal income tax consequences of purchasing, owning and disposing of Equity Shares.

Taxation of Dividends

Subject to the PFIC rules described below under “PFIC Considerations”, if you are a U.S. holder you generally must include in your gross income as a dividend the gross amount of any distributions of cash or property (other than certain pro rata distributions of Equity Shares) with respect to Equity Shares, to the extent the distribution is paid by our Company out of its current or accumulated earnings and profits, as determined for U.S. federal income

tax purposes. A U.S. holder will include the dividend as ordinary income at the time of actual or constructive receipt. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Equity Shares and thereafter as capital gain from the sale or exchange of such Equity Shares. Notwithstanding the foregoing, our Company does not intend to maintain calculations of its earnings and profits as determined for U.S. federal income tax purposes. Consequently, distributions generally will be reported as dividend income for U.S. information reporting purposes.

Subject to the PFIC rules described below, dividends paid by a non-U.S. corporation generally will be taxed at the preferential tax rates applicable to long-term capital gain of non-corporate taxpayers if (a) such non-U.S. corporation is eligible for the benefits of certain U.S. treaties or the dividend is paid by such non-U.S. corporation with respect to stock that is readily tradable on an established securities market in the United States, (b) the U.S. holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on shares that have been held by such U.S. holder for at least 61 days during the 121-day period beginning 60 days before the “ex-dividend date.” If the requirements of the immediately preceding sentence are not satisfied, a dividend paid by a non-U.S. corporation to a U.S. holder, including a U.S. holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). The dividend rules are complex, and each U.S. holder should consult its own tax advisor regarding the dividend rules.

Dividends received generally will be income from non-U.S. sources, which may be relevant in calculating your U.S. foreign tax credit limitation. Such non-U.S. source income generally will be “passive category income”, which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. holder’s particular circumstances. You should consult your own tax advisor to determine the foreign tax credit implications of owning the Equity Shares.

The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. Dollar value of the Indian Rupee payments made, determined at the spot Indian Rupee/U.S. Dollar exchange rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. Dollars will be treated as ordinary income or loss. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Taxation of Sale, Exchange or Other Taxable Disposition of Equity Shares

Subject to the PFIC rules discussed below, if you are a U.S. holder and you sell, exchange or otherwise dispose of your Equity Shares in a taxable disposition, you generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount realized and your tax basis, determined in U.S. Dollars, in your Equity Shares. Gain or loss recognized on such a sale, exchange or other disposition of Equity Shares generally will be long-term capital gain if the U.S. holder has held the Equity Shares for more than one year. Long-term capital gains of U.S. holders who are individuals (as well as certain trusts and estates) are generally taxed at preferential rates (currently at a maximum rate of 20%). The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes, unless it is attributable to an office or other fixed place of business outside the United States and certain other conditions are met. Your ability to deduct capital losses is subject to limitations.

Medicare Tax

Certain U.S. holders who are individuals, estates or trusts are required to pay a 3.8% Medicare surtax on all or part of that holder’s “net investment income”, which includes, among other items, dividends on, and capital gains from the sale or other taxable disposition of, the Equity Shares, subject to certain limitations and exceptions. Prospective investors should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Equity Shares.

PFIC Considerations

The Code provides special rules regarding certain distributions received by U.S. persons with respect to, and sales, exchanges and other dispositions, including pledges, of, shares of stock in a PFIC. A non-U.S. corporation will

be treated as a PFIC for any taxable year in which either: (i) at least 75 percent of its gross income is “passive income” or (ii) at least 50 percent of its gross assets during the taxable year (generally based on the average of the fair market values of the assets determined at the end of each quarterly period) are “passive assets,” which generally means that they produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, rents, royalties, gains from commodities and securities transactions, and gains from assets that produce passive income. Cash is generally a passive asset. However, under recently proposed U.S. Treasury regulations, on which taxpayers may rely, an amount of cash held in a non-interest bearing financial account that is held for the present needs of an active trade or business and is no greater than the amount necessary to cover operating expenses incurred in the ordinary course of the trade or business and reasonably expected to be paid within 90 days is generally not treated as a passive asset. Further, goodwill is generally treated as an active asset to the extent attributable to activities that produce or are intended to produce active income. In determining whether a non-U.S. corporation is a PFIC, a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

No assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the application of the PFIC rules to a non-US, non-bank fintech company such as our Company is uncertain in several respects under current U.S. federal income tax law, (ii) the composition of our Company’s income and assets will vary over time, and (iii) our Company holds, and may continue to hold, a substantial amount of cash. Further, our Company’s PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

If we are a PFIC for any fiscal year during which a U.S. holder holds our Equity Shares, we generally will continue to be treated as a PFIC with respect to that U.S. holder for all succeeding fiscal years during which the U.S. Holder holds our Equity Shares, unless we cease to meet the threshold requirements for PFIC status and that U.S. holder makes a qualifying “deemed sale” election with respect to the Equity Shares. If such an election is made, the U.S. holder will be deemed to have sold the Equity Shares it holds at their fair market value on the last day of the last fiscal year in which we qualified as a PFIC, and any gain from such deemed sale will be subject to the consequences described below. After the deemed sale election, the Equity Shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. holder holds our Equity Shares, the U.S. holder may be subject to adverse tax consequences. Generally, gain recognized upon a disposition (including, under certain circumstances, a pledge) of our Equity Shares by the U.S. holder would be allocated ratably over the U.S. holder’s holding period for such Equity Shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and would be increased by an additional tax equal to interest on the resulting tax deemed deferred with respect to each such other taxable year. Further, to the extent that any distribution received by a U.S. holder on our Equity Shares exceeds 125% of the average of the annual distributions on such Equity Shares received during the preceding three years or the U.S. holder’s holding period, whichever is shorter, that distribution would be subject to taxation in the same manner described immediately above with respect to gain on disposition.

If we are a PFIC for any fiscal year during which any of our non-U.S. subsidiaries is also a PFIC, a U.S. Holder of our Equity Shares during such year will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules to such subsidiary. U.S. holders should consult their tax advisers regarding the tax consequences if the PFIC rules apply to any of our subsidiaries. Alternatively, if we are a PFIC and if our Equity Shares are “regularly traded” on a “qualified exchange”, a U.S. holder may be eligible to make a mark-to-market election that would result in tax treatment different from the general tax treatment described above. Our Equity Shares would be treated as “regularly traded” in any calendar year in which more than a de minimis quantity of the Equity Shares are traded on a qualified exchange on at least 15 days during each calendar quarter. However, because a mark-to-market election cannot be made for equity interests in any lower-tier PFIC that we may own, a U.S. holder that makes a mark-to-market election with respect to us may continue to be subject to the PFIC rules with respect to any indirect investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. If a U.S. holder makes the mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of the Equity Shares at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Equity Shares over their fair market value at the end of the taxable

year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes the election, the U.S. holder's tax basis in the Equity Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our Equity Shares in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless our Equity Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. U.S. holders are urged to consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

Alternatively, a U.S. holder of stock in a PFIC may make a so-called "Qualified Electing Fund" election to avoid the PFIC rules regarding distributions and gain described above. The PFIC taxation regime would not apply to a U.S. holder who makes a QEF election for all taxable years that such U.S. Holder has held our Equity Shares while we are a PFIC, provided that we comply with specified reporting requirements. Instead, each U.S. holder who has made a valid and effective QEF election is required for each taxable year that we are a PFIC to include in income such U.S. Holder's pro rata share of our ordinary earnings as ordinary income and such U.S. Holder's pro rata share of our net capital gains as long-term capital gain, regardless of whether we make any distributions of such earnings or gain. The QEF election is made on a shareholder-by-shareholder basis and generally may be revoked only with the consent of the IRS. Our Company does not intend to provide to U.S. holders the information required to make a valid QEF election and our Company currently makes no undertaking to provide such information. Accordingly, it is currently anticipated that a U.S. holder will not be able to avoid the special tax rules described above by making the QEF election.

In addition, if we are a PFIC or, with respect to particular U.S. holders, are treated as a PFIC for the taxable year in which we paid a dividend or for the prior taxable year, the preferential rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders would not apply.

If a U.S. Holder owns our Equity Shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 (Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with respect to us, generally with the U.S. holder's federal income tax return for that year. If we are a PFIC for a given taxable year, you should consult your tax advisor concerning your annual filing requirements.

The U.S. federal income tax rules relating to PFICs are complex. U.S. holders are urged to consult their own tax advisers with respect to the ownership and disposition of our Equity Shares, the consequences if we are or become a PFIC, any elections available with respect to our Equity Shares, and the IRS information reporting obligations with respect to the ownership and disposition of our Equity Shares.

Information with Respect to Foreign Financial Assets

In addition, certain U.S. holders may be subject to certain reporting obligations with respect to Equity Shares if the aggregate value of these and certain other "specified foreign financial assets" exceeds \$50,000. If required, this disclosure is made by filing Form 8938 with the IRS. Significant penalties can apply if U.S. holders are required to make this disclosure and fail to do so. In addition, a U.S. holder should consider the possible obligation for online filing of a FinCEN Report 114—Foreign Bank and Financial Accounts Report as a result of holding Equity Shares. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of Equity Shares.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to distributions made on our Equity Shares within the U.S. to a non-corporate U.S. holder and to the proceeds from the sale, exchange, redemption or other disposition of Equity Shares by a non-corporate U.S. holder to or through a U.S. office of a broker. Payments made (and sales or other dispositions effected at an office) outside the U.S. will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number (or otherwise establishes, in the manner provided by law, an

exemption from backup withholding) or to report dividends required to be shown on the U.S. holder's U.S. federal income tax returns.

Backup withholding is not an additional income tax, and the amount of any backup withholding from a payment to a U.S. holder will be allowed as credit against the U.S. holder's U.S. federal income tax liability provided that the appropriate returns are filed.

You should consult your own tax advisor as to the qualifications for exemption from backup withholding and the procedures for obtaining the exemption.

The foregoing does not purport to be a complete analysis of the potential tax considerations relating to this Issue, and is not tax advice. Prospective investors should consult their own tax advisors as to the particular tax considerations applicable to them relating to the purchase, ownership and disposition of the Equity Shares, including the applicability of the U.S. federal, state and local tax laws or non-tax laws, non-U.S. tax laws, and any changes in applicable tax laws and any pending or proposed legislation or regulations.

Disclaimer Clause of RBI

The disclaimer clause of the RBI as included in the certificate of registration dated November 27, 2015 is as follows:

"The company is having a valid Certificate of Registration dated November 27, 2015 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 the representations made or opinions expressed by the company and for repayment of deposits/ discharge of liabilities by the company."

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to us shall be included in the Red Herring Prospectus prior to filing with the RoC.

Listing

The Equity Shares proposed to be Allotted pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official quotation of the Equity Shares being offered and transferred in the Offer and NSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within three Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI. If our Company does not Allot Equity Shares pursuant to the Offer within three Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period. In case of delay or failure to obtain listing or trading approvals or under any direction or order of SEBI or any other governmental authority, each of the Selling Shareholders shall, severally and not jointly, and only to the extent of its respective portions of the Offered Shares, be liable to pay, or reimburse, as the case may be, in the proportion that the size of its respective portion of Offered Shares in the Offer for Sale bears to the total size of the Offer, any interest for such delays in making refunds, provided that none of the Selling Shareholders shall be liable or responsible to pay such interest unless such delay in making such refund is caused solely by, and is directly attributable to an act or omission of the respective Selling Shareholder and in such cases where any delay is not attributable to any Selling Shareholder, the Company shall solely be responsible to pay such interest.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of Section 38(1) 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 involving an amount of at least ₹1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1 million or 1% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹5 million or with both.

Consents

Consents in writing of: (a) each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, the legal advisors to the Company, the bankers to our Company, CRISIL, statutory auditors, independent chartered accountant, the BRLMs and Registrar to the Offer have been obtained; and (b) the Members of the Syndicate, Monitoring Agency, Bankers to the Offer (Escrow Collection Bank, Public Offer Account Bank, Sponsor Bank(s) and Refund Bank) 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 filing of the Red Herring Prospectus with the RoC.

Experts to the Offer

Our Company has received written consent dated December 16, 2024 from S S Kothari Mehta & Co. LLP, Chartered Accountants to include their name as required under Section 26 (5) 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 December 11, 2024 on our Restated Financial Statements; (ii) their report dated December 15, 2024 on the Statement of Special Tax Benefits as included in this Draft Red Herring Prospectus. 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 December 16, 2024, from B.B. & Associates, Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and an “expert”, as defined under Section 2(38) of the Companies Act 2013 in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.

The above-mentioned consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Commission or brokerage on previous issues in the last five years

Since this is an 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 public subscription for any of our Equity Shares in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Capital issues in the preceding three years

Except as disclosed in “*Capital Structure – Notes to Capital Structure*” on page 82, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus. As on date of this Draft Red Herring Prospectus, our Company has no Group Company. Further, our Company does not have any associate entities or listed Subsidiary.

Particulars regarding public/rights issue of our Company and performance vis-à-vis objects

Our Company has not undertaken any public issue or any rights issue to the public in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/rights issue of the listed Subsidiary of our Company

Our Subsidiary is not listed on any stock exchange.

Price information of past issues handled by the BRLMs

Axis Capital Limited

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	Zinka Logistics Solutions Limited ⁽¹⁾	11,147.22	273.00	22-Nov-24	280.90	-	-	-
2	Niva Bupa Health Insurance Company Limited ⁽²⁾	22,000.00	74.00	14-Nov-24	78.14	+12.97%, [+5.25%]	-	-
3	Waaree Energies Limited ⁽²⁾	43,214.40	1,503.00	28-Oct-24	2,500.00	+68.05%, [-0.59%]	-	-
4	Northern Arc Capital Limited ⁽²⁾	7,770.00	263.00	24-Sep-24	350.00	-7.15%, [-5.80%]	-	-
5	Bajaj Housing Finance Limited ⁽²⁾	65,600.00	70.00	16-Sep-24	150.00	+99.86%, [-1.29%]	+89.23%,-[-2.42%]	-
6	Bazaar Style Retail Limited ⁽¹⁾	8,346.75	389.00	6-Sep-24	389.00	-1.32%, [+0.62%]	-16.11%,-[-0.28%]	-
7	Interarch Building Products Limited ⁽²⁾	6,002.87	900.00	26-Aug-24	1,299.00	+41.04%, [+3.72%]	+59.33%,-[-4.41%]	-
8	Ola Electric Mobility Limited ⁽²⁾	61,455.59	76.00	9-Aug-24	91.20	+44.17%, [+1.99%]	-2.11%, [+0.48%]	-
9	Akums Drugs and Pharmaceuticals Limited ⁽²⁾	18,567.37	679.00	6-Aug-24	725.00	+32.10%, [+5.03%]	+23.99%, [+0.89%]	-
10	Emcure Pharmaceuticals Limited ⁽²⁾	19,520.27	1,008.00	10-Jul-24	1,325.05	+27.94%, [-0.85%]	+32.08%, [+1.94%]	-

Source: www.nseindia.com and www.bseindia.com

⁽¹⁾BSE as Designated Stock Exchange

⁽²⁾NSE as Designated Stock Exchange

[%] Offer Price was ₹ 248.00 per equity share to Eligible Employees

[&] Offer Price was ₹ 239.00 per equity share to Eligible Employees

^{\$} Offer Price was ₹ 354.00 per equity share to Eligible Employees

¹ Offer Price was ₹ 815.00 per equity share to Eligible Employees

[#] Offer Price was ₹ 69.00 per equity share to Eligible Employees

[@] Offer Price was ₹ 615.00 per equity share to Eligible Employees

[^] Offer Price was ₹ 918.00 per equity share to Eligible Employees

Notes:

- Issue Size derived from Prospectus/final post issue reports, as available.
- 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.
- Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30 th calendar days from listing date			Nos. of IPOs trading at premium on as on 30 th calendar days from listing date			Nos. of IPOs trading at discount as on 180 th calendar days from listing date			Nos. of IPOs trading at premium as on 180 th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-2025*	16	366,789.53	-	-	2	6	5	2	-	-	-	4	-	1
2023-2024	18	218,638.22	-	-	4	2	6	6	-	-	3	7	4	4
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1

* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

IIFL Capital Services Limited (formerly known as IIFL Securities Limited)

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Designated Stock Exchange as disclosed in the red herring prospectus filed	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	Go Digit General Insurance Limited	26,146.46	272.00	NSE	May 23, 2024	286.00	+22.83%, [+2.32%]	+30.79%, [+7.54%]	+16.25%, [+2.12%]
2	Awfis Space Solutions Limited	5,989.25	383.00 ¹⁾	NSE	May 30, 2024	435.00	+34.36%, [+6.77%]	+100.18%, [+11.25%]	+83.16%, [+7.71%]
3	Ceigall India Limited	12,526.63	401.00 ²⁾	NSE	August 8, 2024	419.00	-4.89%, [+3.05%]	-14.01%, [0.40%]	N.A.
4	Unicommerce Solutions Limited	2,765.72	108.00	NSE	August 13, 2024	235.00	+109.98%, [+3.23%]	+89.71%, [+0.04%]	N.A.
5	Ecos (India) Mobility & Hospitality Limited	6,012.00	334.00	NSE	September 4, 2024	390.00	+42.28%, [+0.20%]	-0.51%, [-3.66%]	N.A.
6	Bajaj Housing Finance Limited	65,600.00	70.00	NSE	September 16, 2024	150.00	+99.86%, [-1.29%]	+89.23%, [-2.42%]	N.A.
7	Waaree Energies Limited	43,214.40	1,503.00	NSE	October 28, 2024	2,500.00	68.05%, [-0.59%]	N.A.	N.A.

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Designated Stock Exchange as disclosed in the red herring prospectus filed	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180 th calendar days from listing
8	Sagility India Limited	21,064.04	30.00 ⁽³⁾	NSE	November 12, 2024	31.06	+42.90%, [+3.18%]	N.A.	N.A.
9	Zinka Logistics Solutions Limited	11,147.22	273.00 ⁽⁴⁾	BSE	November 22, 2024	279.05	N.A.	N.A.	N.A.
10	NTPC Green Energy Limited	1,00,000.00	108.00 ⁽⁵⁾	NSE	November 27, 2024	111.50	N.A.	N.A.	N.A.

Source: www.nseindia.com; www.bseindia.com, as applicable

(1) A discount of Rs. 36 per equity share was offered to eligible employees bidding in the employee reservation portion.

(2) A discount of Rs. 38 per equity share was offered to eligible employees bidding in the employee reservation portion.

(3) A discount of Rs. 2 per equity share was offered to eligible employees bidding in the employee reservation portion.

(4) A discount of Rs. 25 per equity share was offered to eligible employees bidding in the employee reservation portion.

(5) A discount of Rs. 5 per equity share was offered to eligible employees bidding in the employee reservation portion.

*Benchmark Index taken as NIFTY 50 or S&P BSE SENSEX, as applicable. Price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered for all of the above calculations. The 30th, 90th and 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 from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. NA means Not Applicable. The above past price information is only restricted to past 10 initial public offers.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount – 30 th calendar days from listing			No. of IPOs trading at premium – 30 th calendar days from listing			No. of IPOs trading at discount – 180 th calendar days from listing			No. of IPOs trading at premium – 180 th 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	12	1,06,650.92	-	-	4	-	4	4	-	-	3	1	4	4
2023-24	15	1,54,777.80	-	-	4	3	4	4	-	-	1	5	4	5
2024-25	12	3,43,710.46	-	-	1	5	3	1	-	-	-	3	-	1

Source: www.nseindia.com; www.bseindia.com, as applicable

Note: Data for number of IPOs trading at premium/discount taken at closing price of the designated stock exchange as disclosed by the respective issuer at the time of the issue has been considered on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

NA means Not Applicable.

