**DRAFT RED HERRING PROSPECTUS**
Dated February 14, 2021
*(This Draft Red Herring Prospectus will be updated upon filing with the RoC)*
*Please read Section 32 of the Companies Act, 2013*
**100% Book Built Offer**

AROHAN
AAVISHKAAR GROUP

# AROHAN FINANCIAL SERVICES LIMITED

Our Company was incorporated on September 27, 1991 at Kolkata, West Bengal, India as 'ANG Resources Private Limited', a private limited company under the Companies Act, 1956. Our Company was then converted into a public limited company under the Companies Act, 1956, and consequently, the name of our Company was changed to 'ANG Resources Limited' and a fresh certificate of incorporation dated October 20, 1995 was issued by the Registrar of Companies, West Bengal at Kolkata (the "**RoC**"). Subsequently, the name of our Company was changed to 'Arohan Financial Services Limited' and a fresh certificate of incorporation dated March 25, 2008 was issued by the RoC. Thereafter, our Company was converted into a private limited company under the Companies Act, 1956 and the name of our Company was changed to 'Arohan Financial Services Private Limited' and a fresh certificate of incorporation dated September 28, 2010 was issued by the RoC. Our Company was then converted into a public limited company under the Companies Act, 2013 and the name of our Company was changed to 'Arohan Financial Services Limited'. A fresh certificate of incorporation dated May 25, 2018 was issued by the RoC. For further details in relation to changes in the name and the registered office of our Company, see "*History and Certain Corporate Matters*" on page 169. Our Company is registered with the Reserve Bank of India (the "**RBI**") as a Non-Banking Financial Company – Micro Finance Institution ("**NBFC-MFI**") (certificate of registration No. B.05.02932). For further details, see "*Government and Other Approvals*" on page 335.


**Registered and Corporate Office:** PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India
**Contact Person**: Anirudh Singh G. Thakur, Company Secretary and Compliance Officer
**Tel:** +91 33 4015 6000; **E-mail:** compliance@arohan.in; **Website:** www.arohan.in
**Corporate Identity Number**: U74140WB1991PLC053189


**OUR PROMOTERS: AAVISHKAAR VENTURE MANAGEMENT SERVICES PRIVATE LIMITED AND INTELLECTUAL CAPITAL ADVISORY SERVICES PRIVATE LIMITED**

**INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF AROHAN FINANCIAL SERVICES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING TO UP TO ₹[●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF [●] EQUITY SHARES BY OUR COMPANY AGGREGATING TO UP TO ₹8,500 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 27,055,893 EQUITY SHARES AGGREGATING TO UP TO ₹[●] MILLION COMPRISING AN OFFER FOR SALE OF UP TO 1,925,158 EQUITY SHARES BY MAJ INVEST FINANCIAL INCLUSION FUND II K/S, UP TO 2,191,557 EQUITY SHARES BY MICHAEL & SUSAN DELL FOUNDATION, UP TO 9,302,853 EQUITY SHARES BY TANO INDIA PRIVATE EQUITY FUND II, UP TO 1,214,840 EQUITY SHARES BY TR CAPITAL III MAURITIUS AND UP TO 12,421,484 EQUITY SHARES BY AAVISHKAAR GOODWELL INDIA MICROFINANCE DEVELOPMENT COMPANY II LTD (COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS" AND EACH, INDIVIDUALLY, AS A "SELLING SHAREHOLDER" AND SUCH OFFER FOR SALE OF EQUITY SHARE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING TO UP TO ₹[●] MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**OUR COMPANY MAY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") CONSIDER ISSUING SECURITIES ON A PRIVATE PLACEMENT BASIS FOR CASH CONSIDERATION AGGREGATING TO UP TO ₹1,500 MILLION, AT THE DISCRETION OF THE COMPANY AND THE SELLING SHAREHOLDERS, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC (THE "PRE-IPO PLACEMENT"). THE PRICE OF THE SECURITIES ALLOTTED PURSUANT TO THE PRE-IPO PLACEMENT SHALL BE DETERMINED 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 (THE "SCRR").**

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

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

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**") and in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", and such portion, the "**QIB Portion**"), provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations (the "**Anchor Investor Portion**"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from the Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, up to [●] Equity Shares will be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, are required to mandatorily utilize the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID (in case of Retail Individual Bidders), if applicable, in which the corresponding Bid Amounts will be blocked by the self-certified syndicate banks ("**SCSBs**") or under the UPI Mechanism, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. See "*Offer Procedure*", beginning on page 362.