JM Financial Limited

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

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] – 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180 th calendar days from listing
1.	Zinka Logistics Solutions Limited ^{#7}	11,147.22	273.00	November 22, 2024	279.05	Not Applicable	Not Applicable	Not Applicable
2.	ACME Solar Holdings Limited ^{#11}	29,000.00	289.00	November 13, 2024	251.00	-6.02% [4.20%]	Not Applicable	Not Applicable
3.	Western Carriers (India) Limited*	4,928.80	172.00	September 24, 2024	171.00	-20.69% [-5.80%]	Not Applicable	Not Applicable
4.	Bajaj Housing Finance Limited*	65,600.00	70.00	September 16, 2024	150.00	99.86% [-1.29%]	89.23% [-2.42%]	Not Applicable
5.	Bazaar Style Retail Limited ^{#10}	8,346.75	389.00	September 6, 2024	389.00	-1.32% [0.62%]	-16.11% [-0.28%]	Not Applicable
6.	Brainbees Solutions Limited ^{#9}	41,937.28	465.00	August 13, 2024	651.00	37.49% [3.23%]	21.39% [0.04%]	Not Applicable
7.	Ceigall India Limited ^{#8}	12,526.63	401.00	August 08, 2024	419.00	-4.89% [3.05%]	-14.01% [0.40%]	Not Applicable
8.	Stanley Lifestyles Limited [#]	5370.24	369.00	June 28, 2024	499.00	55.96% [2.91%]	31.29% [7.77%]	Not Applicable
9.	Le Travenues Technology Limited [#]	7401.02	93.00	June 18, 2024	135.00	86.34% [4.42%]	67.63% [7.23%]	65.59% [6.25%]
10.	TBO Tek Limited*	15,508.09	920.00	May 15, 2024	1,426.00	69.94% [5.40%]	84.90% [9.67%]	85.23% [8.77%]

Source: www.nseindia.com and www.bseindia.com

[#] BSE as Designated Stock Exchange

* NSE as Designated Stock Exchange

Notes:

- Opening price information as disclosed on the website of the Designated Stock Exchange.
- Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.
- 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.
- In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
- 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.
- Restricted to last 10 issues.
- A discount of Rs. 25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- A discount of Rs. 38 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- A discount of Rs. 44 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- A discount of Rs. 35 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.
- A discount of Rs. 27 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Financial Year	Total no. of IPOs	Total funds raised (Millions)	Nos. of IPOs trading at discount on as on 30 th calendar days from listing date			Nos. of IPOs trading at premium on as on 30 th calendar days from listing date			Nos. of IPOs trading at discount as on 180 th calendar days from listing date			Nos. of IPOs trading at premium as on 180 th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%
2024-2025	10	2,01,766.03	-	-	4	4	1	-	-	-	-	2	-	-
2023-2024	24	2,88,746.72	-	-	7	4	5	8	-	-	5	7	5	7
2022-2023	11	3,16,770.53	-	1	3	-	5	2	-	2	2	2	3	2

Nuvama Wealth Management Limited

1. Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

S. No.	**Issue Name	Issue Size (₹ million) #	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Suraksha Diagnostic Limited	8,462.49	441.00	December 6, 2024	437.00	NA	NA	NA
2.	NTPC Green Energy Limited	1,00,000.00	108.00 ^{###}	November 27, 2024	111.50	NA	NA	NA
3.	Acme Solar Holdings Limited	29,000.00	289.00 [^]	November 13, 2024	251.00	-6.02% [4.20%]	NA	NA
4.	Afcons Infrastructure Limited	54,300.00	463.00 ^{\$\$}	November 4, 2024	426.00	6.56% [1.92%]	NA	NA
5.	P N Gadgil Jewellers Limited	11,000.00	480.00	September 17, 2024	830.00	61.14% [-1.76%]	53.04% [-2.56%]	NA
6.	Allied Blenders and Distillers Limited	15,000.00	281.00 [§]	July 2, 2024	320.00	9.68% [3.43%]	21.28% [8.52%]	NA
7.	Go Digit General Insurance Limited	26,146.46	272.00	May 23, 2024	286.00	22.83% [2.32%]	30.79% [7.54%]	16.25% [2.12%]
8.	Popular Vehicles and Services Limited	6,015.54	295.00 ^{^^}	March 19, 2024	289.20	-15.59% [1.51%]	-13.67% [7.55%]	-23.43% [16.22%]
9.	Capital Small Finance Bank Limited	5,230.70	468.00	February 14, 2024	435.00	-25.25% [1.77%]	-26.09% [1.33%]	-31.44% [10.98%]
10.	Mediassist Healthcare Services Limited	11,715.77	418.00	January 23, 2024	465.00	22.32% [3.20%]	15.66% [3.86%]	33.86% [14.54%]

Source: www.nseindia.com and www.bseindia.com

^{###} NTPC Green Energy Limited- A discount of ₹ 5 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹108 per equity share

[^]Acme Solar Holdings Limited- A discount of ₹27 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹289 per equity share

^{\$\$} Afcons Infrastructure Limited – A discount of ₹44 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹463 per equity share

[§]Allied Blenders and Distillers Limited- A discount of ₹ 26 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹281 per equity share

^{^^}Popular Vehicles and Services Limited- A discount of ₹ 28 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹295 per equity share

#As per Prospectus

**Pursuant to order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited ("Edelweiss") has demerged and now transferred to Nuvama Wealth Management Limited ("Nuvama") and therefore the said merchant banking business is part of Nuvama.

Notes

(1)Based on date of listing.

(2)% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/90th / 180th calendar day from listing day.

(3)Wherever 30th/90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.

(4)Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.

(5)Not Applicable. – Period not completed

(6) Disclosure in Table-1 restricted to 10 issues

2. Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by

Fiscal Year	Total no. Of IPOs	Total amount of funds raised (₹ Mn.)#	No. of IPOs trading at discount – 30 th calendar days from listing			No. of IPOs trading at premium – 30 th calendar days from listing			No. of IPOs trading at discount – 180 th calendar days from listing			No. of IPOs trading at premium – 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25*	7	2,43,908.95	-	-	1	1	-	3	-	-	-	-	-	1
2023-24	9	68,029.67	-	1	1	1	1	5	-	1	3	1	1	3
2022-23	3	28,334.49	-	1	-	-	1	1	-	1	1	-	-	1

The information is as on the date of the document

(1) Based on date of listing.

(2) Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.

(3) Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.

*For the financial year 2024-25, 5 issues have completed 30 calendar days, 3 issues have completed 90 calendar days and 1 issue has completed 180 calendar days.

#As per Prospectus

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as provided in the table below:

S. No.	Name of the Book Running Lead Manager	Website
1.	Axis Capital Limited	www.axiscapital.co.in
2.	IIFL Capital Services Limited (formerly known as IIFL Securities Limited)	www.iiflcap.com
3.	JM Financial Limited	www.jmfl.com
4.	Nuvama Wealth Management Limited	www.nuvama.com

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders may contact our Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, 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. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All Offer related grievances, other than those of Anchor Investors may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, giving full details such as name of the sole or First Bidder, ASBA number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders), date of ASBA Form, and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

All Offer related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares

applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

In terms of SEBI Master Circular, 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 within three months of the date of listing of the Equity Shares with the concerned SCSB. 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.

Separately, pursuant to the SEBI Master Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled/withdrawn/deleted applications	₹ 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 on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	<ol style="list-style-type: none"> 1. Instantly revoke the blocked funds other than the original application amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher 	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	<ol style="list-style-type: none"> 1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher 	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalization of the Basis of Allotment till the date of actual unblock

Further, in the event there is a delay in redressal of the investor grievance, the BRLMs shall compensate the investors at the rate higher of ₹100 or 15% per annum of the application amount. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated by the intermediary responsible for causing such delay in unblocking in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular (SEBI/HO/CFD/DIL1/CIR/P/2021/47) dated March 31, 2021 and the SEBI Master Circular in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

Further, in terms of SEBI Master Circular, 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.

Our Company, the BRLMs 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.

For grievance redressal contact details of the BRLMs pursuant to SEBI Master Circular issued by the SEBI, see “*Offer Procedure – General Instructions*” on page 512.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Offer for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-

routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Vipul Sharma as the Company Secretary and Compliance Officer, and he may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder.

Vipul Sharma

Unit No. 701-711, 7th Floor,
Unitech Commercial Tower-2,
Sector-45, Arya Samaj Road,
Gurgaon 122 003,
Haryana, India **Tel:** +91 124 4844000
E-mail: secrectarial@ayefin.com

Our Company has obtained authentication on the SEBI SCORES platform in compliance with the SEBI Circular SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 in relation to redressal of investor grievances through SCORES. Further, our Board has constituted a Stakeholders' Relationship Committee, which is responsible for redressal of grievances of the security holders of our Company. For details, see "***Our Management – Board Committees***" on page 269.

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

Our Company has not sought any exemption from complying with any provisions of securities laws from SEBI.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to the Offer will be subject to the provisions of the Companies Act 2013, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Abridged Prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue, offer for sale and listing and trading of securities, issued from time to time, by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory or statutory authorities while granting approval for the Offer.

The Offer

The Offer comprises of the Fresh Issue and the Offer for Sale. The expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in the section titled “*Objects of the Offer – Offer related Expenses*”, beginning on page 109.

Ranking of Equity Shares

The Equity Shares being offered, Allotted and transferred pursuant to the Offer will be subject to the provisions of the Companies Act 2013, the SCRA, the SCRR, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividends, voting and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with applicable law. For further details please see “*Main Provisions of the Articles of Association*” on page 522.

Mode of payment of dividend

Our Company shall pay dividend, if declared, to the Shareholders of our Company, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect or any other applicable law. Any dividends, if any declared by our Company after the date of Allotment in the Offer will be payable to the Allottees, for the entire year, in accordance with applicable law. For further details in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 283 and 522, respectively.

Face Value, Offer Price, Floor Price, Cap Price and Price Band

The face value of each Equity Share is ₹2. The Floor Price is ₹[●] per Equity Share while the Cap Price is ₹[●] per Equity Share. The Offer Price is ₹[●] per Equity Share, being the Price Band [●]. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band and the minimum Bid Lot will be decided by our Company in consultation with the BRLMs, and shall be published at least two Working Days prior to the Bid/Offer Opening Date, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of New Delhi, where our Registered Office is located), each with a wide circulation, and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges. The Offer Price shall be determined by our Company in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares issued by way of the Book Building Process.

At any given point of time there will be only one denomination for the Equity Shares

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations, guidelines and the provisions of our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules, regulations and foreign exchange regulations and other applicable law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Main Provisions of the Articles of Association*” on page 522.

Allotment only in dematerialized form

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form on the Stock Exchanges.

Market Lot and Trading Lot

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in dematerialised and electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares to QIBs and IRRs. For NIBs allotment shall not be less than the minimum non- Institutional application size. For the method of Basis of Allotment, see “*Offer Procedure*” on page 500.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in New Delhi, India.

Joint holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint holders with benefits of survivorship.

Period of operation of subscription list

See “– *Bid/Offer Programme*” on page 491.

Nomination facility

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or 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, will vest, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled

to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. 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 the holder's death during minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. Fresh nomination can be made only on the prescribed form available on request at the Registered Office or with the Registrar.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, as mentioned above, will, upon on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- 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 dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Bid/Offer Period

EVENT	INDICATIVE DATE
BID/OFFER OPENS ON⁽¹⁾	[●]
BID/OFFER CLOSES ON⁽²⁾⁽³⁾	[●]

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

⁽²⁾ Our Company and Selling Shareholders in consultation with the BRLMs, may decide to close 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 pm on the Bid/Offer Closing Date.

BID/OFFER PROGRAMME

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
FINALIZATION 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) exceeding two Working Days from the Bid/Offer Closing Date, for cancelled/withdrawn/deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the 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 two Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated by the intermediary responsible for causing such delay in unblocking in accordance with applicable law. Further, investors shall be entitled to

compensation in the manner specified in the SEBI Master Circular in case of delays in resolving investor grievances in relation to blocking/unblocking of fund.

The processing fees for applications made by the UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Master Circular.

The aforesaid timetable, other than the Bid/Offer Closing Date, is indicative in nature and does not constitute any obligation or liability on our Company or the Selling Shareholders or BRLMs or the Members of the Syndicate. While our Company will use best efforts to ensure all steps for the completion of the necessary formalities for the listing and trading of our Equity Shares on the Stock Exchanges commences such period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/Offer Period by our Company, due to revision of the Price Band, or any delays in receipt of final listing and trading approvals from the Stock Exchanges, or any delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. Each of the Selling Shareholders, severally and not jointly, confirm that it shall extend reasonable support and co-operation required by our Company and the BRLMs, solely to the extent of its respective portion of the Offered Shares, to facilitate the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within such time period as may be prescribed by SEBI.

SEBI vide SEBI Master Circular has reduced the post issue timeline for initial public offerings. The revised timeline of T+3 days had been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023 and mandatory on or after December 1, 2023. Accordingly, the Offer will be made under UPI Phase III T+3 listing on mandatory basis, subject to any circulars, clarification or notification issued by the SEBI from time to time.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three Working days of Bid/ Offer Closing Date or such time 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.

Any circulars or notifications from SEBI post the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the Offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIIs, other than QIBs and Non-Institutional Investors	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and Non-Institutional Investors)	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Investors categories#	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 4.00 p.m. IST on Bid/Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIIs	Only between 10.00 a.m. on the Bid/Offer Opening Date and up to 5.00 p.m. IST on Bid/Offer Closing Date

Our Company and Selling Shareholders in consultation with the BRLMs, may decide to close the Bid/ Offer Closing Period for QIBs one Working Day prior to the Bid/ Offer Closing Date, in accordance with the SEBI ICDR Regulations.

**UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.*

#QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/ withdraw their Bids.

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

- (i) 4:00 p.m. IST in case of Bids by QIBs and Non-Institutional Investors, and
- (ii) until 5:00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIIs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by RIIs after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on 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 and submit the confirmation to the Book Running Lead Managers and the Registrar to the Offer on daily basis, as per the format prescribed in SEBI Master Circular.

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.

To avoid duplication, the facility of re-initiation provided to Members of the Syndicate shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

Due to limitation of time available for uploading Bids on the Bid/Offer Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Offer Closing Date and in any case no later than 1:00 p.m. IST on the Bid/Offer Closing Date. Any time mentioned in the Draft Red Herring Prospectus is IST. Bidders are cautioned that if a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Offer. None of our Company, Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected. Further, as per letter no. list/SMD/SM/2006 dated July 3, 2006, and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids will be accepted only on Working Days, during the Bid/Offer Period and revisions shall not be accepted on Saturdays, Sundays and public/ bank holidays as declared by the Stock Exchanges. 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.

Our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that: (i) the Cap Price will be less than or equal to 120% of the Floor Price, (ii) the Cap Price will be at least 105% of the Floor Price, and (iii) the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Offer Period will be extended by 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 Selling Shareholders may in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/Offer Period not exceeding 10 Working Days.

Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a public notice and by indicating the change on the websites of the BRLMs and terminals of the Members of the Syndicate and will also be intimated to the Designated Intermediaries and the Sponsor Bank(s). However, in case of revision in the Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book *vis-à-vis* 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 shall be taken as the final data for the purpose of Allotment.

Minimum subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to 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/unblock the entire subscription amount received in accordance with applicable law including the SEBI ICDR Circular. If there is a delay beyond two days, our Company, to the extent applicable, shall pay interest at the rate of 15% per annum on the Bid Amount as per the SEBI circular (mentioned above). If there is a delay beyond four days, our Company and every Director of our Company who is an officer in default, to the extent applicable, shall pay interest as prescribed under applicable law. The Selling Shareholders, severally and not jointly, shall be liable to refund money raised in the Offer only to the extent of the Equity Shares offered by such Selling Shareholder in the Offer, together with any interest on such money, as required under applicable law, to the Bidder, provided no Selling Shareholder shall be responsible to pay such interest unless such delay is solely by, or is directly attributable to, an act or omission of such Selling Shareholder in relation to its respective portion of the Offered Shares and in such cases our Company shall be responsible to pay such interest. All refunds made, interest borne, and expenses incurred (with regard to payment of refunds) by our Company on behalf of any of the Selling Shareholders (only to the extent of its respective portion of the Offered Shares) will be adjusted or reimbursed by such Selling Shareholder to the Company as agreed among our Company and the Selling Shareholders in writing, in accordance with applicable law.

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90%, whichever is higher, of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, the Allotment for the valid Bids will be made in the following order:

- (i) In the first instance towards subscription for 90%, whichever is higher, of the Fresh Issue.
- (ii) If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made:
 - (a) first towards Equity Shares offered by the Selling Shareholders in proportion to the Offered Shares being offered by the Selling Shareholders;
 - (b) only after the sale of all of the Offered Shares, towards the balance Fresh Issue.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company and Selling Shareholders in consultation with the BRLMs, and the Designated Stock Exchange.

In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, and SEBI Master Circular, our Company shall within two 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. If there is a delay beyond such time period as prescribed under applicable law, interest at the rate of 15% per annum shall be paid.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Arrangement for disposal of odd lots

Since our Equity Shares will be traded in dematerialized form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

New financial instruments

Our Company is not issuing any new financial instruments through the Offer.

Restriction on Transfer of Shares and Transmission of Equity Shares

Except for lock-in of the pre-Offer Equity Shares of our Company and the Anchor Investor lock-in in the Offer, as detailed in “*Capital Structure*” on page 81 respectively, and except as provided in the Articles of Association as detailed in “*Main Provisions of the Articles of Association*” on page 522, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/splitting.

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.

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares of face value of ₹2 at an Offer Price of ₹[●] per Equity Share for cash (including a share premium of ₹[●] per Equity Share) aggregating up to ₹14,500 million comprising a Fresh Issue of up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹8,850 million and an Offer of Sale of up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹5,650 million by the Selling Shareholders consisting up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹5,428.36 million by Corporate Selling Shareholders, and up to [●] Equity Shares of face value of ₹2 each aggregating up to ₹221.64 million by Individual Selling Shareholders.

Our Company in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities to certain investors for an amount aggregating up to ₹ 1,770 million, as permitted under applicable laws on or prior to the date of filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR. The Pre-IPO Placement, if undertaken, shall not exceed 20% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and Prospectus.

The Offer is being made through the Book Building Process, in compliance with Regulation 6(2) and Regulation 31 of the SEBI ICDR Regulations.

Particulars	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment/allocation ^{^(2)}	Not less than [●] Equity Shares of face value ₹2 each	Not more than [●] Equity Shares of face value ₹2 each for allocation or Offer less allocation to QIBs and Retail Individual Investors	Not more than [●] Equity Shares of face value ₹2 each available for allocation or Offer less allocation to QIBs and Non-Institutional Investors
Percentage of Offer Size available for Allotment or allocation	Not less than 75% of the Offer size shall be available for allocation to QIBs Bidders. However, 5% of the Net QIB Category will 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 Net QIB Category (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to the Net QIB Category	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Investors will be available for allocation. One-third of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000	Not more than 10% of the Offer or the Offer less allocation to QIBs and Non-Institutional Investors will be available for allocation
Basis of Allotment if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares of face value ₹2 each shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares of face value ₹2 each shall be available for allocation on a proportionate basis to all	The allotment to each NII shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis, subject to: (a) One-third of the Non-Institutional Category will be available for allocation	The allotment to each Retail Individual Investor shall not be less than the minimum Bid lot subject to availability of Equity Shares of face value ₹2 each in the Retail Category and the remaining available Equity Shares of face value ₹2 each, if any, shall be allocated on a

Particulars	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
	<p>QIBs, including Mutual Funds receiving allocation as per (a) above.</p> <p>Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price</p>	<p>to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000; and</p> <p>(b) Two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000.</p>	<p>proportionate basis. See “Offer Procedure” on page 500</p>
Mode of Bidding	Through ASBA process only (excluding the UPI Mechanism) (except in case of Anchor Investors)	ASBA process only (including the UPI Mechanism for Bids up to ₹ 0.50 million)	ASBA process only (including the UPI Mechanism)
Minimum Bid	Such number of Equity Shares of face value ₹2 each in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares of face value ₹2 each
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares of face value ₹2 each so that the Bid does not exceed the Offer size (excluding the Anchor portion), subject to applicable limits to bidder/investor	Such number of Equity Shares of face value ₹2 each in multiples of [●] Equity Shares of face value ₹2 each so that the Bid does not exceed the Offer size (excluding the QIB Category), subject to applicable limits	Such number of Equity Shares of face value ₹2 each in multiples of [●] Equity Shares of face value ₹2 each so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares of face value ₹2 each and in multiples of [●] Equity Shares of face value ₹[●] each thereafter		
Allotment Lot	[●] Equity Shares of face value ₹2 each and in multiples of one Equity Share of face value ₹[●] each thereafter		
Trading Lot	One Equity Share		
Who can Apply ⁽³⁾	Public financial institutions specified in Section 2(72) of the Companies Act 2013, FPIs registered with SEBI (other than individuals, corporate bodies and family offices), scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with the SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, NBFC-SI, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹250 million, pension funds with a minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority, the National Investment Fund set up	Resident Indian individuals, HUFs (in the name of Karta), companies, corporate bodies, Eligible NRIs, scientific institutions, societies and trusts and FPIs who are individuals, corporate bodies and family offices which are re-categorised as category II FPI (as defined in the SEBI FPI Regulations) and registered with SEBI	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs

Particulars	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
	by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India		
Terms of Payment	<p>In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids⁽⁴⁾</p> <p>In case of all other Bidders: Full Bid Amount shall be blocked by the SCSBs in the bank account of the Bidders, or by the Sponsor Bank(s) through the UPI Mechanism (other than Anchor Investors) that is specified in the Bid cum Application Form at the time of the submission of the Bid cum Application Form</p>		

*Assuming full subscription in the Offer

^SEBI through its SEBI Master Circular, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use UPI. Individual investors Bidding under the Non-Institutional Portion Bidding for more than ₹200,000 and up to ₹500,000, 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 Master Circular 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.

- (1) Our Company may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors at the price at the Anchor Investor Allocation Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹50 million per Anchor Investor, and (iii) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof will be permitted, subject to minimum allotment of ₹50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the Anchor Investor Allocation Price.
- (2) This Offer is being made in accordance with Rule 19(2)(b) of the SCRR, through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer will be available for allocation to QIBs on a proportionate basis, provided that the Anchor Investor Portion may be allocated on a discretionary basis. Further, not more than 15% of the Offer will be available for allocation to Non-Institutional Investors, of which one-third of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. The allocation to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category 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. Further, not more than 10% of the Offer will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, 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 valid Bids being received at or above the Offer Price and in accordance with applicable laws. Under-subscription, if any, in the Net QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories.
- (3) If the Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.
- (4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Form, 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.

The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹2 each.

Bidders will be required to confirm and will be deemed to have represented to our Company, each of the Selling Shareholders, the Underwriters, their respective directors, officers, designated partners, partners, trustees, associates, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The Bids by FPIs with certain structures as described under “*Offer Procedure – Bids by Foreign Portfolio Investors*” on page 506 and having same PAN will be collated and identified as a single Bid in the Bidding process. The Equity Shares of face value of ₹2 each Allocated and Allotted to such successful Bidders (with same PAN) will be proportionately distributed.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis.

However, under-subscription, if any, in the QIB Category will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “*Terms of the Offer*” on page 489.

OFFER PROCEDURE

All Bidders should read the general information document for investing in the Offer prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by the SEBI 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, 2013, 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. For details of filing of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, see “**General Information – Filing of this Draft Red Herring Prospectus**” on page 73.

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; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications and electronic registration of bids; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (“**UPI Circular**”) introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to Self-Certified Syndicate Banks (“SCSBs”) for blocking of funds has been discontinued and Retail Individual Investors (“RIIs”) submitting their ASBA Forms through Designated Intermediaries (other than SCSBs) can only use UPI Mechanism with timeline of T+6 days until further notice pursuant to SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (“**UPI Phase II**”). The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders (“**UPI Phase III**”) and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023 (“**T+3 Notification**”). Accordingly, the Offer will be undertaken pursuant to the processes and procedures under UPI Phase III on mandatory basis, subject to any circulars, clarification or notification issued by the SEBI pursuant to the T+3 Notification.

The Offer being made under UPI Phase III, will be advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of New Delhi, where our Registered Office is located), each with a 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. Further, SEBI Master Circular, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. The provisions of these circulars are deemed to form part of this Draft Red Herring Prospectus. Furthermore, SEBI vide its SEBI Master Circular, has mandated all individual investors Bidding in the Offer up to ₹500,000 to use the UPI Mechanism for submitting their Bids with (a) a Member of the Syndicate; (b) a Registered Broker at the Broker Centre; (c) a Collecting Depository Participant; and (d) the Registrar to the Offer. Further, for all initial public offerings opening on or after September 1, 2022, as specified in SEBI Master Circular, the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor’s bank accounts. Pursuant to circular no. NSDL/CIR/II/28/2023 dated August 8, 2023 issued by NSDL and CDSL/OPS/RTA/POLCY/2023/161 dated August 8, 2023 issued by CDSL. Our Company have requested Depositories to suspend /freeze the ISIN in Depository system from the date of RHP till listing/ trading effective date. The Shareholders who intend to transfer the Pre-IPO shares may request our Company/ Registrar to the Offer for facilitating transfer of shares under suspended / frozen ISIN by submitting requisite documents. Our Company/ Registrar would then send the requisite documents along with applicable stamp duty and corporate

action charges to the respective Depository to execute the transfer of shares under suspended ISIN through corporate action. The transfer request shall be accepted from Issuer till one day prior to issue opening date.

SEBI vide its circular no. SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/5 dated May 24, 2024 (“AV Circular”) has introduced the disclosure of audiovisual presentation of disclosures made in Offer Documents. Pursuant to the AV Circular, investors are advised not to rely on any other document, content or information provided in respect to the public issue on the internet/online websites/social media platforms/micro-blogging platforms by influencers. Further, investors are advised to rely only on the information contained in the Offer document and Price Band Advertisement for making investment decision.

Our Company, each of the Selling Shareholders and the Members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law, which may occur after the date of this Draft Red Herring Prospectus.

Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

Further, our Company, each of the Selling Shareholders and the Members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Process

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in compliance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Category 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 them at or above the Anchor Investor Allocation Price. In case of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares will be added back to the Net QIB Category. Further, 5% of the Net QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Category 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. Further, not more than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category. The allocation to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category 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. Further, not more than 10% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and its Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the Net QIB Category, will not be allowed to be met with spill-over from any other category or a combination of categories.

On Allotment, the Equity Shares, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including DP ID, Client ID and PAN, and UPI ID (for UPI Bidders Bidding through the UPI Mechanism) shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification dated February 13, 2020 issued by the Central Board of Direct Taxes and the press release dated June 25, 2021, September 17, 2021 and March 28, 2023 and any subsequent press releases in this regard.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public Offer closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019, until March 31, 2019, or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII 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 Offer closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

Phase III: This phase was applicable on a voluntary basis for all issues opening on or after September 1, 2023 and has become on a mandatory basis for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 (“**T+3 Notification**”). In this phase, the time duration from public Offer closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Pursuant to the SEBI Master Circular issued by SEBI, (the “**UPI Streamlining Circular**”), SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors’ complaints, the relevant SCSB as well as the post–Offer BRLM will be required to compensate the concerned investor

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 on compliance with SEBI Master Circular.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

The Offer is being made under Phase III of the UPI (on a mandatory basis).

Further, pursuant to SEBI Master Circular, all individual investors applying in public issues where the application amount is up to ₹500,000 shall use UPI and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

1. a syndicate member;
2. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
3. a depository participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);
4. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at our Registered Office. An electronic copy of the Bid cum Application Forms will also be available for download on the websites of NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process. The UPI Bidders can additionally Bid through the UPI Mechanism

Bidders (other than Anchor Investors and UPI Bidders) must provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts or the UPI ID (in case of UPI Bidders), as applicable in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such detail are liable to be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection.

UPI Bidders must provide the UPI ID in the relevant space provided in the ASBA Form. ASBA Forms for such UPI Bidders, that do not contain the UPI ID are liable to be rejected. UPI Bidders may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid cum Application Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. UPI Bidders shall submit their ASBA Forms with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. UPI Bidders authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. Bidders, using the ASBA process to participate in the Offer, must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/unblocked.

Since the Offer is made under Phase III (on a mandatory basis), ASBA Bidders may submit the ASBA Form in the manner below:

- i. RIIs (other than the RIIs 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
- ii. 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.
- iii. QIBs and NIBs not using the UPI Mechanism may submit their ASBA Forms with SCSBs, Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs.
- iv. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank(s),

as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked / unblocked.

For all initial public offerings opening on or after September 1, 2022, as specified by SEBI, pursuant to SEBI Master Circular, the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. This circular is applicable for all ASBA Bidders and also for all modes through which the applications are processed.

The prescribed colours of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form ⁽¹⁾
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis ⁽²⁾	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions ⁽²⁾	[●]
Anchor Investors ⁽³⁾	[●]

⁽¹⁾ Excluding electronic Bid cum Application Forms

⁽²⁾ Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and the BSE (www.bseindia.com)

⁽³⁾ Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms (except ASBA Forms submitted by UPI Bidders) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. For UPI Bidders, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a UPI Bidder who is not Bidding using the UPI Mechanism.

Stock Exchanges shall validate the electronic bids with the records of the depository for DP ID/Client ID and PAN, on a real time basis through API integration 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 (but not both), bank code and location code in the Bid details already uploaded. For UPI Bidders, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis through API integration to enable the Sponsor Bank(s) to initiate UPI Mandate Request to UPI Bidders for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three-way reconciliation with Banks UPI switch data, CBS data and UPI raw data.

For all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 05:00 p.m. on the Bid/Offer Closing Date (“**Cut-Off Time**”). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

Pursuant to NSE circular dated August 3, 2022 with reference no. 25/2022, 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 p.m. 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 4.00 p.m. 4:00 p.m. for QIBs and Non-Institutional Investors categories and up to 5.00 p.m. for Retail Individual and Eligible

Shareholders Bidders categories on the initial public offer closure day; d) QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/withdraw their bids; e) The Stock Exchanges shall display Offer demand details on its website and for UPI bids the demand shall include/consider UPI bids only with latest status as request accepted by Investor/ client, based on responses/status received from the Sponsor Bank(s).

Electronic registration of Bids

- (a) The Designated Intermediaries may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for offline electronic registration of Bids, subject to the condition that they may subsequently upload the offline data file into the online 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 are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.
- (d) QIBs and Non-Institutional Investors can neither revise their bids downwards nor cancel/withdraw their bids.

Participation by Book Running Lead Managers, associates and affiliates of the Book Running Lead Managers and the Members of the Syndicate and the persons related to Book Running Lead Managers and the Members of the Syndicate

The BRLMs and the Members of the Syndicate shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their respective underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Members of the Syndicate may purchase Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and the Members of the Syndicate, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any associates of the BRLMs (except for Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs which are sponsored by entities that are associates of the BRLMs or FPIs (other than individuals, corporate bodies and family offices) which are associates of the BRLMs or pension funds registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 sponsored by entities which are associate of the BRLMs) shall not apply in the Offer under the Anchor Investor Portion. For details, see “- *Bids by Anchor Investors*” on page 510. An Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and Selling Shareholders in consultation with the BRLMs, 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 may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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 scheme. 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 ASBA Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs applying on a repatriation basis by using the Non-Resident Forms should authorise their SCSBs (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and Eligible NRIs Bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders) to block their Non-Resident Ordinary (“NRO”) accounts for the full Bid amount, at the time of submission of the ASBA Form. Eligible NRIs applying on a non- repatriation basis 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 ASBA Form.

In accordance with the FEMA 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.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

Participation of Eligible NRI(s) in the Offer shall be subjected to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour).

For details of restrictions on investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 520.

Bids by Hindu Undivided Family

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by Foreign Portfolio Investors

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company and its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

In terms of the FEMA Rules and Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations 2019 (“**SEBI FPI Regulations**”), investments by FPIs in the Equity Shares each is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. Further, in terms of the FEMA

Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up equity share capital of our Company on a fully diluted basis and the aggregate limit for FPI investments shall be the sectoral caps applicable to our Company, which is 100% of the total paid-up equity share capital of our Company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, 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 Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. Bids by FPIs which utilize the multi-investment manager structure, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be treated as multiple Bids. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for Offer procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that any transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids: (i) FPIs which utilise the MIM Structure, indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment

scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as category I FPIs; and (vii) Entities registered as collective investment scheme having multiple share classes.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, the venture capital funds which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 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 Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe the investment restrictions on FVCIs.

The category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations).

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All Non-Resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Further, the shareholding of VCFs, Category I AIFs or Category II AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund or foreign venture capital investor

Our Company and the Book running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

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 its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form, failing which our Company and its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason therefor, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “**Banking Regulation Act**”), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company or 10% of the bank’s own paid-up share capital and reserves, whichever is lower. Further, the aggregate equity investments in subsidiaries and other entities engaged in financial and non-financial services, including overseas investments, cannot exceed 20% of the bank’s paid-up share capital and reserves. However, a banking

company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company.

Bids by Self Certified Syndicate Banks

SCSBs participating in the Offer are required to comply with the terms of the circular (CIR/CFD/DIL/12/2012) dated September 13, 2012 and circular (CIR/CFD/DIL/1/2013) dated January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

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 its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“**IRDA Investment Regulations**”), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company and its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, 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 (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million registered with the Pension Fund Regulatory and Development Authority, 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 its Selling Shareholders in consultation with the BRLMs, reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and its 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 its Selling Shareholders in consultation with the BRLMs, may deem fit.

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 its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

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 ₹100.00 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 ₹100.00 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 and will be completed on the same day.
- v. Our Company 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: maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100.00 million; minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million, subject to a minimum Allotment of ₹ 50.00 million per Anchor Investor; and in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million, subject to minimum Allotment of ₹ 50.00 million per Anchor Investor.
- vi. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchanges.
- vii. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- viii. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Offer Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Offer Price.
- ix. Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in the following manner: there shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to each of 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 each of the Anchor Investors from the date of Allotment.
- x. Neither the BRLMs nor any associate of the BRLMs (except (a) Mutual Funds or AIFs sponsored by entities which are associates of the BRLMs; or (b) FPIs (other than individuals, corporate bodies and family offices) which are associates of the BRLMs; or (c) insurance companies promoted by entities which are associates of the BRLMs; or (d) pension funds sponsored by entities which are associate of the BRLMs), nor any “person related to Promoter or Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an “associate of the BRLM” if: (i) 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 (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.
- xi. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and its Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid, without assigning any reason therefor.

The above information is given for the benefit of the Bidders. Our Company, Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus, when filed. 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 laws or regulations and as specified in this Draft Red Herring Prospectus, when filed. 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 in accordance with applicable laws.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of New Delhi, where our Registered Office is located), each with a wide circulation. Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date, if any. This advertisement, subject to the provisions of Section 30 of the Companies Act 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Allotment Advertisement

The Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, before 9 p.m. IST, on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, provided such final listing and trading approval from all the Stock Exchanges is received prior to 9:00 p.m. IST on that day. In an event, if final listing and trading approval from all the Stock Exchanges is received post 9:00 p.m. IST on the date of receipt of the final listing and trading approval from all the Stock Exchanges where the equity shares of the Issuer are proposed to be listed, then the Allotment Advertisement shall be uploaded on the websites of our Company, BRLMs and Registrar to the Offer, following the receipt of final listing and trading approval from all the Stock Exchanges.

Our Company, the BRLMs and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper (Hindi also being the regional language of New Delhi, where our Registered Office is located), each with a wide circulation.

Signing of Underwriting Agreement and filing of Prospectus with the Registrar of Companies, NCT of Delhi, and Haryana at New Delhi

Our Company and each of the Selling Shareholders intend to enter into an underwriting agreement with the Underwriters on or immediately after the determination of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

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 Equity Shares shall be Allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors 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 Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until 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:

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;

1. Ensure that you have Bid within the Price Band;
2. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders) in the Bid cum Application Form (with a maximum length of 45 characters) and such ASBA account belongs to you and no one else. Further, UPI Bidders must mention their UPI ID and shall use only his/her own bank account which is linked to his/her UPI ID;
3. UPI Bidders shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
4. UPI Bidders Bidding through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
5. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
6. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
7. Ensure that your PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;
8. UPI Bidders Bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party
9. 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, may submit their ASBA Forms with the Members of the Syndicate, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

10. 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;
11. 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);
12. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
13. 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;
14. Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;
15. 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;
16. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
17. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of circular (MRD/DoP/Cir-20/2008) dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of circular (MRD/DoP/Cir-09/06) dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which 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;
18. Ensure that the Demographic Details are updated, true and correct in all respects;
19. 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;
20. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., relevant documents, including a copy of the power of attorney, are submitted;
22. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Bidders (except UPI Bidders) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. UPI Bidders should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank(s) to authorise blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment, in a timely manner;
24. Note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database,

then such Bids are liable to be rejected. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilize the MIM Structure and such Bids such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;

25. 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 <http://www.sebi.gov.in>);
26. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
27. 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 authorization of the mandate using his/her UPI PIN, the UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank(s) to issue a request to block the Bid Amount mentioned in the ASBA Form in his/her ASBA Account;
28. UPI Bidders should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the ASBA Form;
29. UPI Bidders who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in their account and subsequent debit of funds in case of allotment in a timely manner;
30. Bids by Eligible NRIs, HUFs and FPIs other than individuals, corporate bodies and family offices, for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer;
31. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Banks prior to 12:00 p.m. IST of the Working Day immediately after the Bid/ Offer Closing Date;
32. The ASBA bidders shall ensure that bids above ₹500,000, are uploaded only by the SCSBs
33. Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and/or the designated branches of SCSBs or the relevant Designated Intermediary, as applicable
34. UPI Bidders who wish to Bid should submit Bid with the Designated Intermediaries, pursuant to which the UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the UPI Bidder's ASBA Account
35. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs; and
36. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned on the website of the SEBI, is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form, as the case may be after you have submitted a Bid to a Designated Intermediary;
4. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
5. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
6. Do not submit the Bid for an amount more than funds available in your ASBA account;
7. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
8. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
9. Anchor Investors should not Bid through the ASBA process;
10. If you are a UPI Bidder, do not submit more than one Form from each UPI ID;
11. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centres;
12. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
13. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);
14. 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 the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
15. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
16. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date (for online applications) and after 12:00 p.m. on the Bid/ Offer Closing Date (for Physical Applications);
17. Do not Bid for Equity Shares in excess in excess of what is specified for each category;
18. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Investors;
19. Do not submit the General Index Register number instead of the PAN;
20. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
21. 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, in the UPI-linked bank account where funds for making the Bid are available;
22. 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 Investor;
23. 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 Bidder;
24. 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;

25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres. If you are UPI Bidder, do not submit the ASBA Form directly with SCSBs;
26. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable laws or your relevant constitutional documents or otherwise;
27. 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);
28. Do not submit more than one Bid cum Application Form per ASBA Account;
29. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
30. Do not submit an ASBA Form with third party linked UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders);
31. Do not submit ASBA Forms to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).
32. UPI Bidders using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website is liable to be rejected
33. Do not Bid if you are an OCB, and;
34. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹500,000

Further, for helpline details of the Book Running Lead Managers, see “*General Information – Book Running Lead Managers*” on page 74.

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. See “*General Information – Company Secretary and Compliance Officer*” on page 73.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer 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 to public may be made for the purpose of making Allotment in minimum lots.

The Allotment of Equity Shares to Bidders other than to the Retail Individual Investors, Non-Institutional Investors 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 allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Category 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. Not more than 15% of the

Offer shall be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category will be available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other subcategory of Non-Institutional Category. The allocation to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Category 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.

Payment into Escrow Account for Anchor Investors

Our Company 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 through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (i) in case of resident Anchor Investors: “[●]”; and
- (ii) 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 Bankers to the Offer and the Registrar to the Offer to facilitate collections of Bid Amounts from Anchor Investors.

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). In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Offer:

- agreement dated April 25, 2018 among NSDL, our Company and Registrar to the Offer; and
- agreement dated October 11, 2017 among CDSL, our Company and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

- (i) that the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- (ii) if Allotment is not made within the prescribed time under applicable law, application monies will be refunded/unblocked in the ASBA Accounts within such time period as prescribed under applicable law from the Bid/Offer Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act 2013 and the SEBI ICDR Regulations for the delayed period;
- (iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within three Working Days of the Bid/Offer Closing Date or such other timeline as may be prescribed by SEBI;
- (iv) that funds required for making refunds (to the extent applicable) to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- (v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- (vi) that, except for (i) any allotment of Equity Shares to employees of our Company pursuant to exercise of stock options granted under the Employee Stock Option Plans (ii) Pre-IPO Placement no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc;
- (vii) that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (viii) that if our Company withdraws the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company subsequently decides to proceed with the Offer;
- (ix) that the Allotment Advice/refund confirmation to Eligible NRIs shall be dispatched within specified time;
- (x) that adequate arrangements shall be made to collect all Bid cum Application Forms; and
- (xi) that our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholders

Each of the Selling Shareholders, severally and not jointly, undertakes and/or confirms solely in respect of itself as a Selling Shareholder and its portion of the Offered Shares, that:

- (i) it is the legal and beneficial owner of its respective portion of the Offered Shares;
- (ii) its Offered Shares are free and clear of encumbrances and shall be transferred pursuant to the Offer for Sale, free and clear of any encumbrances;
- (iii) it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, except for payment of fees or commission for services rendered in relation to the Offer; and

Utilisation of Offer Proceeds

Our Board certifies that:

- (i) all monies received out of the Fresh Issue 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 2013;
- (ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the BRLMs, reserves the right not to proceed with the Offer, after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company will issue a public notice, in the same newspapers in which the pre-Offer advertisements were published, within two days from the Bid/Offer Closing Date, or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs and/ or the Sponsor Bank(s), as the case may be, to unblock the bank accounts of ASBA bidders within one Working Day from the day of receipt of such instruction and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the

pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly by our Company.