**RISK IN RELATION TO THE FIRST OFFER**

This being the first public issue of the securities of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each. The Floor Price, Cap Price and Offer Price should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (the "**SEBI**"), nor does the 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*" beginning on page 24.

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

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

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received an 'in-principle' approval from each of the BSE and the NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with the Companies Act. For details of the material contracts and documents that will be 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*" beginning on page 386.

| BOOK RUNNING LEAD MANAGERS | | | | REGISTRAR TO THE OFFER |
|---|---|---|---|---|
| Edelweiss | ICICI Securities | NOMURA | SBI Capital Markets Limited | LINKIntime |
| **Edelweiss Financial Services Limited**<br>6th Floor, Edelweiss House<br>Off C.S.T. Road, Kalina<br>Mumbai 400 098<br>Maharashtra, India<br>Tel: +91 22 4009 4400<br>E-mail: arohan.ipo@edelweissfin.com<br>Website: www.edelweissfin.com<br>Investor Grievance ID:<br>customerservice.mb@edelweissfin.com<br>Contact person: Nishita John / Amitkumar Singh<br>SEBI Registration No.: INM0000010650 | **ICICI Securities Limited**<br>ICICI Centre<br>H T Parekh Marg, Churchgate<br>Mumbai 400 020<br>Maharashtra, India<br>Tel: +91 22 2288 2460<br>E-mail: arohan.ipo@icicisecurities.com<br>Website: www.icicisecurities.com<br>Investor Grievance ID:<br>customercare@icicisecurities.com<br>Contact person: Vaibhav Saboo / Anurag Byas<br>SEBI Registration No.: INM000011179 | **Nomura Financial Advisory and Securities (India) Private Limited**<br>Ceejay House, Level 11<br>Plot F, Shivsagar Estate, Dr. Annie Besant Road<br>Worli, Mumbai 400 018<br>Maharashtra, India<br>Tel: +91 22 4037 4037<br>E-mail: arohanipo@nomura.com<br>Website:<br>www.nomuraholdings.com/company/group/asia/india/index.html<br>Investor Grievance ID: investorgrievances-in@nomura.com<br>Contact person: Vishal Kanjani / Sandeep Baid<br>SEBI Registration No.: INM000011419 | **SBI Capital Markets Limited**<br>202, Maker Tower "E",<br>Cuffe Parade<br>Mumbai 400 005<br>Maharashtra, India<br>Tel: +91 22 2217 8300<br>Email: arohan.ipo@sbicaps.com<br>Website: www.sbicaps.com<br>Investor grievance e-mail:<br>investor.relations@sbicaps.com<br>Contact Person: Gaurav Mittal/ Janardhan Wagle<br>SEBI Registration No: INM000003531 | **Link Intime India Private Limited**<br>C-101, 247 Park, 1st Floor<br>L.B.S. Marg, Vikhroli West<br>Mumbai 400 083<br>Maharashtra, India<br>Tel: +91 22 4918 6200<br>E-mail: arohan.ipo@linkintime.co.in<br>Website: www.linkintime.co.in<br>Investor Grievance ID:<br>arohan.ipo@linkintime.co.in<br>Contact person: Shanti Gopalkrishnan<br>SEBI Registration No.: INR000004058 |

| BID/OFFER PROGRAMME | |
|---|---|
| **BID/OFFER OPENS ON: [●][(1)]** | **BID/OFFER CLOSES ON: [●][(2)]** |

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

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

(*This page is intentionally left blank*)

## TABLE OF CONTENTS

## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless otherwise specified or the context otherwise indicates, requires or implies, shall have the meanings as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be deemed to include all amendments, supplements, re-enactments and modifications thereto, from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder. The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.*

*Notwithstanding the foregoing, the terms used in "Industry Overview", "Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Statements", "Basis for Offer Price", "History and Certain Corporate Matters", "Financial Indebtedness", "Selected Statistical Information", "Other Regulatory and Statutory Disclosures", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of the Articles of Association" on pages 102, 160, 94, 202, 92, 169, 278, 316, 337, 326 and 380, respectively, shall have the respective meanings ascribed to them in the relevant section.*