If our Company and the Selling Shareholders in consultation with the BRLMs, withdraws the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, our Company will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within such time period as prescribed under applicable law and the final RoC approval of the Prospectus after it is filed with the RoC. 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.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The responsibility of granting approval for foreign investment under the Consolidated FDI Policy (*defined herein below*) and FEMA has been entrusted to the RBI and the concerned ministries/ departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India (“**DPIIT**”) issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the “**Consolidated FDI Policy**”), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020.

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 Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and/or RBI.

In terms of Press Note 3 of 2020, dated April 17, 2020 (“**Press Note**”), issued by the DPIIT, 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.

As per the FEMA Non-debt Instruments Rules and Consolidated FDI Policy read with the Press Note, 100% foreign direct investment is permitted under the automatic route in entities undertaking financial services activities regulated by financial sector regulators including the RBI, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “**Offer Procedure – Bids by Eligible Non-Resident Indians**” and “**Offer Procedure – Bids by Foreign Portfolio Investors**”, on pages 506 and 506, respectively.

As per the existing policy of the Government of India, OCBs cannot participate in the Offer.

For further details, see “**Offer Procedure**” on page 500.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”) in transactions exempt from the registration requirements of the U.S. Securities Act, that are QPs as defined in Section 2(a)(51) of the U.S. Investment Company Act (persons who are both a U.S. QIB and a QP are referred to as “Entitled QPs”) and (ii) outside the United States 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 are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

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.

Our Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. Our Company is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act, and as a result the Equity Shares are being offered and sold in the United States and to U.S. Persons only to persons who are Entitled QPs.

Our Company may be a “covered fund” for purposes of the “Volcker Rule” contained in the Dodd-Frank Act (Section 619: Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds). Accordingly, entities that may be “covered banking entities” for the purposes of the Volcker Rule may be restricted from holding the Company’s securities and should take specific advice before making an investment in our Company.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

This set of Articles of Association of the Company has been approved pursuant to the provisions of the Section 14 of the Companies Act, 2013 and by a special resolution passed at the Extraordinary General Meeting of Aye Finance Limited (the “**Company**”) held on December 12, 2024. These Articles have been adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing articles of association.

The Articles of Association of our Company consist of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until the date of the listing of the equity shares of the Company (“**Equity Shares**”) in connection with the initial public offering (the “**IPO**”) on the recognized stock exchange(s) in India or till: (i) termination of the amended and restated shareholders’ agreement dated September 18, 2024 (“**SHA**”); (ii) March 31, 2026 or such other date as may be mutually agreed in writing by the parties to SHA, if the listing of the Equity Shares pursuant to the IPO is not completed by then; (iii) the date on which the Board decides not to undertake the IPO and/or to withdraw any offer document filed with any regulatory authority in respect of the IPO, including any draft offer document filed with the Securities and Exchange Board of India (“**SEBI**”); or (iv) expiry of 12 months from the date of receipt of final observations from SEBI on the draft offer document filed with SEBI, if the listing of the Equity Shares pursuant to the IPO is not completed by then; whichever of (i) to (iv) is earlier (the “**Long Stop Date**”).

In case of any inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall prevail and be applicable until the Long Stop Date. All articles of Part B shall automatically terminate and cease to have any force and effect from the date of listing of the Equity Shares on the recognized stock exchange(s) in India pursuant to the IPO 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 or by its shareholders. Alternatively, all the articles of Part A shall automatically terminate and cease to have any force and effect from the Long Stop Date (if not on account of listing of the Equity Shares pursuant to the IPO) and the provisions of Part B shall continue to be in effect and be in force, without any further corporate or other action, by our Company or by its shareholders.

No material clause of the Articles of Association having a bearing on the Offer or the disclosures required In this Draft Red Herring Prospectus have been omitted.

PART A

PRELIMINARY

1. The regulations contained in Table F of Schedule I of the Companies Act, 2013 shall apply to the Company so far as they are not inconsistent with or repugnant to any of the regulations contained in these Articles.

INTERPRETATION

2. In the interpretation of these Articles, the following words and expressions shall have the following meanings, unless repugnant to the subject or context hereof:

“**Act**” means the Companies Act, 2013, to the extent notified, as amended from time to time and includes any re-enactment thereof, with all schedules and tables thereunder, as notified, with effect from the date of such notification in the official Gazette of India including all the rules, notifications, clarifications, orders and circulars issued thereunder.

“**Alter**” and “**Alteration**” shall include the making of additions, omission, insertion, deletion and substitutions.

“**Annual General Meeting**” means a General Meeting of the Members held in accordance with the provisions of Section 96 of the Act.

“**Articles**”, means these Articles of Association as originally framed or altered from time to time and includes the memorandum where the context so requires.

“**Board**” or “**Board of Directors**” or “**The Board**” or “**The Board of Directors**” means the board of directors of the Company in office at applicable times.

“**Beneficial Owner**” means a Person whose name is recorded as such with a Depository.

“**Bye Laws**” means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

“**Company**” or “**This Company**” means **Aye Finance Limited**, a company incorporated under the laws of India.

“**Company Secretary**” or “**Secretary**” means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by a company to perform the functions of a company secretary under the Act and these Articles.

“**Debenture**” includes debenture stock, bonds or any other instrument of the Company evidencing a debt, whether constituting a charge on the assets of the Company or not.

“**Depositories Act**” means the Depository Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof including all the rules, notifications, circulars issued thereof for the time being in force.

“**Depository**” means a depository as defined in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996.

“**Director**” means a director appointed to the Board of the Company in accordance with these Articles, including any independent director, additional director, nominee director and/or alternate director, appointed in accordance with these Articles.

“**Dividend**” includes interim Dividend.

“**Document**” includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of the Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

“**Employees’ Stock Option Plan**” means the employee stock option plan as formulated and approved by the Board of Directors and shareholders of the Company, applicable inter alia to the employees, the Directors of the Company and its subsidiary companies.

“**Equity Shares**” means the equity shares of INR 2/- each, in the issued, subscribed and paid up equity share capital of the Company.

“**Extra Ordinary General Meeting**” means an extra ordinary general meeting of the Members duly called and constituted in terms of these Articles and the Act, and any adjournments thereof.

“**Key Managerial Personnel**”, in relation to the Company, means—

- (i) the chief executive officer or the managing director or the manager;
- (ii) the company secretary;
- (iii) the whole-time director;
- (iv) the chief financial officer;
- (v) such other officer, not more than one level below the Board of Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) such other officer as may be prescribed under the Act

“**Meeting**” or “**General Meeting**” means a meeting of Members including Annual General Meeting and Extra Ordinary General Meeting.

“**Member**”, in relation to the Company, means—

- (i) the subscriber to the Memorandum of Association of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as a member in its Register of Members;
- (ii) every other person who agrees in writing to become a member of the Company and whose name is entered in the Register of Members of the Company;
- (iii) every person holding Shares of the Company and whose name is entered as a Beneficial Owner in the records of the Depository.

“**Memorandum of Association**” means the memorandum of association of the Company (as amended, substituted, replaced from time to time).

“**Month**” means a period of thirty days and a “**Calendar month**” means an English Calendar Month.

“**Officer who is in default**” shall have the same meaning as specified under Section 2 (60) of the Act.

“**Ordinary Resolution**” and “**Special Resolution**” shall have the same meaning as specified under Section 114 of the Act.

“**Person**” includes an individual, an association of persons or body of individual, whether incorporated or not and a firm.

“**Register and Index of beneficial owners**” maintained by a depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members for the purpose of the Act and these Articles.

“**Register of Members**” means the Register of Member to be kept in pursuance to the provisions of the Act.

“**Registered Office**” means the registered office of the Company for the time being.

“**SEBI**” means the, Securities and Exchange Board of India.

“**SEBI LODR Regulations**” means the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

“**Security(ies)**” means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956.

“**Shares**” means the shares of the Company issued from time to time and carrying the rights as set out in these Articles including preference shares and the Equity Shares.

“**The Registrar**” means the Registrar of Companies of the State in which the Registered Office of the Company is for the time being situate.

Words importing the masculine gender include the feminine gender.

Words importing the singular number include the plural number.

Subject as aforesaid, any words and expressions defined in the Act as modified up to the date on which these Articles become binding on the Company shall, except where the subject or context otherwise requires, bear the same meaning in these Articles.

Word and concepts not defined in these articles shall have the same meaning as defined under Section 2 of the Act and Rules made there under.

“Writing” shall include printing and lithography and any other mode or modes representing or reproducing words in a visible form.

“Year” means the calendar year and “Financial Year”, the period starting from 1st day of April and ending on the 31st day of March every year in relation to the Company means.

3. The marginal notes hereto shall have no effect on the construction hereof.

SHARE CAPITAL

4. The authorized share capital of the Company shall be such amount and be divided into such class(es), denomination(s) and number of Shares as may, from time to time, be provided in Clause V of the Memorandum of Association, each Share with rights, privileges and conditions attached thereto as are provided by these Articles for the time being, and with the power to increase, consolidate, divide, sub-divide, cancel and reduce the share capital of the Company and to convert Shares into stocks and re-convert that and to divide the Shares for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with these Articles and to vary, modify, amalgamate or abrogate any such rights, privileges in such manner as may for the time being be provided in these Articles. A common form of transfer shall be used in case of transfer of shares. The Company may issue the following kinds of shares in accordance with these Articles, the Act and other applicable laws:
 - (a) Equity share capital:
 - (i) with voting rights; and/or
 - (ii) with differential rights as to dividend, voting or otherwise in accordance with the Act; and
 - (b) Preference share capital.
5. Subject to the provisions of the Act and these Articles, the Shares shall be under the control of the Board of 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 and at such time as they may from time to time think fit.
6. In addition to, and without derogating from the power for that purpose conferred on the Board of Directors under these Articles, the Company in a General Meeting may, subject to the compliance of Sections 42 and 62 of the Act as the case may be and Rules notified thereunder, determine to issue further Shares out of the authorized but unissued share capital of the Company and may determine if any Shares shall be offered to such Persons (whether Members or holders of Debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par, as such General Meeting shall determine and with full power to give any Person (whether a Member or

holder of Debentures of the Company or not) an option to be exercisable at such times and for such consideration as may be directed by such General Meeting and subject to such other provisions whatsoever as the case may be, stipulated by the General Meeting, for the issue, allotment or disposal of any Share.

7. Subject to the provisions of the Act and these Articles, the Board of Directors may allot and issue Shares in payment/ part-payment/ part-repayment for any property or assets of any kind whatsoever (including the good-will of any business) sold or transferred or goods or machinery or know-how supplied or for services rendered to the Company either for the formation or promotion of the Company or the conduct of its business and any Shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than for cash and if so issued shall be deemed to be fully paid up or partly paid up Shares as aforesaid. The Board of Directors shall cause returns to be filed of any such allotment as may be required under the provisions of the Act.
8. The Company be and is hereby empowered to issue Shares under the Employee Stock Option Plan, subject to the provisions Section 62(iii)(b) of the Act and Rules issued thereunder, guidelines and regulations issued by SEBI and other laws as applicable.
9. The Shares shall be numbered progressively according to their several denominations.
10. The money (if any) which the Board of Directors shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposits, call or otherwise in respect of any Shares allotted by them, immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by such allottee accordingly.
11. If by the conditions of allotment of any Share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall when due, be paid to the Company from time to time by the Person who for the time being shall be the registered holder of the Share or his legal representative.
12. Except when required by law or ordered by a court of competent jurisdiction, the Company shall not be bound to recognize any person as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) an equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles or as ordered by a court of competent jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
13. None of the funds of the Company shall be applied in the purchase of any Shares of the Company itself and not give any financial assistance for or in connection with the purchase or subscription of any Shares in the Company or in its holding company save as provided by provisions of the Act.

UNDERWRITING AND BROKERAGE

14. The Company may, subject to the applicable provisions of the Act, at any time pay a commission to any Person in consideration of his/her subscribing or agreeing to subscribe or such Person procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any Shares or Debentures of the Company, but the rate of such commission shall not exceed the permissible rates under the provisions of the Act and be subject to the conditions prescribed under sub-section (6) of section 40 of the Act and the rules made thereunder. The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40 of the Act, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40 of the Act. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or Debentures or partly in the one way and partly in the other. The Company may also on any issue of Shares or Debentures, pay such brokerage as may be lawful.

LIEN

15. The Company shall have a first and paramount lien—
 - (a) on every share (not being a fully paid Share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - (b) on all Shares (not being fully paid Shares) standing registered in the name of a single person, for all monies presently payable by him/her or his/her estate to the Company:

Provided that the Board of Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. Provided further that fully paid up Shares shall be free from all lien.

The Company's lien, if any, on a Share shall extend to all dividends payable and bonuses declared from time to time in respect of such Shares.

The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
 - (b) until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.
16. (i) For the purpose of enforcing the aforesaid lien on the partly paid- up shares, the Board of Directors may sell the Shares, subject to the terms hereof, in such manner as they shall think fit. However, no sale shall be consummated, unless the sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or his committee, or other legal representatives as the case may be, and a default shall have been made by him or them in the payment of such sums payable as aforesaid, for a period of seven (7) days from the date of notice.
- (ii) To give effect to any such sale, the Board may authorize any person to transfer the Shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the Shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the Shares sold, shall stand cancelled and become null and void and of no effect and the Board of Directors shall be entitled to issue a new certificate or certificates in lieu of the sale to the purchaser or purchasers concerned.
17. The net proceeds of any such sale, after payment of the costs of such sale, shall be applied in or towards the satisfaction of the debts, liabilities or engagements of the defaulting Member and the residue, (if any) shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to such Member or the person (if any) entitled by transmission to the Shares so sold.

CERTIFICATES

18. (i) Every Person whose name is entered as a Member in the Register of Members shall be entitled to receive within two (2) months after incorporation, in case of subscribers to the Memorandum of Association or after allotment or within one (1) month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—
- (a) one certificate for all his/her Shares without payment of any charges; or
 - (b) several certificates, each for one or more of his/her Shares, upon payment of twenty (20) rupees for each certificate after the first.
- (ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by two Directors or by a director and the company secretary, wherever the Company has appointed a company secretary.
- (iii) In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to the person whose name appears first in the Register of Members, of several joint holders shall be sufficient delivery to all such holders.
19. The Board of Directors may in their absolute discretion allow or refuse sub-division of Share/Debenture certificate where such sub-division will result in the issue of certificate for number of Shares and/or Debentures which is less than the marketable lot, unless the sub-division is required to be made to comply with a statutory provision or an order of a competent court of law.
20. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub- division or consolidation of Shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate . Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is not further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares.
- (a) When a new share certificate has been issued in pursuance of sub clause (a) of this Article 18 (i), it shall state on the face of it and against the stub or counterfoil to the effect that it is “Issued in lieu of Share Certificate No. _____”. The word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.
 - (b) Where a new share certificate has been issued in pursuance of this Article 18 (i), particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued the number and date of issue of the share certificate in lieu of which the new share certificate is issued, and the necessary, changes indicated in the Register of Members by suitable cross reference in the “Remarks” column.

- (c) All blank forms to be issued for share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank form shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or other persons aforesaid shall be responsible for rendering an account of these forms to the Board.
- (d) Managing Director of the Company, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation, and the safe custody of all books and documents, relating to the issue of share certificates except the blank forms of share certificates referred to in sub clause (d) of this Article 18 (i).
- (e) All the books and documents referred to in this Article 18 shall be preserved in good order permanently.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations and requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other act or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to issue of certificates for any other Securities, including Debentures, of the Company.

- 21. Every endorsement upon a share certificate in favour of any transferee thereof shall be signed by such person for the time being authorized by the Board of Directors in that behalf.
- 22. The Board shall comply with requirements of Section 46 and rules notified under the Act relating to the issue and execution of share certificates. The provisions of these Articles shall *mutatis mutandis* apply to Debentures of the Company.

CALLS

- 23. The Board may, from time to time, make calls upon the Members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one month from the date fixed for the payment of the last preceding call. Further, provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

- 24. Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his/her Shares.
- 25. A call may be revoked or postponed at the discretion of the Board.
- 26. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.
- 27. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 28. (i) If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof, to the time of actual payment at such rate, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
- 29. (i) Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 30. The Board may, if it thinks fit, subject to the provisions of Section 50 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the monies due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be agreed upon between the Board and the Member paying the sum in advance. Provided that money paid in advance of calls on any Share may carry interest but shall not confer a right to dividend or to participate in profits. The Board may at any time repay the amount so advanced. The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on Debentures of the Company.

Where any calls for further share capital are made on the shares of a class, such calls shall be made on a uniform basis on all shares falling under that class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.

FORFEITURE AND SURRENDER

31. If any Member fails to pay the whole or any part of any call or installment, any money due in respect of any Shares either by way of principal or interest, on or before the day appointed for the payment of the same, the Board of Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other money as aforesaid remain unpaid, or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the Shares by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.
32. The notice aforesaid shall—
 - (b) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (c) 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.
33. If the requirements of any such notice as aforesaid shall not be complied with, any of the Shares in respect of which such notice has been given, may, at any time thereafter but before payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
34. When any Shares shall have been so forfeited, an entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the Member in whose name they stood immediately prior to the forfeiture, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any entry as aforesaid.
35. Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.
36. The Board of Directors may, at any time before any Shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.
37. Any person whose Shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest, expenses and other moneys owing upon or in respect of such Shares, at the time of the forfeiture together with interest thereon from the time of the forfeiture until actual payment, at such rates as the Board of Directors may determine. The Board of Directors may, and shall be under no obligation to do so, enforce the whole or a portion of the payment, as if it were a new call made at the date of the forfeiture.
38. The forfeiture of a Share shall involve the extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the Shares forfeited and all other rights incidental to such Shares, except those rights as are expressly saved by these Articles.
39. The Board of Directors may, subject to the provisions of the Act, accept the surrender of any Shares from or by any Member desirous of surrendering them, on such terms as they think fit.
40. A duly verified declaration in writing that the declarant is a Director, a manager or the secretary of the Company and that a Share in the Company has been duly forfeited on a date stated in such declaration, shall be conclusive evidence of the facts stated therein, as against all persons claiming to be entitled to the Share.
41. Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers herein before given, the Board may appoint a person to execute an instrument of transfer of the Share sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares so sold, and the Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposition thereof and the person to whom such Shares are sold, re-allotted or disposed of, may be registered as the holder of the Share and he shall not be bound to see to the application of the consideration/purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Share, and after his name has been entered in the Register of Members in respect of such sold Shares, the validity of the sale shall not be impeached by any person.
42. Upon any sale, re-allotment or other disposal of the Shares, under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant Shares shall (unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Board of Directors shall be entitled to issue a new certificates in respect of the said Shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

43. The instrument of transfer of any Shares shall be in such form as may be prescribed under the Act and in writing, and all the applicable provisions of the Act for the time being in force shall be duly complied with, in respect of all transfers of Shares and the registrations thereof.
44. Every such instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such Share until the name of the transferee is entered in the Register of Members in respect thereof.
45. The Company shall not register a transfer of Shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company, within a period of sixty (60) days from the date of execution of such instrument, along with the certificate relating to the Shares, unless no such share certificate is in existence along with the letter of allotment of the Shares, in which case, an application in writing may be made to the Company by the transferee and bearing the stamp required for an instrument of transfer, such that it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee, has been lost. The Company may register the transfer on such terms as the Board may think fit provided further that nothing in these Articles shall prejudice the power of the Company to register as shareholder any person to whom the right to any Shares in the Company has been transmitted by operation of law.
46. The Board may, subject to the right of appeal conferred by Section 58 of the Act, decline to register—
- (a) the transfer or transmission of a Share, not being a fully paid up Share, to a person of whom they do not approve; or
 - (b) any transfer or transmission of a Share, on which the Company has a lien; or
 - (c) any transfer or transmission of a Share which is in contravention of the Act, or any other applicable law.

PROVIDED THAT registration of transfer or transmission shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. On giving not less than seven days' previous notice in accordance with section 91 of the Act and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine. Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

The Board may decline to recognize any instrument of transfer or transmission unless—

- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of Section 56 of the Act;
 - (b) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - (c) the instrument of transfer is in respect of only one class of Shares.
47. 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 documents.
48. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transferor intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor to the person giving intimation of transmission, as the case may be, and thereupon the provisions of the Act shall apply.
49. A transfer of a share in the Company of a deceased Member thereof made by his legal representative shall, although the legal representative is not himself a Member, be a valid as if he had been a Member at the time of the execution of the instrument of transfer.
50. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Board of Directors may decline to register shall, on demand, be returned to the person depositing the same. The Board of Directors may cause to be destroyed, all transfer deeds lying with the Company for a period of ten (10) years or more.
51. The Board of Directors shall have the power, subject to provision of a prior notice by advertisement to its Members, as required under the provisions of the Act, to close the transfer books of the Company, the Register of Members or the Register of Debenture holders at such time or times and for such period or periods as may be permissible, not exceeding thirty (30) days at a time.

52. The executors or administrators or a holder of a succession certificate in respect of the estate of a deceased Member, not being one of two or more joint holders shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such deceased Member and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration as the case may be, from a duly constituted court in India, provided that in any case, where the Board of Directors in their absolute discretion think fit, they may dispense with the production of Probate or Letters of Administration or succession certificate, and under the provisions of Article 5554 hereto, register the name of any person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.
53. Subject to the provisions of Article 54 hereof, any person becoming entitled to a Share in consequence of the death, lunacy or insolvency of any Member, upon producing proper evidence of the grant of Probate or Letters of Administrations or Succession Certificate or such other evidence that he sustains the character in respect of which he purports to act under this Article or of his title to the shares as the Board thinks sufficient may with the consent of the Board (which it shall not be under any obligation to give), be registered as a Member in respect of such Shares, or may, subject to the provisions of these Articles as to transfer hereinbefore contained, transfer such shares. This clause is herein referred to as the transmission clause.
54. Subject to the provisions of the Act and these Articles, the Board of Directors shall have the same right to refuse to register any such transmission until the same has been so verified or until or unless an indemnity be given to the Company with regard to such registration which the Board of Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Board of Directors to accept any such indemnity.

NOMINATION OF SHARES

55. i) Notwithstanding anything contained hereinabove, every shareholder of the Company may at any time, nominate, in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death.
- ii) Where the shares in the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares in the company, shall vest in the event of death of all the joint-holders.
- iii) Notwithstanding anything contained in any other law for the time being in force or in any deposition, whether testamentary or otherwise, in respect of such shares in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in the Company, the nominee shall, on the death of the shareholder or as the case may be, on the death of the joint holders become entitled to all the rights in such shares, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, to make the nomination to appoint in the prescribed manner, any person to become entitled to shares in the Company, in the event of his death, during the minority.

TRANSMISSION OF SHARES BY NOMINEE

56. i) A nominee, upon production of such evidence as may be required by the Board, and subject to the provisions hereinafter provided, elect either:
- (a) himself/herself to be registered as holder of the Share; or
- (b) to make a transfer of the Share or Debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
- ii) If the nominee elects to be registered as holder of the Share himself/herself, as the case may be, he/she shall deliver or send to the Company, a notice in writing signed by him/her stating that he/she so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.
- iii) A nominee, upon becoming entitled to a Share/ Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he/she would be entitled to, if he/she were the original registered holder of the Share/ Debenture, except that he/she shall not, before being registered as a Member in respect of his Share or Debenture, be entitled in respect of such Share/ Debenture, to exercise any right conferred by Membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the Share and if the notice is not complied with by such nominee within ninety (90) days from the date of notice, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of such Share/Debenture, until the requirements of the notice have been complied with.

57. A person entitled to a Share by transmission shall subject to the right of the Board of Directors to retain such dividends or monies as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.
58. Every transmission of a Share shall be verified in such manner as the Board of Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Board of Directors at their discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Board of Directors to accept any indemnity.
59. The Company shall not charge any fee for registration of transfer or transmission in respect of Share or Debentures of the Company.
60. The Company shall incur no liability or responsibility whatsoever in consequence of their registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right title or interest (to or in such Shares), notwithstanding that the Company may have received a notice prohibiting registration of such transfer and may have entered such notice as referred thereto in any book of the Company, and save as provided by Section 89 of the Act, the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest of any person, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors so think fit.
61. The Company shall keep a book called the "Register of Transfer" and therein shall be fairly and distinctly entered, the particulars of every transfer and transmission of any Share in the Company.
62. The Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares or other securities or whose name appears as the Beneficial owner of shares or other securities in the records of Depository, as the absolute owner thereof.

DEMATERIALIZATION OF SECURITIES

63. (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its Securities and to offer and deal in Securities in a dematerialized form pursuant to the provisions of the Act, the Depositories Act and the rules framed thereunder.
 - (b) Securities in depositories to be in fungible form:
 - (i) All Securities held by a Depository shall be dematerialized and shall be in fungible form.
 - (ii) Nothing contained in Sections 89 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
 - (c) Section 45 of the Act not to apply: Nothing contained in the Act or these Articles regarding the necessity of having distinctive number for Securities issued by the Company shall apply to securities held in a depository.
64. Option to receive Security certificates or hold Securities with depository:
 - (a) Every person subscribing to Securities offered by the Company shall have the option to receive and/or deal in the security certificates or hold Securities with a Depository.
 - (b) Where a person opts to hold a Security with a Depository the Company shall intimate such Depository the details of allotment of the Security and on receipt of such information the Depository shall enter in its record the name of the allottees as the Beneficial Owner of such Security(ies).
 - (c) **Register and Index of beneficial owners**
 - (i) The Company shall be entitled to keep in any country outside India a branch Register and Index of beneficial owners residing outside India.
 - (ii) The Depository shall intimate SEBI of the place where the records and documents are maintained.
 - (iii) Subject to the provisions of any law, the depository shall preserve records and documents for a minimum period of eight years
 - (d) **Rights of Depositories And Beneficial Owners:**

Notwithstanding anything to the contrary contained in the Articles or any other law for the time being in force, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of the Security on behalf of the Beneficial Owner.

- (i) Save as otherwise provided in (i) hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it.
- (ii) Every person holding Securities of the Company and whose name is entered as a Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his Securities held by a Depository.

(e) **Depository to furnish information:**

Every Depository shall furnish to the Company, information regarding the transfer of Securities in the name of the Beneficial owners at such interval and in such manner as may be specified by the Bye Laws and the Company in that behalf.

(f) Notwithstanding anything in the Act or these Articles to contrary where Securities are held in a depository the records of beneficial ownership may be served by such depository on the Company means of electronic mode or by delivery of floppies or discs.

(g) **Option to opt out in respect of any security.**

- (i) If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, the Beneficial Owner shall inform the Depository accordingly.
- (ii) The Depository shall on receipt of an intimation as above, make appropriate entries in its records and shall inform the Company.
- (iii) The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by these Articles, issue the certificate of securities to the Beneficial Owner of the transferee as the case may be.

65. Nothing contained in section 56 of the Act, shall apply to transfer of Securities effected by the transferor and the transferee both of whom are entered as Beneficial Owner in the record of the Company.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

66. Copies of the Memorandum and Articles of Association of the Company and other documents as may be referred in the Act shall be sent by the Company to every Member at his request on payment of the sum per page as may be prescribed from time to time by the Board of Directors.

CONVERSION OF SHARES INTO STOCK

67. The Company in its General Meeting may alter its Memorandum to:

- (a) convert all or any of its fully Paid-Up Shares into stock; and
- (b) re-convert any stock into fully Paid-Up Shares of any denomination;

68. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which the Shares from which the stock arose, might before the conversion, have been transferred, or as near thereto as circumstances admit, provided that, the Board may from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of shares from which the stock across.

69. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting and meetings of the Company, and other matters, as if they held the Shares from which the stock arose but no such privilege or advantage (except as regard dividends, participation in the profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

70. Such of the regulations of the Company (other than those relating to share warrants) as are applicable to Paid-Up Shares shall apply to stock and the words "Share" and "Shareholders" in these Articles shall include stock and stockholders respectively.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

71. The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.

72. Subject to the provisions of Section 61 of the Act, the company may, by ordinary resolution in its General Meeting,—
- (a) increase its authorized share capital by such amount as it thinks expedient;
 - (b) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;
 - (c) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
 - (d) sub-divide its existing Shares or any of them into Shares of smaller amount than is fixed by the memorandum;
 - (e) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person;
73. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorized and consent required by law,—
- (a) its share capital;
 - (b) any capital redemption reserve account; or
 - (c) any share premium account.
74. (1) Where at any time, the Company proposes to increase its subscribed capital by the issue of further Shares, such Shares shall be offered –
- (a) to persons who, at the date of the offer, are holders of equity Shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those Shares by sending a letter of offer subject to the following conditions, namely:—
 - (i) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen (15) days or such lesser number of days as may be prescribed by the Act and not exceeding thirty (30) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
 - (ii) subject to the provisions of these Articles, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) of Article 73(1)(a) herein above shall contain a statement of this right;
 - (iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the Company;
 - (b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such conditions as may be prescribed under the Act and any other law in force at the time, including the conditions set out under the employees' stock option guidelines issued by the SEBI (as may be applicable); or
 - (c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) hereinabove, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the Act and rules framed thereunder.
- (2) The notice referred above shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue.
75. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company:
- Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a special resolution passed by the Company in a General Meeting.
76. (1) Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting or otherwise.
- (2) Subject to the provisions of the Act and the rules framed thereunder, the Company shall have the power to issue preference shares which are, or at the option of the Company, liable to be redeemed within a period not exceeding

twenty (20) years from the date of issue and the redemption may, subject to the provisions of the Article hereof and the Act and rules framed thereunder, be effected in the manner and subject to the terms and provisions of its issue

- (3) On the issue of redeemable Preference Shares under the provisions of Article 75(2) herein above, the following provisions shall take effect:
- (a) no such Shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of the fresh issue of Shares made for the purpose of redemption.
 - (b) no such Shares shall be redeemed unless they are fully paid;
 - (c) the premium if any payable on redemption shall be provided, for out of the profits of the Company or the Company's Securities Premium Account before the Shares are redeemed;
 - (d) where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits, transfer a sum equal to the nominal amount of the Shares to be redeemed, which would otherwise have been available for dividend, to a reserve fund, to be called the "Capital Redemption Reserve Account", and the provisions of the Act relating to the reduction of the Share Capital of the Company shall apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

77. The Company may, subject to the provisions of the Act, from time to time by special resolution reduce its share capital and in particular may pay off any paid up share capital upon the footing that it may be called up again or otherwise and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its Shares accordingly. Provided that no such reduction shall be made if the Company is in arrears in the repayment of any deposits it may have accepted, or the interest payable thereon.
78. The right conferred upon the holders of Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by 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* herewith.

MODIFICATION OF RIGHTS

79. If at any time the share capital is divided into different classes, the rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of the Act, be modified, commuted, affected, abrogated or varied (whether or not the Company is being wound up) with the consent in writing of the holders of not less than three fourths of the issued Shares of that class, or with the meeting of the holders of that class of Shares and all the provisions hereinafter contained as to General Meeting shall *mutatis mutandis* apply to every such meeting.

JOINT HOLDERS

80. Where two or more persons are registered as the holders of any Share they shall be deemed to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions in the Articles;

The Company may be entitled to decline to register more than three (3) persons as the joint holders of any Share(s).

The joint holders of any Share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such Share.

On the death of any such joint holder the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the Share but the Board of Directors may require such evidence of deaths they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holder from any liability in respect of the Shares held by him jointly with any other person.

Only the person whose name stands first in the Register of Members may give effectual receipts for any dividends or other moneys payable in respect of such share.

Only the person whose name stands first in the Register of Members as one of the Joint holders of any Share shall be entitled to delivery of the Certificate relating to such Share or to receive documents from the Company and any documents served on or sent to such person shall be deemed service on all the joint holders.

Any one of two or more joint holders may vote at any meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy than that one of such persons so present whose name stands first or higher (a the case may be) on the Register in respect of such Shares shall be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that joint holders present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy although the name of such joint holder present by proxy stands first or higher in the Register in respect of such Shares, several executors or administrators of a deceased Member in whose (deceased Member's) sole name any Share stands shall for the

purposes of this sub-clause be deemed joint holders.

DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARE

81. (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a Share in the Company, but who does not hold the beneficial interest in such share shall, within such time and in such form as prescribed under the Act, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such Share in such manner as may be required under the provisions of the Act.
- (b) A person who holds a beneficial interest in a Share or a class of Shares of the Company, shall within the time prescribed under the Act after his becoming such Beneficial Owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the company and such other particulars as may be required under the provisions of the Act.

Whenever there is a change in the beneficial interest in the Share referred to above, the Beneficial Owner shall within a period of thirty (30) days from the date of such change make a declaration to the Company in such form and containing such particulars may be required under the provisions of the Act.

Notwithstanding anything contained in the provisions of the Act and the Articles hereof, where any declaration referred to above is made to the Company the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

82. Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 of the Act and any other applicable provision of the Act and rules there under or any other law for the time being in force, the Company may purchase its own shares or other specified Securities.

BORROWING POWERS

83. Subject to the provision of Section 180 (1) (c) of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Board of Directors shall have the power from time to time at their discretion, by a resolution passed at a meeting of the Board and not by circular resolution, to borrow monies provided that the total amount borrowed at any time together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the consent of the Company in General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Such consent shall be obtained by a special resolution which shall provide for the total amount up to which monies may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six (6) months from the date of the loans such as short term loans, cash credit arrangements, discounting of bills and the issue of other short-term loans of seasonable character but does not include loans raised for the purpose of financing expenditure of a capital nature.
84. Subject to the provisions of the Act and these Articles, the Board of Directors may by a resolution passed at a meeting of the Board and not by circular resolution, secure the payment of such sum or sums in such manner and upon such issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property, undertaking of the company (both present and future). Provided that consent of the Members by way of special resolution would be necessary for security to be created on whole or substantially whole of the undertaking. For the purposes of this Article:
- (i) "undertaking" shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year;
- (ii) the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.
85. Any bonds, Debentures, debenture-stock or other Securities issued or to be issued by the Company, shall be under the control of the Board of Directors, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
86. Debentures, debenture-stock, bonds or other Securities may be made assignable, free from any equities between the Company and the person to whom the same may be issued.
87. Subject to the provisions of the Act and these Articles, any bond, Debentures, debenture stock or other Securities, may be issued at par, premium or otherwise and with any special rights, privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at a General Meeting, appointment of Directors or otherwise. Provided that the Debentures with the right to allotment of or conversion into Shares shall not be issued except with the sanction of the Company in a General Meeting by a special resolution.
88. The Board shall cause a proper Register to be kept in accordance with the provisions of the Act, of all mortgages, Debentures and charges specifically affecting the property of the Company including all floating charges on current

assets of the Company and fixed charges on the undertaking or any property of the Company, and shall cause the requirements of the Act in relation to charges be duly complied with.

DEBENTURES

89. The Company shall have the power to issue debentures whether convertible or nonconvertible, and whether linked to issue of equity shares or not, among Members, but in exercising, this power, provisions of these Articles and the Act and any statutory modifications thereof shall be complied with.

REGISTRATION OF CHARGES

90. (a) The provisions of Chapter VI of the Act relating to registration of charges which expression shall include mortgage shall be complied with.
- (c) In the case of a charge created out of India and comprising solely of property situated outside India the relevant provisions of the Act shall be complied with.
- (c) Where a charge is created in India but comprises property outside India, the instrument creating or proposing to create the charge under that section or a copy thereof verified in the prescribed manner, may be filed for registration notwithstanding that further proceedings, may be necessary to make the charge valid or effectual according to the law of the country of which the property is situated.
- (d) Where any charge on any property of the Company required to be registered under the Act has been so registered, any person acquiring such property or any part thereof or any share or interest therein, shall be deemed to have notice of the charge as from the date of such registration.
- (e) In respect of registration of charges on properties acquired subject to charge, the relevant provisions of the Act shall be complied with.
- (f) The Company shall also comply with the provisions of the relevant provisions of the Act and the rules framed thereunder, relating to security to be created in case of series of Debenture entitling holders to any charge to the benefit of which the Debenture holder of that series are entitled.

GENERAL MEETINGS

91. Subject to the provisions of the Act, the Company shall, in addition to any other meeting, hold a General Meeting (hereinafter called “**Annual General Meeting**”) at the intervals and in accordance with the requirement of the Act and not more than fifteen (15) months shall elapse between the date of one Annual General Meeting of the Company and that of the next.
92. All General Meetings other than Annual General Meeting shall be called Extra-Ordinary General Meetings.
93. The Board of Directors may call an Extraordinary General Meetings whenever they think fit.
94. The Board of Directors shall at the requisition made by such number of Members who hold, on the date of the receipt of the requisition, not less than one-tenth of such of the paid-up share capital of the Company as on that date carries the right of voting, proceed duly to call an Extraordinary General Meeting of the Company and the provisions the Act and the provisions of the Articles herein below contained shall be applicable to such Extraordinary General Meeting.

The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the Registered Office of the Company.

The requisition may consist of several documents of the like form each signed by one or more requisitionists.

Where two or more distinct matters are specified in the requisition, the provisions of Clause (1) of Article 93 above shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause are fulfilled.

If the Board of Directors do not, within twenty one days form the date of the receipt of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matter, on a day not later than forty five days from the date of the receipt of the requisition. The meeting may be called by the requisitionists themselves or by such of the requisitionists as represent either majority in value for the paid up share capital held by all of them, or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Article 93(1) above whichever is less, shall proceed to call and hold meeting within three months from the date of the requisition.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services

to such of the Board of Directors as were in default.

95. (1) A General Meeting of the Company may be called by giving not less than clear twenty-one days' notice in writing or by electronic mode in the manner set out under the Act.
- (2) However, the General Meeting may be called after giving a shorter notice (i.e., lesser than twenty-one days), if the consent is accorded thereto in writing or by electronic mode by not less than ninety-five percent of the Members entitled to vote at such General Meeting.
96. (1) Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting and shall contain a statement of the business to be transacted at such General Meeting.
- (2) In every notice there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Member of the Company.
97. (1) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to:
- (i) the consideration of the financial statements including balance sheet and the profit and loss account statements and the report of Board of Directors and the auditors.
 - (ii) the declaration of dividend.
 - (iii) the appointment of and the fixing of the remuneration of the auditors.
 - (iv) the appointment of Directors in the place of those retiring.
- (2) In the case of any other meeting all business shall be deemed special.
- (3) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting, a statement setting out all material facts concerning each item of special business to be transacted at a General Meeting, shall be annexed to the notice calling such meeting, namely:—
- (a) the nature of concern or interest, financial or otherwise, if any, in respect of each items of—
 - (i) every director and the manager, if any;
 - (ii) every other key managerial personnel; and
 - (iii) relatives of the persons mentioned in sub-clauses (i) and (ii);
 - (b) any other information and facts that may enable Members to understand the meaning, scope and implications of the items of business and to take decision thereon.
- (4) Where any item of business to be transacted at the meeting consists of according approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement.
- (5) **“Postal Ballot”**: Members will be entitled to vote by Postal Ballot for only those resolutions as may be notified by the Central Government from time to time, in the manner and in accordance with the provisions of the Act and the rules framed thereunder. If a resolution is passed by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been passed at a General Meeting convened in that behalf.
- (6) Notwithstanding anything to the contrary contained in these Articles, any reference made to a resolution by the Members of the Company at any General Meeting shall also be deemed to include a resolution passed by postal ballot in accordance with the provisions contained in these Article whether or not the subject matter of such resolution is a matter for which resolution by postal ballot is compulsory under the applicable provisions of the Act or any other law for the time being in force.
- (7) Notices and other documents of General Meeting of the Company may also be given to every Member of the Company by e-mail, provided that every Member should be given an advanced opportunity to register their e-mail address and changes therein from time to time with the Company or its Registrar and Share transfer agents. In case any Member has not registered his e-mail address with the Company, the service of notice and documents shall be in physical and in accordance with the provisions of Act.
98. Notice of every meeting shall be given to every Member of the Company in any manner authorized by the Act and by these Articles, it shall be given to the persons entitled to a Share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the time of the representative of the deceased or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose

by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred.

99. Notwithstanding anything contrary contained in these Articles, the Company may, in pursuance of and subject to compliance with the provisions of applicable rules, regulations, circulars, guidelines, notifications, etc. as may be specified by the Ministry of Corporate Affairs (MCA), SEBI, or any competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act or by the rules, regulations made there under or the SEBI guidelines and notifications, from time to time, allow the Member(s) of the Company to participate in the General Meeting(s) of the Members through any type of electronic mode like video conferencing, etc. and the Members so participating shall be deemed to be present in such General Meeting(s) for the purpose of the quorum, voting, recording and all other relevant provisions in this regard.

For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines, etc. issued / to be issued from time to time by MCA, SEBI or any other competent authority(ies) in this regard.

100. Notice of every meeting of the Company and every other communication relating to any General Meeting of the Company which any Member of the Company is entitled to have sent to him, shall be given to the Auditor or Auditors for the time being of the Company in the manner authorized by the provisions of the Act, as in the case of any Member or Members of the Company.
101. The accidental omission to give notice of any meeting to or the non-receipt of any notice by any Member or to the other person to whom it should be given shall not invalidate the proceedings at the meeting or the resolutions passed thereat.
102. (1) Where by any provision contained in the Act or in these Articles, a special notice is required for any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen (14) days before the meeting at which it is to be moved exclusive of (i) the days on which the notice is served or deemed to be served; and (ii) the day of the meeting.
- (2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it give its Members notice of the resolution in the same manner as it gives notices of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the Articles, not less than seven days before the meeting.
103. Upon requisition in writing of such number of Members as required in Article 93 hereof, the Board of Directors shall duly comply with the obligation of the Company under the Act relating to circulation of Members resolutions and statement.
104. A certificate in writing, signed by the Secretary or by a Director or some officer appointed by the Board of Directors for the purpose, to the effect that according to the best of his belief the notice convening the meeting have been duly given, shall be conclusive evidence thereof.
105. No Annual General Meeting or Extraordinary General Meeting shall be competent to enter upon, discuss or transact any business, a statement of which has not been specified in the notice convening such meeting, except as provided in the Act.