### General Terms

| Term | Description |
|---|---|
| "Our Company" or "the Company" or "the Issuer" or "Arohan" or "we" or "us" or "our" | Arohan Financial Services Limited, a company incorporated under the Companies Act, 1956, whose registered and corporate office is situated at PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India |

### Company Related Terms

| Term | Description |
|---|---|
| Aavishkaar Group | Our Company, AVMS, I-Cap, Intellecap Advisory Services Private Limited, TribeTech, Aavishkaar Foundation, Aavishkaar Advisers (IFSC) Private Limited, Aavishkaar Advisors Private Limited, Ashv, Indradhanush Advisors Private Limited, Sankalp Consultancy Limited and Intellecap Inc., collectively |
| AG II | Aavishkaar Goodwell India Microfinance Development Company II Ltd. |
| "AoA" or "Articles" or "Articles of Association" | The articles of association of our Company, as amended |
| Ashv | Ashv Finance Limited (formerly, Jain Sons Finlease Limited) |
| Audit Committee | The audit committee of our Board of Directors as described in "*Our Management*" beginning on page 175 |
| "Auditors" or "Statutory Auditors" | The statutory auditors of our Company, namely, Walker Chandiok & Co LLP, Chartered Accountants |
| AVMS | Aavishkaar Venture Management Services Private Limited |
| "Board" or "Board of Directors" | The board of directors of our Company |
| CCPS | Compulsorily Convertible Preference Shares of face value of ₹20 each of our Company |
| CRIF | CRIF High Mark Credit Information Services Private Limited |
| "CRISIL" or "CRISIL Research" | CRISIL Research, a division of CRISIL Limited |
| CRISIL Report | Report titled Industry Report on Microfinance industry, Mumbai, dated February 2021, issued by CRISIL |
| Director(s) | The director(s) on our Board |
| Equity Shares | Equity shares of face value of ₹10 each of our Company |
| ESOP 2010 | The Arohan Employees Stock Option Plan 2010, as amended and as described in "*Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes*" on page 78 |
| ESOP 2018 | The Arohan Employee Stock Option Plan 2018, as described in "*Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes*" on page 78 |

| Term | Description |
|---|---|
| ESOP 2021 | The Arohan Employee Stock Option Plan 2021, as described in "*Capital Structure – Notes to Capital Structure – Employee Stock Option Schemes*" on page 78 |
| ESOP Schemes | The employee stock option plans instituted by our Company, namely, the ESOP 2010, ESOP 2018 and ESOP 2021 |
| Executive Director | The executive Director on our Board |
| Group Companies | Our Group companies, namely, AG-II, Andromeda Sales and Distribution Private Limited, Anudip Foundation for Social Welfare, Ashv, Intellecap Advisory Services Private Limited and TribeTech, as disclosed in "*Our Group Companies*" beginning on page 196 |
| I-Cap | Intellectual Capital Advisory Services Private Limited |
| IFIF | India Financial Inclusion Fund |
| Intellecash | Intellecash Microfinance Network Company Private Limited, which merged with and into our Company pursuant to the Scheme. See "*History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets*" on page 172 |
| IPO Committee | The IPO Committee of our Board of Directors |
| "Key Managerial Personnel" or "KMP" | Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, Section 2(51) of the Companies Act and as disclosed in "*Our Management*" beginning on page 175 |
| Maj Invest | Maj Invest Financial Inclusion Fund II K/S |
| "MoA" or "Memorandum" or "Memorandum of Association" | The memorandum of association of our Company, as amended |
| MSDF | Michael & Susan Dell Foundation |
| Nomination and Remuneration Committee | The nomination and remuneration committee of our Board as described in "*Our Management*" beginning on page 175 |
| Non-Executive Independent Director(s) | The non-executive independent Director(s) on our Board |
| Non-Executive Nominee Director(s) | The non-executive nominee Director(s) on our Board |
| Promoters | The promoters of our Company, namely, AVMS and I-Cap |
| Promoter Group | The entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoters and Promoter Group*" beginning on page 191 |
| Registered and Corporate Office | The registered and corporate office of our Company, which is located at PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India |
| "Registrar of Companies" or "RoC" | The Registrar of Companies, West Bengal at Kolkata |
| Restated Financial Information | The restated summary statement of assets and liabilities of the Company as on and for the six-month period ended September 30, 2020 and as on and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018, and the restated statement of profit and loss (including other comprehensive income) and restated statement of cash flows and changes in equity for the six-month period ended September 30, 2020 and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018 and the summary statement of significant accounting policies, and other explanatory information of the Company, prepared by the Company in accordance with the SEBI ICDR Regulations, pursuant to the SEBI Act, to the extent applicable and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI |
| Scheme | The scheme of arrangement with Intellecash approved by the National Company Law Tribunal, Mumbai by its order dated March 9, 2018 and the National Company Law Tribunal, Kolkata by its order dated March 26, 2018 and as disclosed in "*History and Certain Corporate Matters - Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets - Scheme of arrangement with Intellecash*" on page 172 |
| Selling Shareholders | Maj Invest, MSDF, Tano, TR Capital and AG II |
| Shareholders | The holders of the Equity Shares, from time to time |
| SIDBI | Small Industries Development Bank of India |
| Stakeholders' Relationship Committee | The stakeholders' relationship committee of our Board of Directors as described in "*Our Management*" beginning on page 175 |
| Tano | Tano India Private Equity Fund II |