PROCEEDING AT GENERAL MEETINGS

106. Save as otherwise provided herein, the quorum for the general meetings shall be as provided in Section 103 of the Act.
107. If within half an hour after the time appointed for the holding of a General Meeting, valid quorum is not present, the meeting, if convened on the requisition of shareholders shall be dissolved and in every other case shall stand adjourned to the same day in the next week or if the day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day, time and place as the Board of Directors may by notice to the shareholders appoint. If at such adjourned meeting, a valid quorum is not present within half an hour, those Members present shall be a quorum and may transact the business for which the meeting was called.
108. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
109. The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting if there be no Chairman, or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act the Board of Directors present may choose a Chairman, and in default of their doing so the Members present shall choose one of the Board of Directors to be the Chairman, and if no Director present be willing to take the Chair, the Members personally present shall choose one of the Member to be the Chairman.
110. (1) No business shall be discussed at any General Meeting, except the election of Chairman whilst the Chair is vacant.
- (2) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles, and the Chairman so elected on a show of hands shall continue to be the Chairman of the meeting and exercise all the powers of the Chairman under the Act and these Articles, until some other

person is elected as Chairman as a result of the poll and such other person shall be the Chairman for the rest of the meeting.

111. The Chairman with the consent of any meeting at which a quorum is present, can adjourn any meeting from time to time and from place to place in the city or town or village where the registered office of the Company is situated.
112. At any General Meeting a resolution put to the vote at the meeting shall, unless a poll is (before or on the declaration of the result on a show of hands) demanded, be decided on a show of hands and unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
113. Before or on declaration of the result of the voting on a show of hands, the Chairman may on his own motion, order a poll to be taken. Poll shall also be ordered by Chairman if it is demanded by one or more Members present at the meeting in person or by proxy and holding shares or being entitled to votes at least to the extent stipulated under the provisions of the Act. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
114. A poll demanded on any question (other than the election of the Chairman or on question of adjournment, which shall be taken forthwith) shall be taken at such place in the city/town or village in which the Registered Office of the Company is situate and at such time not being later than forty eight hours from the time when the demand was made as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken, including the power to take the poll by open voting or by secret ballot and either at once or after the interval or adjournment or otherwise and the result of the poll shall be deemed to be the decision of the meeting on the resolution, on which the poll was taken.
115. Where a poll is to be taken, the Chairman of the meeting shall appoint such number of persons, as he deems necessary, to scrutinize the poll process and votes given on the poll and to report thereon to him in the manner as may be prescribed under the Act. The Chairman of the meeting shall have power to regulate the manner in which the poll shall be taken.
116. The demand for a poll shall not prevent the continuance of a meeting for transaction of any business other than the question on which the poll has been demanded.
117. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands has taken place or at which the poll is demanded, shall be entitled to second or casting vote in addition to the vote or votes to which he may be entitled as a Member.
118. At every Annual General Meeting of the Company there shall be laid on the tables the Director's Report and audited statement of accounts, auditors report (if not already incorporated in the statement of accounts), the Proxy Register with proxies and the Register of Directors and KMPs shareholding maintained under the Act. The auditor's report shall be read before the Company in its General Meeting and shall be open to inspection by any Member of the Company.
119. (1) A copy each of the following resolutions (together with a copy of the statement of material facts annexed to the notice of the meeting in which such resolution has been passed) and agreements shall, within a period of thirty (30) days after the passing of the resolution or making thereof, be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Registrar, in such manner and with such fees as prescribed under the Act and the rules framed thereunder:
 - (a) special resolutions;
 - (b) resolutions which have been agreed to by all the Members of the Company, but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolutions;
 - (c) any resolution of the Board of Directors of the Company or agreement executed by the Company, relating to the appointment, re-appointment or renewal of the appointment, or variation of the terms of appointment, of a managing director;
 - (d) resolutions or agreements which have been agreed to by any class of Members but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by a specified majority or otherwise in some particular manner;
 - (e) all resolutions or agreements which effectively bind such class of Members though not agreed to by all those Members;
 - (f) resolutions passed by a company according consent to the exercise by its Board of Directors of any of the powers under clause (a) and clause (c) of sub-section (1) of Section 180 of the Act;
 - (g) resolutions requiring the Company to be wound up voluntarily passed in pursuance of Section 304 of the Act;

- (h) resolutions passed in pursuance of sub-section (3) of Section 179 of the Act; and
 - (i) any other resolution or agreement as may be prescribed under the Act and the rules framed thereunder and placed in the public domain.
120. The Company shall cause minutes of all proceedings of every General Meeting to be kept in accordance with the provisions of the Act by making, within thirty (30) days of the conclusion of each such meeting, entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initiated or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed by the Chairman of the same meeting. Any such minutes kept as aforesaid shall be evidence of the proceedings recorded therein.
121. The books containing the aforesaid minutes shall be kept at the registered office and be open during business hours to the inspection of any Member without charge, subject to such reasonable restrictions the Company may by these Articles or in General Meeting impose in accordance with provisions of the Act. Any Member shall be entitled to be furnished, within seven (7) days after he had made a request in that behalf to the Company, with a copy of the minutes on payment of such sum as prescribed under the Act.
122. No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by these Articles or such information as required by the Act to be contained in the Minutes of the proceedings of such meeting.

VOTES OF MEMBERS

123. Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorized under a resolution.
124. (1) Subject to any rights or restrictions for the time being attached to any class or classes of Shares,—
- (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 the Paid-Up equity share capital of the Company.
- (2) A Member may exercise his vote at a meeting by electronic means in accordance with the provisions of the Act.
- (3) (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
- (4) A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- (5) Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- (6) No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of his Shares in the Company have been paid.
- (7) (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.
125. Any person entitled under the transmission clause to transfer any Share, shall not be entitled to be present; or to vote at any meeting either personally or by proxy in respect of such Shares, unless at least forty eight (48) hours before the time for holding the meeting or adjourned meeting as the case may be; at which he proposes to be present and to vote, he shall have satisfied the Directors of his right to transfer such Shares (as to which the opinion of the Board of Directors shall be final) or unless the Board of Directors shall have previously admitted his right to vote in respect thereof.
126. Any Member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of himself, but a proxy so appointed shall not have any right to speak at the meeting.

127. Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate be signed by an Officer or an attorney duly authorized by it.
128. (1) The instrument of proxy shall be deposited at the office of the Company not less than forty eight (48) hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument proxy shall not be treated as valid.

Every Member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect, the proxies lodged at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.

129. An instrument appointing a proxy shall be in such form as may be prescribed by the Act from time to time.
130. If any such instrument be confined to the object of appointing a proxy for voting at a meeting of the Company, it shall remain permanently or fix such time as the Board of Directors may determine, in the custody of the Company, and if embracing other object, a copy thereof, examined with the original shall be delivered to the Company to remain in the custody of the Company.

DIRECTORS

131. Subject to the provisions of the Act, the number of Directors shall not be less than three (3) and unless otherwise determined by the Company in General Meeting more than fifteen (15). The Company may appoint more than fifteen (15) directors after passing a special resolution.
132. The Company may agree with any financial institution or any authority or person or State Government that in consideration of any loan or financial assistance of any kind whatsoever, which may be rendered by it to the Company, it shall till such time as the loan or financial assistance is outstanding have power to nominate one or more Directors on the Board of the Company and from time to time remove and reappoint such Directors and to fill in any vacancy caused by the death or resignation of such Directors otherwise ceasing to hold office. Such Nominee Directors shall not be required to hold any qualification shares.
133. Any trust Deed for securing Debenture, debenture stock may if so arranged, provide for the appointment of a Director by the trustees thereof or by the holders of the Debentures or debentures stock in the following circumstances:
- (i) Two consecutive defaults in payment of interest to the debenture holders;
 - (ii) Default in creation of security for debentures
 - (iii) Default in redemption of debentures

Such trust Deed may empower such trustees or holders of Debentures or debenture stock from time to time to remove the Director so appointed. The Director appointed under this Article is herein referred to as the “**Debenture Director**” and the term Debenture Director means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or, subject to the provision of the Act, be removed by the Company. The trust deed may contain such ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Provided further that the issuer, which is in default of payment of interest or repayment of principal amount in respect of listed debt securities, shall appoint the person nominated by the debenture trustee(s) as a director on its Board of Directors, within one month from date of receipt of nomination from the debenture trustee.

If an issuer is a company, it shall ensure that its Articles of Association require its board of directors to appoint the person nominated by the debenture trustee(s) in terms of clause(e) of sub-regulation(1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees)Regulations, 1993 as a director on its board of directors.

134. The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other director in the Company, or holding directorship in the Company, to act as an alternate director for a Director during his absence for a period of not less than three (3) months from India:

No person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of this Act:

An alternate director shall not hold office for a period longer than that permissible to the Director in whose place he has been appointed and shall vacate the office if and when the Director in whose place he has been appointed returns to India.

135. Subject to the provisions of the Act, any casual vacancy occurring for the office of a Director whose period of office is liable to determine by retirement by rotation may be filled up by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office till such time, the original directors would have held office, if the vacancy had not occurred.

136. Subject to the provisions of the Act, the Director shall have power at any time to appoint a person or persons as additional Director or Directors. Provided that any person who fails to get appointed at a General Meeting, shall not be eligible for appointment as an additional director.
137. Such additional director shall hold office only up to the date of the next Annual General Meeting of the Company, but shall be eligible for re-election at that meeting as a Director, provided that the number of Directors and the Additional Director together, shall not exceed the maximum strength fixed by the Article.
138. The Company shall appoint such number of directors as Independent Directors as may be required under the provisions of the Act and rules thereunder, and SEBI LODR Regulations as applicable. The candidates to be appointed as independent director shall hold such qualifications and shall comply with such conditions as may be prescribed under the Act and SEBI LODR Regulations, as applicable.
139. The Company shall appoint such number of women directors as may be required under the provisions of the Act and rules thereunder and SEBI LODR Regulations.
140. A Director of the Company shall not be bound to hold any qualification shares.
141. Subject to the provisions of the Act and schedules there under, the remuneration payable to the Director of the Company shall be as hereinafter provided.
- (1) The fees payable to a Director for attending a meeting of the Board or a committee of the Board or a General Meeting shall be decided by the Board of Directors from time to time within the maximum limits of such fees that may be prescribed under relevant provisions of the Act, or if, not so prescribed in such manner as the Board of Directors may determine from time to time in conformity with the provisions of law. Subject to the provisions of Section 197 and Schedule V to the Act, the Directors shall be paid such further remuneration if any, either on the basis of percentage of the net profits of the Company or otherwise, as the Company in General Meeting shall from time to time determine, and such additional remuneration and further remuneration shall be divided amongst the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination shall be divided amongst the Directors equally. Provided that the total remuneration received by a Director shall not exceed the overall maximum remuneration as may be prescribed under the Act.
- (2) The Board of Directors may in addition allow and pay to any Director who is not a *bona fide* resident of the place where a meeting of the Board or Committee or a General Meeting of the Company is held, and who shall come to that place for the purpose of attending the meeting, such sum as was incurred by such Director and the Board may consider fair compensation for his travelling, hotel, boarding, lodging and other expenses incurred in attending or returning from meetings of the Board of Directors, or any Committee thereof or General Meetings of the Company.
- (3) Subject to the limitations provided by the Act and this Article, if any Director shall be called upon to go or reside out of his usual place or residence on the Company's business or otherwise perform extra service outside the scope of his ordinary duties, the Board may arrange for such Director such special remuneration for such service either by way of salary, commission or the payment of stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided, and all the Directors shall be entitled to be paid or reimbursed or repaid any travelling, hotel and other expenses incurred or to be incurred in connection with the business of the Company and also to be reimbursed with all fees for filling all documents which they may be required to file under the provisions of the Act.
142. (1) The Board of Directors, may from time to time appoint one or more of their body to be a Managing Director or a Whole-time Director of the Company either for a fixed term not exceeding five (5) years for which he or they is or are to hold such office on terms and conditions as they may deem fit and delegate such power to them as they may deem proper and from time to time remove or dismiss him or them from office and appoint another in his/their place.
- (2) The Board may fix the remuneration of such Managing Directors and Whole-time Directors, whether by way of salary or commission or by conferring a right to participate in the profits of the Company or by combination of any of the above.
143. The continuing Directors may act notwithstanding any vacancy in their body but subject to the provisions of the Act, if the number falls below the minimum number above fixed and notwithstanding the absence of a quorum, the Directors may act for the purposes of filling up vacancies or for summoning a General Meeting of the Company.
144. (1) A person shall not be eligible for appointment as a Director of the Company, if —
- (a) he is of unsound mind and stands so declared by a competent court;
- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending;

- (d) he has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six (6) months and a period of five (5) years has not elapsed from the date of expiry of the sentence:

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven (7) years or more, he shall not be eligible to be appointed as a director in any company;

- (e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
- (f) he has not paid any calls in respect of any Shares of the Company held by him, whether alone or jointly with others, and six (6) months have elapsed from the last day fixed for the payment of the call;
- (g) he has been convicted of the offence dealing with related party transactions under Section 188 of the Act at any time during the last preceding five (5) years; or
- (h) he has not complied with sub-section (3) of section 152 of the Act.

(2) No person who is or has been a Director of a company which—

- (a) has not filed financial statements or annual returns for any continuous period of three financial years; or
- (b) has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one (1) year or more;

shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

145.

(1) Subject to the provisions of the Act, the office of a director shall become vacant if:

(2)

- (a) he incurs any of the disqualifications specified in Section 164 of the Act;
- (b) he absents himself from all the meetings of the Board of Directors held during the preceding period of twelve (12) months with or without seeking leave of absence of the Board;
- (c) he acts in contravention of the provisions of Section 184 of the Act relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of Section 184 of the Act;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six (6) months:

Provided that the office shall be vacated by the Director even if he has filed an appeal against the order of such court;

- (g) he is removed in pursuance of the provisions of this Act; and
- (h) he, having been appointed as a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

- (2) Subject to the provisions of the Act, a Director may resign his office at any time by providing a notice in writing addressed to the Company or to the Board of Directors.

146.

- (1) Subject to the provisions of Section 188 of the Act, no Director shall be disqualified by his office from contracting with the Company for any purpose and in any capacity whatsoever including either as vendor, purchaser, agent, broker, underwriter of Shares and Debentures of the Company or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is hereby declared that nature of his interest must be disclosed by him as provided hereunder.
- (2) Every Director who is in any way whether directly or indirectly concerned or interested in any contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on behalf of the

Company as prescribed under section 184 of the Act shall disclose the nature of his concern or interest at a meeting of the Board of Directors or as provided in these Articles hereof.

- (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under sub-clause (2) above shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of the meeting, concerned or interested in the proposed contract or arrangement at the first, meeting of the Board after the Director becomes so concerned or interested.
 - (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
 - (3) For the purpose of this Article, a general notice given to the Board of Directors by a Director to the effect that he is a Director or Member of a specified body corporate or is a Member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice be entered into with that body corporate or firm said be deemed to be sufficient disclosure of such concern or interest in relation to any contract or arrangement so made. Such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. The general notice as aforesaid and any renewal thereof shall be given at a meeting of the Board of Directors or the Director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
 - (4) Nothing contained in sub-clause (2) hereof shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Public Company where any one of the Directors of the Company or two or more of them together holds or hold not more than two percent of the paid up share capital in the other Company.
 - (5) A Director shall not take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into by or on behalf of the Company, if he is in any way directly or indirectly, concerned or interested in the contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void.
147. (1) The Company shall keep one or more Registers in accordance with the provisions of the Act, in which shall be entered separately, particulars of all contracts or arrangements in which the Directors interested. The Registers shall include details of the contracts and name of parties and such other details as may be required under the prevailing provisions of the Act.
- (2) The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the firms and bodies corporate of which notice has been given by him of interest.
- (3) The Registers as aforesaid shall be kept at the registered office of the Company and they shall be open to inspection at such office and extracts may be taken from any of them and copies thereof may be required by any Member of the Company to the same extent in the same manner and on payment of the same fees as in case of the Register of Members.
148. A Director of the Company may be or may become a Director of any Company promoted by the Company, or in which it may be interested as vendor, Member or otherwise and subject to the provisions of the Act and these Articles.
149. A Director, Managing Director, the Company shall upon his appointment to or relinquishment of his office as Director, Managing Director, in any other body corporate, disclose to the Company, at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, whichever is earlier the particulars relating to his office in the other body corporate.
150. A Director or Manager shall give notice in writing to the Company of his holding of shares and debentures of the Company, or its holding or its subsidiary or its associates, together with such particulars as may be prescribed under the Act. If such notice be not given at a meeting of the Board, the Director or Manager shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given. The Company shall enter the aforesaid particulars in a Register kept for their purpose in conformity with provisions of the Act.
151. No Director of the Company and no related party shall hold any office or place of profit under the Company, or any subsidiary of the Company except as provided in and subject to the provisions of section 188 of the Act and rules made there under.
152. The Company shall observe the restrictions imposed by Section 185 of the Act on the Company with regard to grant of loan or security and guarantee to and or behalf of Directors and any other person in whom the director is interested.
153. Subject to the provisions of Section 188 of the Act, the Company can by passing a resolution of the Board of Directors or by way of ordinary resolution as the case may be, and subject to such conditions as may be prescribed under the Section 188 of Act and rules there under, may enter into any contract or arrangement with a related party with respect to:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the Company:

No Member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such Member is a related party.

Nothing in this Article shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

154. Subject to the provisions of the Act and these Articles, the Company may from time to time increase or reduce within the maximum limit permissible, the number of Directors, provided that any increase in the number of Directors exceeding the limit in that behalf provided by the Act shall not have any effect unless necessary approvals have been taken in accordance with the Act.

RETIREMENT AND ROTATION OF DIRECTORS

155. (a) Subject to the provisions of the Act, the period of office as Director in case of the present Directors, so far as their total number does not exceed one-third of the total number of Directors appointed or the total number which is permissible under the provisions of the Act, for the non-rotation shall not be liable to determination by retirement by rotation of Directors and their number shall not be taken into account in determining the retirement by rotation of Directors or the number of Directors to retire. However, in case their total number exceeds one-third of the total number of Directors appointed in the Board or the number permissible under the provision of the Act for non-rotation of the Directors as the case may be, the Board shall decide as to out of them whose period of office shall be liable to determination by retirement by rotation. The Board of Directors shall take the required decision in this respect in the meeting first held immediately after the insertion of this Article and thereafter every time as and when the total number of Directors is increased or decreased.
- (b) The total number of permanent Directors inclusive of Directors referred to in sub-clause (a) above and the aforesaid Managing Director or Managing Directors and or Whole-time Director or Whole-time Directors and nominee Director appointed by the financial institution shall not exceed one-third of the total strength of the Board of Directors of the Company or the number permissible for non-rotation of the Directors under the provisions of the Act as the case may be. However, in case their total number and/or along with the Directors stated in sub-clause (a) above, as the case may be, exceeds one-third of the total number of Directors appointed in the Board or the number permissible under the provisions of the Act for non-rotation of the Directors as the case may be, the Board shall decide as to out of them whose period of office shall be liable to determination by retirement by rotation from time to time as and when such situation arises.
- (c) Subject to sub-clauses (a) and (b) above, the Board of Directors shall have power to decide as to who out of the Board of Directors should be the non-rotational Director(s).
- (d) At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation shall retire from office.
- (e) Not less than two-third of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting.
- (f) The remaining Directors shall be appointed in accordance with the provisions of these Articles.
- (g) The expression "**Retiring Director**" means a Director retiring by rotation.
156. Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between person who become Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall remain in office until the conclusion of the meeting at which his reappointment is decided or his successor is appointed.

157. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.
158. The Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing the Retiring Director or some other person thereto.
159. (1) Subject to the provisions of the Act and these Articles any person who is not a Retiring Director shall be eligible for appointment to the office of the Director at any General Meeting if he or some Member intending to propose him has, at least fourteen (14) clear days before such meeting, left at the registered office of the Company, a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office as the case may be, along with a deposit of such sum as may, from time to time, be prescribed by the law as security deposit, which shall be refundable only if the candidate in respect of whom the deposit is made has duly been elected as Directors.
- (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Sub-Clause (1) of this Article signifying candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as a Director if appointed.
- (3) On receipt of the notice referred to in this Article the Company shall inform its Members of the Candidature of that person for the office of a Director or of the intention of a Member to propose such person as a candidate for that office by serving individual notice on Members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notices upon the Members if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the city, town or village in which the Registered Office of the Company is situate of which one is published in the English language and the other in the regional language.
- (4) A person other than;
- (a) a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office; or
- (b) an additional or alternate Director, or a person filling a casual vacancy in the office of a Director, appointed as Director or re-appointed as an additional or alternate director, immediately on the expiry of his term of office, or
- (c) a person named as Director of the Company under these Articles as first registered;
- shall not act as a Director of the Company unless he has within thirty (30) days of appointment signed and filed with the Registrar, his consent in writing to act as such Director.
160. At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made, has first been agreed to by such meeting without any vote being given against it. A resolution moved in contravention of this Article shall be void whether or not objection so moved is passed no provision for the automatic reappointment of retiring Directors by virtue of these Articles or the Act in default of another appointment shall apply.
- (1) The Company may, subject to the provisions of the Act and these Articles remove any Director before the expiry of his period of office.
- (2) Special notice shall be given, of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
- (3) On receipt of notice of any such resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto, representation in writing to the Company (not exceeding a reasonable length) and requests its notification to the Members of the Company, the Company shall unless the representation is received by it too late for it to do so; (a) in the notice of the resolution given to the Members of the Company state the fact of the representation having been made; and (b) send a copy of the representation to every Member of the Company and if a copy of the representation is not sent as aforesaid because it has been received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the meeting. Provided that copies of the representation shall not be read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- (5) A vacancy created by the removal of Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board be filled by the appointment of another Director in his place by the meeting at which he is removed provided special notice of the intended appointment has been given under sub-clause (2)

of this Article 160. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

- (6) If the vacancy is not filled under Sub-Clause (5) it may be filled as casual vacancy in accordance with the provisions of the Act and all the provisions of the Act and the rules thereunder shall apply accordingly.
- (7) A Director who was removed from office under this Article shall not be reappointed as Director by the Board of Directors.
- (8) Nothing contained in this Article shall be taken:
 - (a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or
 - (b) as derogating from any power of the Company to remove a Director, which may exist apart from this Article 160.

MEETING OF DIRECTORS

161. The Company shall hold its first meeting of the Board of Directors within thirty (30) days of the date of incorporation of the Company. The Directors may meet together as a Board from time to time and shall hold a minimum number of four (4) meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.
162. Notwithstanding anything contrary contained in these Articles, may, in pursuance of and subject to compliance of provisions of the Act and the applicable rules, regulations, circulars, guidelines, notifications etc. as may be specified by the MCA, and any competent authority and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Act, or by the rules, regulations made thereunder, from time to time, allow the Director(s) of the Company to participate in the Meeting(s) of the Board of Directors through any type of electronic mode like video conferencing etc. and the Directors so participating shall be deemed to be present in such Meeting(s) of the Board of Directors for the purpose of the quorum, voting, recording and all other relevant provisions in this regard.

For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc. issued / to be issued from time by MCA, SEBI or any other competent authority(ies) in this regard.

163. A Director or the Managing Director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Board of Directors. Notice of not less than seven (7) days shall be issued in respect of every meeting of the Board in writing to every Director for the time being in India and at his usual address to the Company and to every other Director as may be required under relevant provisions of the Act. Provided that a meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one independent director, if any, shall be present at such meeting of the Board.
164. Subject to the provisions of the Act and SEBI LODR Regulations, the quorum for a meeting of the Board of Directors shall be one third of the total strength of the Board of Directors (excluding Directors, if any, whose places may be vacant at the time, and any fraction contained that one-third being rounded off as one) or two Directors, present in person or attending through any type of electronic mode like video conferencing, whichever is higher, provided that where at any time the number of interested Directors exceeds, that is to say, the number of Directors, who are not interested and are present at the meeting, not being less than two, shall be quorum during such meeting. A meeting of the Board of Directors for the time being at which quorum is present shall be competent to exercise all or any of the authorities powers and discretion by or under the Act or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally.
165. If a meeting of the Board of Directors cannot be held for want of quorum, then the meeting shall stand adjourned until such date and at such time and place as the Chairman may appoint and in default of such appointment to the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place or to such day, time and place as the Board of Directors present may determine.
166. The Board shall elect one of its Members to be the Chairman of the Board and the Board shall determine the period for which the Chairman is to hold such office.
167. All meetings of the Board of Directors shall be presided over by the Chairman, if present, but if at any meeting of the Board of Directors the Chairman be not present at the time appointed for holding the same, then in that case, the Board of Directors shall choose one of their Member then present to preside at the meeting.
168. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting, whether the Chairman appointed by virtue of these Articles or the Director presiding at such meeting shall have second or casting vote.

169. Subject to the provisions of the Act and these Articles the Board of Directors may delegate any of their powers to a committee consisting of such Member or Members of their body, as they think fit and they may from time to time revoke and discharge any such committee either wholly or in part and either as to person or purposes, but every committee so formed shall, in the exercise of the powers so delegated to it confirm to any regulations that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like force and effect as it done by the Board. Subject to the provisions of the Act the Board may from time to time fix the remuneration to be paid to any Member or Members of their body constituting a committee appointed by the Board in terms of these Articles and may pay the same.

The Company shall inter- alia constitute the following Committees as and when required under provisions of the Act:

- a) Corporate Social Responsibility Committee as may be required under Section 135 of the Act.
- b) Audit Committee as may be required under Section 177 of the Act.
- c) Nomination and Remuneration Committee and Stakeholders Relationship as required under Section 178 of the Act.

The composition and duties of the aforesaid committees shall be as may be prescribed under the Act and rules made there under and SEBI LODR Regulations, as applicable.

170. The meetings and proceedings of any such committee consisting of two or more Directors shall be governed by the provisions herein contained in respect of the meetings and proceedings of the Board of Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Board of Directors under the last preceding Articles.

171. (1) Subject to the provisions of Section 174 of the Act, a resolution passed by circular without a meeting of the Board or a committee of the Board appointed under these Articles, shall subject to the provisions of sub clause (2) hereof, and the Act, be as valid and effectual as resolution duly passed at meeting of the Board or of a committee duly called and hold.
- (2) A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, if the resolution has been circulated in draft together with the necessary papers, if any, to all the Board of Directors or to all the Members of the Committee then in India (not being less in number than the quorum requisite for a meeting of the Board of the Committee as the case may be) and to all other Directors or Members of the Committee at their usual address in India by hand delivery, post, courier or prescribed electronic mode and has been approved by majority of the Board of Directors or Members of the Committee as are entitled to vote on the Resolution.
- (3) Subject to the provisions of the Act, statement signed by the Managing Director or other person authorized in that behalf by the Board of Directors certifying the absence from India of any Directors shall for the purposes of this Article be conclusive evidence of the facts stated therein.

172. Subject to the provisions of the Act and these Articles, all acts done by any meeting of the Board of Directors or by a Committee of Directors or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid or that they or any of them were or was disqualified, or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, may be as valid as if every such person had been duly appointed and was qualified to be a Director, provided that nothing in this Article shall be deemed to give validity to acts done by the Board of Directors after their appointment had been shown to the Company to be invalid or to have terminated.

173. The Company shall cause minutes of the meeting of the Board of Directors and of Committees of the Board to be duly entered in a book or books provided for the purpose in accordance with the relevant provisions of Section 118 of the Act. The minutes shall contain a fair and correct summary of the proceedings of the meeting including the following:

- (i) The names of the Directors present at the meeting of the Board of Directors or any Committee thereof;
- (ii) All orders made by the Board of Directors;
- (iii) All resolutions and proceedings of meetings of the Board of Directors and Committees thereof;
- (iv) In the case of each resolution passed at a meeting of the Board of Directors or Committee thereof the names of Directors if any, dissenting from or not concurring in the resolution.

174. All such minutes shall be signed by the Chairman of the concerned meeting or by the person who shall preside as Chairman at the next succeeding meeting and all the minutes purported to be so signed shall for all actual purposes whatsoever be prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meetings at which the same shall appear to have taken place.

175. (1) Subject to the provisions of the Act and these Articles the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise, and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other Act or by the Memorandum or these Articles or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles of in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in General Meeting.
- (2) No regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
176. (1) Subject to the provisions of Section 180 of the Act, the Board of Directors shall not exercise the following powers except with the consent of the Company accorded by a special resolution, namely:—
- (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings.
- Explanation.—For the purposes of this Article 175(1)(a) —
- (i) “undertaking” shall mean an undertaking in which the investment of the Company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the Company during the previous financial year;
- (ii) the expression “substantially the whole of the undertaking” in any financial year shall mean twenty per cent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year;
- (b) to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
- (c) to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its Paid-Up share capital and free reserves, apart from temporary loans obtained from the company’s bankers in the ordinary course of business.
- Explanation.—For the purposes of this Article 175(1)(c), the expression “temporary loans” means loans repayable on demand or within six months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature;
- (d) to remit, or give time for the repayment of, any debt due from a Director.
- (2) Every special resolution passed by the Company in the General Meeting in relation to the exercise of the powers referred to in Article 175 (1) (c) shall specify the total amount up to which monies may be borrowed by the Board of Directors.
177. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolutions passed at meetings of the Board namely:—
- (a) to make calls on shareholders in respect of money unpaid on their Shares;
- (b) to authorize buy-back of Securities under Section 68 of the Act;
- (c) to issue Securities, including Debentures, whether in or outside India;
- (d) to borrow monies;
- (e) to invest the funds of the Company;
- (f) to grant loans or give guarantee or provide security in respect of loans;
- (g) to approve financial statement and the Board’s report;
- (h) to diversify the business of the Company;
- (i) to approve amalgamation, merger or reconstruction;
- (j) to take over a company or acquire a controlling or substantial stake in another company;

(k) any other matter which may be prescribed;

provided that the Board may, by a resolution at a meeting delegate to any committee of Directors or the Managing Director or any other principal office of the Company or to a principal officer of any of its branch offices, the powers specified in sub clause (d) to (f) of this Article 176(1) to the extent specified below, on such conditions as the Board may prescribe.

- (2) Every resolution delegating the power referred to in, Article 176(1) (d) shall specify the total amount up to which loans may be borrowed from time to time by the delegate, provided however, that where the Company has an arrangement with its bankers for the borrowing of moneys by way of overdraft, cash credit, or other accounts, the day to day operation on overdraft cash credit or other account, by means of which the arrangement as made is actually availed of shall not require the sanction of the Board.
 - (3) Every resolution delegating the power referred to in Article 176 (1) (e) shall specify the total amount up to which the funds may be invested and the nature of the investments which may be made by the delegate.
 - (4) Every Resolution delegating the power referred to in Article 176 (1)(f) above, shall specify the total amount outstanding at any time made by the delegate, the purpose for which the loans may be made and the maximum amount of loans which may be made.
 - (5) Nothing contained in this Article shall be deemed to affect the right of the Company to, in a General Meeting, impose restrictions and conditions on the exercise by the Board of any of the powers referred above.
178. Without prejudice to the powers conferred by Articles and so as not in any way to limit or restrict these powers and without prejudice to the other powers conferred by these Articles and subject to the approval of the Members where ever required, it is hereby declared that the Board of Directors shall have following powers that is to say power:
- (1) To pay all costs, charges and expenses preliminary and incidental to the promotion establishment and registration of the Company.
 - (2) To pay and charge to the capital of the Company any commission or interest lawfully payable thereabout under the relevant provisions of the Act and Articles.
 - (3) Subject to the provisions of the Act and these Articles to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Board of Directors may believe or may be advised to be reasonably satisfactory.
 - (4) At their discretion and subject to the provision of the Act to pay for any property or rights required, by or services rendered to the Company, either wholly or partly in cash, or in Shares, bonds, Debentures, debenture-stock, mortgage or other Securities of the Company, and any such Shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, Debentures, debenture stock, mortgage or other Securities may be either specifically charged upon all or any part of the property of the Company and its uncalled or not so charged.
 - (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or jointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell assign, surrender or discontinue any policies of effected in pursuance of this power.
 - (6) To open accounts with any bank or bankers or with any company or firm and to pay money into and draw money from any such amount from time to time as the Board of Directors may think fit.
 - (7) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the Property of the Company and its unpaid capital for the time being or in such other manner as they think fit subject to the necessary approvals.
 - (8) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company or in payment for services rendered to the Company, such conditions as to the transfer thereof as they think fit.
 - (9) To accept from any Member, on such terms and conditions as may be agreed, a surrender of his shares or stock or any part thereof, so far as may be permissible by any law for the time being in force.
 - (10) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
 - (11) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its

officers, or otherwise, concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debt due, or of any claims or demands by or against the Company.

- (12) To refer any claims or demand by or against the Company or any dispute or difference to arbitration and observe, perform and execute and awards made thereon.
- (13) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (14) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demand of the Company.
- (15) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend, warrants, releases, contracts and documents and to give the necessary authority for such purposes.
- (16) Subject to the provisions of the Act and these Articles to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such securities and other investments (not being shares of the Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments provided that all investments shall be made and held by the Company in its own name, and within the limits permitted by the Members and under the Act.
- (17) To execute in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, covenants, provisions and agreements as shall be agreed.
- (18) To distribute by way of bonus, amongst the staff of the Company, a part of the profits of the Company and to give to any officer or other persons employed by the Company, a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company.
- (19) Subject to the provisions of the Act, to give to any officer or other person employed by the Company, an interest in any particular business or transaction by way of a share in the general profits of the Company, and such share of profits shall be treated as a part of the working expenses of the Company.
- (20) To provide for the welfare of employees or ex-employees of the Company and its Directors or ex-Directors and the wives, widows, and families and the dependents of such persons, by building or contributing to the building of houses, dwelling or quarters or by grant of money, pensions, gratuities, allowances, bonuses, profit sharing bonuses or benefits or any other payment or by creating and from time to time, subscribing or contributing to provident and other funds, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals, and dispensaries, medical and other attendances and other forms of assistance, welfare or relief as the Board of Directors shall think fit, and to subscribe or contribute or otherwise to assist to or guarantee money to charitable, benevolent, religious, scientific, national, public or any other institutions objects or purposes or for any exhibition.
- (21) Before recommending any dividend, to set aside out of the profits of the Company, such sums as they may think proper for depreciation or to create a Depreciation Fund, Insurance Fund, General Reserve, Reserve Fund, Sinking Fund or any special or other fund or funds or accounts or accounts to meet contingencies, or to pay redeemable preference shares, Debenture or debenture stock or special dividends or for equalizing dividends, or for repairing, improving, extending and maintaining any part of the property of the Company, and/or for such other purposes (including the purposes referred to in the last two preceding sub-clauses) as the Board of Directors may, in their absolute discretion think conducive to the interests of the Company and to invest the several sums so set aside or as much thereof as are required to be invested upon such investments (subject to the restrictions imposed by the Act and these Articles) as the Board of Directors may think fit from time to time to deal with and vary any such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve, General Reserve, or the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds or accounts, including the Depreciation Fund appropriated out of the net profits in the business of the Company or in the purchase or repayment of redeemable preference shares, Debentures or debenture-stock and that without being bound to keep the same separately from the other assets, and without being bound to pay or allow interests, on the same, with power however to the Director at their discretion to apply or allow interests on the same, with power however to the Board of Directors at their discretion to allow to the credit of such fund, interest at such rate as the Board of Directors may think proper.
- (22) Subject to the provisions of the Act, to appoint and at their discretion remove or suspend managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances, and also without prejudice foregoing, from time to time, provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they

think fit and the provisions contained in following sub-clauses (24), (25), (26) and (27) of this Article 177, shall be without prejudice to the general powers conferred by this sub-clause (22) of Article 177.

- (23) To comply with the requirements of any local law which the Company is not bound to comply with but which in their opinion it shall be in the interests of the Company necessary or expedient to comply with.
- (24) From time to time and at any time to establish a local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of any such local board, or any managers or agents and to fix their remuneration.
- (25) Subject to the provisions of the Act and the Articles, and at any time to delegate to any such Local Board, or any member or members thereof or any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors and to authorize the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding such vacancies therein and any such appointment or delegation under sub clause (24) of this Article 177, may be made on such terms and subject to such conditions as the Board of Directors may think fit and the Board of Directors may at any time remove any persons so appointed and may annul or vary any such delegation.
- (26) At any time and from time to time by a power of attorney authorize any person or person to be the attorney or attorneys of the Company, for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power which may be exercised only by the Board of Directors at a meeting of the Board under the Act or the Articles of by the Company in General Meeting) and for such period and subject to such conditions as the Board of Directors may from time to time think fit and any such appointment may (if the Board of Directors think fit) be made in favour of the member or any of the members of any Local Board, established as aforesaid or in favour of any Company, or the members, directors, nominees or managers of any Company or firm or otherwise in favour of any body of persons whether nominated directly or indirectly by the Board of Directors and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board of Directors may think fit, and may contain powers enabling any such delegate or attorneys as aforesaid to sub-delegate all or any of the powers and authorities for the time being vested in them.
- (27) Subject to the provisions of the Act and these Articles, to delegate the powers, authorities and discretions vested in the Board of Directors to any person, firm, company, or fluctuating body of persons as aforesaid.
- (28) Subject to the provisions of the Act and these Articles, for or relation to any of the matters aforesaid or otherwise for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

KEY MANAGERIAL PERSONNEL

179. Subject to the provisions of Section 203 of the Act and rules made thereunder and/or these Articles, as applicable,
 - (i) a chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
 - (ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
180. Subject to the provisions of the Act and these Articles, the Managing Director or Managing Directors or Whole-time Director or Whole-time Directors shall be subject to retirement by rotation and, subject to the provisions of any contract between him or them and the Company be subject to the same provisions as to resignation and removal as the other Director of the Company and he or they shall *ipso facto* and immediately cease to be Managing Director or Managing Directors or Whole time Director or Whole time Directors if he or they cease to hold the office of Director from any cause.
181. The remuneration of the Managing Director or Managing Directors or Whole-time Director or Whole-time Directors (subject to provisions of the Section 197 and Schedule V of the Act) shall be in accordance with the terms of his or their contract with the Company.
182. Subject to the provisions of the Act and to the terms of any Resolution of the Company in General Meeting or of any Resolution of the Board and to the term of any contract with him or them, the Managing Director or Managing Directors shall have substantial powers of management subject to the superintendence, control and direction of the Board of Directors.

SECRETARY

183. The Board of Directors shall appoint a whole-time Secretary of the Company possessing the prescribed qualification for such term, at such remuneration and upon such conditions as they may think fit and any secretary so appointed

may be removed by them. The main functions of the Secretary shall be the responsibility for maintaining records and Registers required to be kept under the Act and these Articles, making the necessary returns to the Registrar of Companies under the Act and these Articles and for getting the necessary documents registered with the Registrar and for carrying out all other administrative and ministerial acts, duties and functions which a Secretary of a Company is normally supposed to carry out, such as giving the necessary notices to the Members, preparing the agenda of meetings, issuing notices to Directors, preparing minutes of meeting of Members and of Directors and of any committee of Directors and maintaining minute books and other statutory documents, and he shall carry out and discharge such other functions and duties as the Board of Directors or the Managing Director may from time to time require him to do so.

REGISTERS, BOOKS AND DOCUMENTS

184. (1) Company shall maintain all Registers, books and documents as required by the Act or these Articles including the following, namely:
- (a) Register of Members;
 - (b) Register of Debenture Holders;
 - (c) Register of other Security Holders;
 - (d) Register of Securities/ Shares bought back;
 - (e) Register of Charges;
 - (f) Register of Directors, key managerial personnel;
 - (g) Register of loans, investments, guarantees and securities;
 - (h) Register of Investments not held by the Company in its own name;
 - (i) Register of contracts, arrangements in which the directors are interested;
 - (j) Books of Accounts;
 - (k) All returns and forms filed with the Registrar of Companies;
 - (l) Such other statutory registers as may be prescribed under the relevant and applicable provisions of the Act, from time to time.
- (2) The said Registers, books and documents shall be maintained in conformity with the applicable provisions of the Act and these Articles and shall be kept open for inspection for such persons as may be entitled thereto respectively under the Act and these Articles on such days and during such business hours as may in that behalf be determined in accordance with the provisions of the Act these Articles and extracts therefrom shall be supplied to those persons entitled thereto in accordance with the provisions of the Act and these Articles.
- (3) The Company may keep a Register of foreign Members in accordance with the provisions of the Act. The Board of Directors may from time to time, make such provisions as they may think fit in respect of the keeping of the branch Registers of Members and/or Debenture holders.