| Term | Description |
|---|---|
| TribeTech | TribeTech Private Limited |
| TR Capital | TR Capital III Mauritius |

**Offer Related Terms**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| "Allotment" or "Allot" or "Allotted" | Allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Offered Shares pursuant to the Offer for Sale to the successful Bidders |
| Allotment Advice | Note or advice or intimation of Allotment sent to each successful Bidder who has been or is to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion, in accordance with the SEBI ICDR Regulations and the Red Herring Prospectus, who has Bid for an amount of at least ₹100 million |
| Anchor Investor Allocation Price | The price at which allocation is done 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 and the Selling Shareholders, in consultation with the BRLMs |
| Anchor Investor Application Form | The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion in accordance with the requirements specified under the SEBI ICDR Regulations and the Red Herring Prospectus |
| Anchor Investor Bid/Offer Period | One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed |
| Anchor Investor Offer Price | The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price, but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs |
| Anchor Investor Portion | Up to 60% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations |
| "Application Supported by Blocked Amount" or "ASBA" | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorize an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by Retail Individual Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by Retail Individual Bidders using the UPI Mechanism |
| ASBA Account | A bank account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders, for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a Retail Individual Bidder, which is blocked upon acceptance of a UPI Mandate Request made by the Retail Individual Bidder using the UPI Mechanism |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidder(s) | Bidder(s), except Anchor Investors |
| ASBA Form | An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Banker(s) to the Offer | The Escrow Collection Bank(s), the Refund Bank(s), the Public Offer Account Bank(s) and the Sponsor Bank(s), as the case may be |
| Basis of Allotment | The basis on which Equity Shares shall be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" beginning on page 362 |
| Bid | An indication to make an offer during the Bid/Offer Period by ASBA Bidders pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by the Anchor Investors pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all |

| Term | Description |
|---|---|
| | revisions and modifications thereto, in accordance with the SEBI ICDR Regulations and the Red Herring Prospectus and the Bid cum application form. The term "Bidding" shall be construed accordingly |
| Bid Amount | In relation to each Bid, the highest value of the optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder or Eligible Employees Bidding under the Employee Reservation Portion, and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of such Bid.<br><br>In relation to Bids under the Employee Reservation Portion by Eligible Employees, such Bid Amount shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion after the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. |
| Bid cum Application Form | The Anchor Investor Application Form or the ASBA Form, as the case may be |
| 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 Bids, which shall be notified in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Bengali daily newspaper [●] (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation. Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the BRLMs and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, 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 Opening Date | Except in relation to any Bids received from Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Bengali daily newspaper [●] (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation |
| Bid/Offer Period | Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor |
| Bidding Centres | The centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | The book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| "Book Running Lead Managers" or "BRLMs" | The book running lead managers to the Offer, namely, Edelweiss, ICICI Securities, Nomura and SBICAP |
| Broker Centres | The broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| "CAN" or "Confirmation of Allocation Note" | A notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period |

| Term | Description |
|---|---|
| Cap Price | The higher end of the Price Band, subject to any revision thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted |
| Cash Escrow and Sponsor Bank Agreement | Agreement to be entered among our Company, the Selling Shareholders, the BRLMs, Syndicate Members, the Bankers to the Offer and Registrar to the Offer for, *inter alia*, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof |
| Client ID | Client identification number maintained with one of the Depositories in relation to dematerialized account |
| "Collecting Depository Participant" or "CDP" | A depository participant as defined under the Depositories Act, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the circular (No. CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 issued by the SEBI |
| Cut-off Price | The Offer Price finalized by our Company and the Selling Shareholders, in consultation with the BRLMs, which may be any price within the Price Band. Only Retail Individual Bidders bidding in the Retail Portion and the Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. No other category of Bidders is entitled to Bid at the Cut-off Price |
| Demographic Details | The demographic details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable |
| Designated Branches | Such branches of the SCSBs which will collect the ASBA Forms used by the ASBA Bidders and a list of which is available on the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time, or any such other website as may be prescribed by the SEBI |
| Designated CDP Locations | Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account(s) to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of Retail Individual Bidders using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus following which Equity Shares will be Allotted in the Offer |
| Designated Intermediaries | In relation to ASBA Forms submitted by Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.<br><br>In relation to ASBA Forms submitted by Retail Individual Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such Retail Individual Bidder, as the case may be, using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.<br><br>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to the RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Stock Exchange | [●] |
| "Draft Red Herring Prospectus" or "DRHP" | This draft red herring prospectus dated February 14, 2021 filed with the SEBI and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto |
| Edelweiss | Edelweiss Financial Services Limited |

| Term | Description |
|---|---|
| Eligible Employees | Permanent employees, working in India or outside India, of our Company or our Promoters or a Director of our Company, whether whole-time or not, as on the date of the filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company until the submission of the ASBA Form, but not including the (i) Promoters; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding equity shares of our Company.<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. In the event of an under-subscription in the Employee Reservation Portion after the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares offered thereby |
| Employee Reservation Portion | The portion of the Offer, being up to [●] Equity Shares aggregating to up to ₹[●] million, not exceeding 5% of the post-Offer paid-up equity share capital of our Company, available for allocation to Eligible Employees, on a proportionate basis |
| Escrow Account(s) | Account to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit or NACH or NEFT or RTGS in respect of the Bid Amount when submitting a Bid |
| Escrow Collection Bank(s) | The bank(s) which are clearing members and registered with the SEBI as a banker to an issue and with whom the Escrow Account(s) shall be opened, in this case being [●] |
| First Bidder | Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalized and below which no Bids will be accepted |
| Fresh Issue | The issue of [●] Equity Shares aggregating to up to ₹8,500 million by our Company.<br><br>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 |
| "General Information Document" or "GID" | The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs |
| "ICICI Securities" or "I-Sec" | ICICI Securities Limited |
| Maximum RIB Allottees | The maximum number of Retail Individual Bidders who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price |
| Monitoring Agency | [●] |
| Mutual Fund(s) | Mutual fund(s) registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Mutual Fund Portion | 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation only to Mutual Funds on a proportionate basis, subject to valid Bids being received at or above the Offer Price |
| Net Offer | The Offer net of the Employee Reservation Portion |
| Net Proceeds | The proceeds of the Fresh Issue less our Company's share of the Offer related expenses. For further information regarding use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" beginning on page 88 |
| Net QIB Portion | The QIB Portion less the number of Equity Shares allocated to the Anchor Investors |
| Nomura | Nomura Financial Advisory and Securities (India) Private Limited |