DIVIDENDS

185. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
186. Subject to the provisions of Section 123 of the Act, the Board may from time to time pay to the Members, such interim dividends during the financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared by the Company.
187. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
188. (i) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.
- (ii) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

189. The Board may deduct from any dividend payable to any Member, all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.
190. (i) Any dividend, interest or other monies payable in cash in respect of Shares maybe paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
191. Any one of two or more joint holders of a Share may give effective receipts for any dividends, bonuses or other monies payable in respect of such Share.
192. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act. No dividend shall bear interest against the Company.
193. The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company. If the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days, transfer the total amount of dividend, which remained so unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account".

Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. "Investor Education and Protection Fund". Provided that, any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.

Further, there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with the provisions of Sections 124 and 125 of the Act in respect of all unclaimed or unpaid Dividends.

RESERVES AND CAPITALISATION

194. The Board may, before recommending any dividend set aside out of the profits of the 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 the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or as may be permitted by the Act, applied for payment of dividend or be invested in such investments and in such manner or as may be permitted by the Act and as the Board may from time to time think fit.
195. (i) The Company in General Meeting may, upon the recommendation of the Board, resolve:
- (1) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- (2) that such sum be accordingly set free for distribution in the manner specified in Article 194(ii) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards—
- (A) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
- (B) paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully Paid-Up, to and amongst such Members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of un-issued Shares to be issued to Members of the Company as fully paid bonus Shares;
- (E) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
196. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

- (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid Shares, if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable in fractions; and
 - (b) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such Members.

ACCOUNTS

197. (1) The Company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the Company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting:
- Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide, and when the Board of Directors may decide the Company shall, within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.
- (2) If the Company shall have branch office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns, made up to date at intervals of not more than three months, shall be sent by the branch office of the Company to its Registered Office or other place in India, as the Board thinks fit where the main books of the Company are kept.
- (3) All the aforesaid books shall give a true and fair picture of the financial position of the Company.
198. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Company or, any of them, shall be open to the inspection of Members not being Directors and no Member (not being Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorized by the Company in General Meeting.
199. At every Annual General Meeting the Board shall lay before the Company, financial statements along with the reports thereto, prepared in accordance with the provisions of the Act and such financial statements shall comply with the requirements of the Act so far as they are applicable to the Company.
200. There shall be attached to every Financial Statements laid before the Company a Report by the Board of Directors complying with the provision of the Act.
201. The Company shall comply with the requirements of the Act and make necessary arrangement for Section 136 of the Act.

ANNUAL RETURNS

202. The Company shall prepare and file the requisite annual returns in accordance with the provisions of the Act.
203. Once, at least in every year, the books of account of the Company shall be examined by one or more auditors in accordance with the relevant provisions contained in that behalf in the Act and the rules thereunder.
204. The appointment qualifications, powers, rights, duties and remuneration of the auditors shall be regulated by and in accordance with the relevant provisions of the Act.
205. Every account when audited and approved by the Members in a General Meeting, shall be conclusive except as regards any error discovered therein within three (3) months after the approval thereof. Whenever any such error is discovered within the aforesaid period, the account shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENTS AND SERVICE OF DOCUMENTS

206. (1) A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgment or any other document in relation to or in the winding up of the Company) may be served or sent by the Company or to any Member either personally or by sending it by post to him at his registered address or (if he has no registered address in India) at the address, if any within India supplied by him to the Company or by such electronic mode as may be prescribed under the Act.
- (2) Where a document is sent by post:
- (a) service thereof shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice, provided that where a Member, has intimated to the Company in advance that documents should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company, a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected, unless it is sent in the manner intimated by the Member; and
 - (b) Such service shall be deemed to have been effected:
 - (i) in the case of a notice of a meeting, at the expiration of forty eight (48) hours after the letter containing the notice is posted; and
 - (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.
207. If a Member has no registered address in India and has supplied to the Company an address within India for the giving of notice to him, a document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.
208. All document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the title of representative of the deceased or Assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such as address has been so supplied) by serving the document in any manner been so supplied by serving the documents in any manner in which the same might have been served if the death or insolvency has not occurred.
209. Subject to the provisions of the Act and these Articles, notices of the General Meetings shall be given;
- (i) to all Members of the Company as provided and in the manner authorized by these Articles;
 - (ii) to the persons entitled to a Share in consequence of the death or insolvency of a Member.
 - (iii) to the Auditor or Auditors for the time being of the Company, in any manner authorized by these Articles.
210. Subject to the provisions of the Act any document required to be served or sent by the Company on or to the Members or any of them, and not expressly provided for by these presents shall be deemed to be duly served or sent if advertised once in one daily English and one daily vernacular newspaper circulating in the district in which the registered office of the Company is situated.
211. Every person who by operation of a transfer, or other means whatsoever, becomes entitled to any Share, shall be bound by every document in respect of such Share which previously to his name and address being entitled on the Register, has been duly served on or sent to the person from whom he derives his title to such Share.
212. Any notice to be given by the Company shall be signed by the Managing Director or Secretary or by such Director or officer as the Board of Directors may appoint and such signature may be written or printed or lithographed.
213. All notices to be given on the part of the Members to the Company shall be kept at or sent by post under certificates of posting or by registered post to the registered office of the Company.

AUTHENTICATION OF DOCUMENTS

214. Save as otherwise expressly provided in the Act or these Articles, a document or proceedings requiring authentication by the Company may be signed by a Director the Managing Director or an authorized officer of the Company.

RECONSTRUCTION

215. On any sale of an undertaking of the Company, the Board or a liquidator on a winding up, may if authorized by a special resolution, accept fully paid or partly paid-up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the liquidator (in a winding up) may distribute such Shares or Securities or any other property of the Company amongst the Members without realization, or vest the same in trustees for them, and any special resolution may provide for the distribution or appropriation of cash, Shares or other Securities, benefit or property otherwise than in accordance with the strict legal rights of the Members or contributories of the Company and for the valuation of such Securities or property at such price and in such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, as are incapable of being waived or excluded by these Articles.
216. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively; and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital paid up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to rights of the holders of Shares issued upon special terms and conditions.
217. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution, but subject to the rights attached to any preference shares capital, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction of a special resolution, but subject to the rights attached to any preference share capital, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company 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. 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.
- (2) If thought expedient any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal right of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any such division shall be determined, any contributory who would be prejudiced hereby shall have right to dissent and ancillary rights as if such determination were a special resolution passed in accordance with the relevant provisions of the Act.
- (3) In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten (10) days after the passing of the special resolution, by notice in writing, intimate to the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.
218. A special resolution sanctioning a sale to any other Company duly passed under the relevant provisions of the Act may, subject to the provisions of the Act, in like manner as aforesaid determined that any Shares or other consideration receivable by the liquidator be distributed amongst the Members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the Members subject to the rights of dissent and consequential rights conferred by the said sanction.

SECURITY CLAUSE

219. (1) Every director, manager, auditor, trustee, Member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Board of Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transaction and affairs of the Company with the customers and the state of the accounts with individuals and in realization thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board of Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (3) No Member shall be entitled to visit or inspect the Company's works without the permission of the Board of Directors or the Managing Director or to require discovery of any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Director or the Managing Director it will be inexpedient in the interest of the Members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

220. Every officer, Director and key managerial personnel of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.
221. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects or defaults of any other Director or officer or for joining in any omission or other act for conformity or for any loss or expenses suffered by the Company through insufficiency or deficiency of title to any property acquired by order of the Board of Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankrupt, insolvency, or tortious act of any person, company or corporation, with whom any moneys, securities or effects' shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damages, or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.
222. The Company shall have among its objective the promotion and growth of the national economy through increased productivity, effective utilization of material and manpower resources and continued application of modern scientific and managerial techniques in keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to the customers, employees, shareholders, society and the local community.
223. Whenever in the Act, it has been provided that the Company shall have any right privileges or authority or that the Company could carry out any transaction only if the Company is authorized by its articles, then and in that case this Article thereto authorizes and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

CORPORATE SOCIAL RESPONSIBILITY

224. (1) The Company under the requisite provisions of the Act, shall undertake such social activities as may be required, and for that purpose, shall constitute a Corporate Social Responsibility Committee of the Board consisting of three (3) or more Directors, out of which at least one (1) Director shall be an Independent Director.
- (2) The Corporate Social Responsibility Committee shall,—
- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as may be specified in the Act;
 - (b) recommend the amount of expenditure to be incurred on the activities referred to in Article 225(2) (a); and
 - (c) monitor the Corporate Social Responsibility Policy of the Company from time to time.
- (3) The Board of Directors of shall,—
- (a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the Company and disclose contents of such Corporate Social Responsibility Policy in its report and also place it on the Company's website, if any, in such manner as may be prescribed under the Act; and
 - (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the company.
- (4) The Board shall ensure that the company spends, in every financial year, at least two per cent (2%) of the average net profits of the company made during the three (3) immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.
- (5) The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

PART B

Part B of the Articles of Association provide for among other things the rights of certain shareholders pursuant to the Shareholders' Agreement. For more details, see “*History and Certain Corporate Matters – Shareholders’ agreements and other key agreements*” on page 260.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus filed with the Registrar of Companies, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office, from 10.00 a.m. to 5.00 p.m. on Working Days and will also be available at <https://www.ayefin.com/materialcontracts> from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such documents or agreements executed after the Bid/Offer Closing Date).

Material Contracts to the Offer

1. Offer agreement dated December 16, 2024, entered into among our Company, the Selling Shareholders and the BRLMs;
2. Registrar agreement dated December 16, 2024 entered into among our Company, the Selling Shareholders and the Registrar to the Offer;
3. Monitoring Agency agreement dated [●] entered into between our Company and the Monitoring Agency;
4. Cash Escrow and sponsor bank agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, Banker(s) to the Offer and the Registrar to the Offer;
5. Share escrow agreement dated [●] entered into among the Selling Shareholders, our Company and the Share Escrow Agent;
6. Syndicate Agreement dated [●] entered into among the members of the Syndicate, our Company, the Selling Shareholders and the Registrar to the Offer; and
7. Underwriting agreement dated [●] entered into among our Company, the Selling Shareholders, the Registrar to the Offer and the members of the Syndicate.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association.
2. Certificate of incorporation dated August 12, 1993 issued by Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh in the name of ‘Doda Finance Private Limited’.
3. Certificate of incorporation dated March 28, 2014, was issued to our Company by the Registrar of Companies, Punjab and Chandigarh consequent to the change of name to ‘Aye Finance Private Limited’.
4. Certificate of registration dated August 10, 2015, was issued by the Registrar of Companies, Delhi and Haryana consequent upon change of the state of our Registered Office from Punjab to the National Capital Territory of Delhi.
5. Certificate of registration dated December 15, 2000 bearing no. B-06.00369, pursuant to which Doda Finance Private Limited was registered as an NBFC under section 45-IA of the RBI Act.
6. Certificate of registration dated November 27, 2015, bearing no. B-14.03323, pursuant to which our Company was registered as an NBFC under section 45-IA of the RBI Act.
7. Fresh certificate of incorporation issued to our Company by Registrar of Companies, Delhi and Haryana dated December 10, 2024 issued consequent upon conversion into a public company.
8. Board resolution of our Company, dated December 11, 2024, authorizing the Offer and other related matters.
9. Shareholders’ resolution dated December 11, 2024 in relation to the Fresh Issue and other related matters.
10. Consent letters of each of the Selling Shareholders authorizing their respective portions of the Offer for

Sale.

11. Employment agreement dated September 20, 2024 entered into by and between our Company and Sanjay Sharma read with the addendum letter dated December 11, 2024 and appointment letter dated July 5, 2024.
12. Resolution of our Board, dated December 16, 2024, approving this DRHP.
13. Industry report titled “*Report on Loans and Financial Services Industry in India*” dated December 2024 from CRISIL and engagement letter dated October 23, 2024.
14. Consent dated December 16, 2024 from S S Kothari Mehta & Co. LLP, Chartered Accountants to include their name as required under Section 26 (5) 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 December 11, 2024 on our Restated Financial Statements; (ii) their report dated December 15, 2024 on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus. 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.
15. Consent dated December 16, 2024, from B.B. & Associates, Chartered Accountants, bearing firm registration number 023670N, to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and an “expert”, as defined under Section 2(38) of the Companies Act 2013 in respect of various certifications issued by them in their capacity as independent chartered accountant to our Company.
16. Resolution of the Audit Committee dated December 16, 2024 approving our key performance indicators.
17. Certificate dated December 16, 2024 received from the Statutory Auditors, bearing firm registration number 023670N, independent chartered accountants on the key performance indicators.
18. Consents of banker to our Company, the BRLMs, Registrar to the Offer, CRISIL, Banker(s) to the Offer, independent chartered accountant, legal advisors to the Company, Syndicate Members, Monitoring Agency, Directors and Company Secretary and Compliance Officer to act in their respective capacities.
19. Share purchase agreement dated January 10, 2014 entered into by and between Suresh Chander, Kamlesh Jagota, Meenu Bala, Bheem Sen, Naresh Basi, Tripta, Shiv Kumar, Raman Kumar, Hari Kisan Lal, Sunita Dayi, Sanjay Sharma, Vikram Jetley and Doda Finance Private Limited.
20. Amended and restated shareholders’ agreement dated September 18, 2024 entered into by and among (i) our Company, (ii) IMP2 Assets Pte. Ltd., British International Investment plc, Waterfield Alternative Investments Fund I, Elevation Capital V Limited, A91 Emerging Fund I LLP, LGT Capital Invest Mauritius PCC with Cell E/VP, CapitalG LP, CapitalG International LLC, Alpha Wave India I LP and MAJ Invest Financial Inclusion Fund II K/S, (iii) Umesh Kumar Gupta and Gitika Gupta (jointly), Ashok Prabhakar Nadkarni, Deepa Pandit and Sumant Misra, (iv) Sanjay Sharma, Shvet Corporation LLP, Shankh Corporation LLP and (v) Namrata Sharma, as amended pursuant to the amendment and waiver agreement to the SHA dated December 12, 2024.
21. Copies of annual reports of our Company for the last three Financial Years, i.e., Financial Years 2024, 2023 and 2022.
22. Aye Finance Employee Stock Option Plan 2016.
23. Aye Finance Employee Stock Option Plan 2020.
24. Aye Finance Employee Stock Option Plan 2024.
25. In-principle listing approvals dated [●] and [●], from BSE and NSE, respectively.
26. Tripartite agreement dated April 25, 2018 among our Company, NSDL and Registrar.

27. Tripartite agreement dated October 11, 2017 among our Company, CDSL and the Registrar.
28. Due diligence certificate to SEBI from the BRLMs dated December 16, 2024.
29. Final observation letter dated [●] issued by SEBI (Ref. No. [●] dated [●]).

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Govinda Rajulu Chintala
(*Chairperson and Independent Director*)

Date: December 16, 2024

Place: Hyderabad

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sanjay Sharma
(*Managing Director, Executive Director*)

Date: December 16, 2024

Place: Gurugram

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sanjaya Gupta
(Independent Director)

Date: December 16, 2024

Place: Gurugram

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vinay Bajjal
(Independent Director)

Date: December 16, 2024

Place: Mumbai

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kanika Tandon Bhal
(Independent Director)

Date: December 16, 2024

Place: New Delhi

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Padmaja Nair
(Independent Director)

Date: December 16, 2024

Place: Bengaluru

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Aditya Misra

(Non- Executive and Non- Independent Director)

Date: December 16, 2024

Place: Gurugram

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act 2013, and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations and guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertakings made in this Draft Red Herring Prospectus are contrary to the provisions of the Companies Act 2013, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 each as amended, or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertakings in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER

Krishan Gopal
(Chief Financial Officer)

Date: December 16, 2024

Place: Gurugram

DECLARATION

I, Vikram Jetley acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself, severally and not jointly, as a Selling Shareholder and his respective portion of the Offered Shares, are true and correct. I, Vikram Jetley assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

VIKRAM JETLEY

Date: December 16, 2024

Place: Gurugram

DECLARATION

I, Harleen Kaur Jetley, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by him in this Draft Red Herring Prospectus in relation to himself, severally and not jointly, as a Selling Shareholder and his respective portion of the Offered Shares, are true and correct. I, Harleen Kaur Jetley, assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

HARLEEN KAUR JETLEY

Date: December 16, 2024

Place: Gurugram

DECLARATION

We, MAJ Invest Financial Inclusion Fund II K/S, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. MAJ Invest Financial Inclusion Fund II K/S assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of MAJ Invest Financial Inclusion Fund II K/S

Authorised Signatory

Name: Jens Aalose

Designation: Managing Partner

Date: December 16, 2024

Place: Copenhagen, Denmark

Authorised Signatory

Name: Marianne Settnes

Designation: Managing Director, General Counsel

Date: December 16, 2024

Place: Copenhagen, Denmark

DECLARATION

We, LGT Capital Invest Mauritius PCC with Cell E/VP, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. LGT Capital Invest Mauritius PCC with Cell E/VP assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of LGT Capital Invest Mauritius PCC with Cell E/VP

Authorised Signatory

Name: Rishikesh Batoosam

Designation: Director

Date: December 16, 2022

Place: Ebene, Mauritius

DECLARATION

We, A91 Emerging Fund I LLP, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. A91 Emerging Fund I LLP assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of A91 Emerging Fund I LLP

Authorised Signatory

Name: Abhay Pandey

Designation: General Partner

Date: December 16, 2024

Place: Mumbai

DECLARATION

We, Alpha Wave India I LP, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. Alpha Wave India I LP assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of Alpha Wave India I LP

Authorised Signatory

Name: Cathy Weist

Designation: Authorized Signatory

Date: December 16, 2024

Place: London

DECLARATION

We, CapitalG LP, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. CapitalG LP assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of CapitalG LP

Authorised Signatory

Name: Jeremiah Gordon

Designation: General Counsel and Secretary

Date: December 16, 2024

Place: USA

DECLARATION

We, CapitalG International LLC, acting as a Selling Shareholder, hereby confirms that all statements, disclosures and undertakings specifically made or confirmed by it in this Draft Red Herring Prospectus in relation to itself, severally and not jointly, as a Selling Shareholder and its respective portion of the Offered Shares, are true and correct. CapitalG International LLC assumes no responsibility for any other statements, disclosures and undertakings, including, any of the statements, disclosures or undertakings made or confirmed by or relating to the Company or any other Selling Shareholder(s) or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of CapitalG International LLC

Authorised Signatory

Name: Jeremiah Gordon

Designation: General Counsel and Secretary

Date: December 16, 2024

Place: USA

ANNEXURE A – US RESALE LETTER

[On the letterhead of an investor who is a U.S. Person or a person in the United States; to be executed after resale of the Equity Shares outside the United States which was not consummated on the BSE or the NSE; to be delivered to the Company prior to the settlement of any sale or other transfer of Shares]

AYE FINANCE LIMITED
Unit No. 701-711, 7th Floor, Unitech Commercial Tower-2,
Sector-45, Arya Samaj Road,
Block B, Greenwood City,
Gurgaon 122 003,
Haryana, India

Ladies and Gentlemen:

This letter (“**Resale Letter**”) relates to the sale or other transfer by us of equity shares (the “**Shares**”) of the Company, which is required to be in an “offshore transaction” pursuant to Regulation S (“**Regulation S**”) under the Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Terms used in this Resale Letter are used as defined in Regulation S, except as otherwise stated herein.

We hereby represent and warrant to you as follows:

- (i) We previously purchased the Shares for our own account (or for one or more beneficial owners for which we have acted as fiduciary or agent, with complete investment discretion and with authority to bind each such person), as both a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act) and a “qualified purchaser” (as defined in Section 2(a)(51) and related rules of the Investment Company Act of 1940, as amended, and the rules thereunder (the “U.S. Investment Company Act”). We understand that the Shares have not been and will not be registered under the US Securities Act and that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act).
- (ii) The offer and sale of the Shares by us was not made to a person in the United States or to a U.S. Person (as defined in Regulation S).
- (iii) Either:
 - (i) at the time the buy order for the sale of the Shares by us was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States; or
 - (ii) the transfer of the Shares by us was executed in, on or through the facilities of the [●] Stock Exchange or the [●] Stock Exchange, and neither we nor any person acting on our behalf has reason to believe that the transaction was pre-arranged with a buyer in the United States.
- (iv) Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Equity Shares.
- (v) The transfer of the Equity Shares by us was not and is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act.
- (vi) None of the Company, any of its agents nor any of their respective affiliates participated in the sale of the Equity Shares by us.
- (vii) We agree that the Company, its agents and their respective affiliates may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Where there are joint transferors, each must sign this US Resale Letter. A US Resale Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation’s constitution (and evidence of such authority may be required).

Yours sincerely,

(Name of Transferor)

By:

Title:

Date