| Term | Description |
|---|---|
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Offer being not less than 15% of the Net Offer, or [●] Equity Shares, which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price |
| Non-Resident | Person resident outside India, as defined under FEMA |
| Offer | The initial public offer of Equity Shares comprising of the Fresh Issue and the Offer for Sale. |
| Offer Agreement | The agreement dated February 14, 2021 entered into among our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 27,055,893 Equity Shares aggregating to up to ₹[●] million comprising up to 1,925,158 Equity Shares by Maj Invest, up to 2,191,557 Equity Shares by MSDF, up to 9,302,853 Equity Shares by Tano, up to 1,214,840 Equity Shares by TR Capital and up to 12,421,484 Equity Shares by AG II |
| Offer Price | The final price at which Equity Shares will be Allotted to successful Bidders (except for the Anchor Investors) in terms of the Red Herring Prospectus and the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus and the Prospectus |
| Offer Proceeds | The Net Proceeds and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 88 |
| Offered Shares | Up to 27,055,893 Equity Shares being offered for sale by the Selling Shareholders in the Offer for Sale |
| Pre-IPO Placement | The private placement of securities for a cash consideration aggregating up to ₹1,500 million, which may be undertaken by our Company, at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs, in favour of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. The price of the securities allotted pursuant to the Pre-IPO Placement shall be determined 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 |
| Price Band | Price band of a minimum price of ₹[●] per Equity Share (i.e., the Floor Price) and the maximum price of ₹[●] per Equity Share (i.e., the Cap Price), including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs and shall be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Bengali daily newspaper [●] (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date |
| Pricing Date | The date on which our Company and the Selling Shareholders, in consultation with the BRLMs, will finalize the Offer Price |
| Prospectus | The prospectus for the Offer to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act and the SEBI ICDR Regulations, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account | 'No-lien' and 'non-interest-bearing' bank account opened in accordance with Section 40(3) of the Companies Act, with the Public Offer Account Bank to receive money from the Escrow Account(s) and the ASBA Accounts maintained with the SCSBs on the Designated Date |
| Public Offer Account Bank | The bank(s) which are clearing members and registered with the SEBI as bankers to an issue and with which the Public Offer Account shall be opened, being [●] |
| QIB Portion | The portion of the Offer being not more than 50% of the Net Offer, or not more than [●] Equity Shares, which shall be available for allocation on a proportionate basis to QIBs, |

| Term | Description |
|---|---|
| | including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the BRLMs), subject to valid Bids being received at or above the Offer Price or the Anchor Investor Offer Price, as applicable |
| "Qualified Institutional Buyers", "QIBs" or "QIB Bidders" | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations |
| "Red Herring Prospectus" or "RHP" | The red herring prospectus for the Offer to be issued by our Company in accordance with Section 32 of the Companies Act and the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date |
| Refund Account(s) | Account opened with the Refund Bank(s) from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made |
| Refund Bank(s) | Banker(s) to the Offer and with which Refund Account(s) shall be opened, being [●] |
| Registered Brokers | The stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of the circular (No. CIR/CFD/14/2012) dated October 4, 2012 issued by the SEBI |
| Registrar Agreement | The agreement dated February 13, 2021 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 and Share Transfer Agents" or "RTAs" | Registrar and share transfer agents registered with the SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of the BSE and NSE, and the UPI Circulars |
| "Registrar to the Offer" or "Registrar" | Link Intime India Private Limited |
| "Retail Individual Bidders" or "RIBs" | Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion, who have Bid for Equity Shares for an amount of not more than ₹200,000 in any of the bidding options in the Net Offer (including HUFs applying through the *karta* and Eligible NRIs) |
| Retail Portion | The portion of the Offer being not less than 35% of the Net Offer, or [●] Equity Shares, which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in their Bid cum Application Forms or any previous Revision Forms. QIBs and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of the quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date |
| "SBICAP" or "SBI Caps" | SBI Capital Markets Limited |
| "Self Certified Syndicate Banks" or "SCSBs" | The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The list is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time. |
| Specified Locations | Bidding Centres where the Syndicate will accept ASBA Forms from the Bidders |

| Term | Description |
|---|---|
| Sponsor Bank | [●], being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the Retail Individual Bidders using the UPI and carry out other responsibilities, in terms of the UPI Circulars |
| "Syndicate" or "Members of the Syndicate" | The BRLMs and the Syndicate Members, collectively |
| Syndicate Agreement | The agreement to be entered into among the BRLMs, the Syndicate Members, the Selling Shareholders and our Company in relation to the collection of Bid cum Application Forms by the Syndicate |
| Syndicate Members | Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, being [●] |
| Systemically Important Non-Banking Financial Company | In the context of a Bidder, a non-banking financial company registered with the RBI and as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations |
| Underwriters | [●] |
| Underwriting Agreement | The agreement among the Underwriters, the Selling Shareholders and our Company to be entered into on or after the Pricing Date but prior to the filing of the Prospectus with the RoC |
| "Unified Payments Interface" or "UPI" | An instant payment mechanism developed by the NPCI |
| UPI Circulars | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard |
| UPI ID | An ID created on the UPI for single-window mobile payment system developed by the NPCI |
| UPI Mandate Request | A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorize blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment |
| UPI Mechanism | The bidding mechanism that may be used by an RIB in accordance with the UPI Circulars to make an ASBA Bid in the Offer |
| UPI PIN | Password to authenticate UPI transaction |
| Working Day(s) | All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI |

### Industry/Business Related Terms

| Term | Description |
|---|---|
| ABB | Average bank balances |
| ACH | Automated clearance house |
| AUM | Assets under management |
| BC | Business correspondent |
| CAGR | Compound annual growth rate |
| CARE | CARE Ratings Limited |
| CBS | Core banking solution |
| CGT | Compulsory group training |
| CRAR | Capital to risk assets ratio |
| CRM | Customer relationship management |

| Term | Description |
| --- | --- |
| FIS | FIS Payment Solution & Services India Private Limited |
| GLP | Gross loan portfolio |
| GNPA | Gross non-performing assets |
| GRT | Group recognition test |
| ICRA | ICRA Limited |
| JLC | Joint liability center |
| JLG | Joint liability group |
| Low Income States | Low income states as defined in the CRISIL Report |
| Master Directions | Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 |
| MCA | Merchant cash advance facility |
| MFI | Microfinance institution |
| MFIN | Microfinance institutions network |
| MIS | Management information system |
| MSME | Micro, small and medium enterprises |
| NBFC | Non-banking financial company registered with the RBI |
| NBFC-MFI | Non-banking financial company – micro finance institution |
| NBFC-ND-SI | Systemically important non-deposit taking non-banking financial company |
| NIM | Net interest margin |
| NPA | Non-performing asset |
| PAR | Portfolio at risk |
| PSL | Priority sector lending |
| RBI | The Reserve Bank of India |
| RoA | Return on assets |
| RoE | Return on equity |
| Sa-Dhan | The Association of Community Development Finance Institutions is a self-regulatory organization |
| SFB | Small finance bank |
| SHG | Self-help group |
| TAT | Turn-around time |

**Conventional Terms/Abbreviations**

| Term | Description |
| --- | --- |
| AGM | Annual General Meeting |
| "Alternative Investment Funds" or "AIFs" | Alternative investment funds as defined in, and registered under, the SEBI AIF Regulations |
| "AS" or "Accounting Standards" | Accounting Standards issued by the Institute of Chartered Accountants of India |
| Banking Regulation Act | The Banking Regulation Act, 1949 |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| Category I FPIs | FPIs registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations |
| Category II FPIs | FPIs registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| "Companies Act" or "Companies Act, 2013" | The Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder |
| Companies Act, 1956 | The Companies Act, 1956, read with the rules, regulations, clarifications and modifications thereunder |
| Competition Act | The Competition Act, 2002 |
| CSR | Corporate social responsibility |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 |

| Term | Description |
|---|---|
| DIN | Director Identification Number |
| "DP" or "Depository Participant" | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's identification number |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*) |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share |
| FDI | Foreign Direct Investment |
| FDI Policy | Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020 |
| FEMA | The Foreign Exchange Management Act, 1999, read with the rules and regulations thereunder |
| "FEMA Non-debt Instruments Rules" or the "FEMA NDI Rules" | The Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| "Financial Year" or "Fiscal" or "Fiscal Year" or "FY" | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FIR | First information report |
| FPIs | Foreign portfolio investors as defined in, and registered with, the SEBI under the SEBI FPI Regulations |
| FVCI | Foreign venture capital investors as defined in, and registered with, the SEBI under the SEBI FVCI Regulations |
| GAAR | General anti-avoidance rules |
| GDP | Gross domestic product |
| GST | Goods and services tax |
| HR | Human resources |
| HUF | Hindu undivided family |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards of the International Accounting Standards Board |
| Income-tax Act | The Income-tax Act, 1961 |
| Ind AS | The Indian Accounting Standards referred to and notified in the Ind AS Rules |
| Ind AS Rules | The Companies (Indian Accounting Standards) Rules, 2015 |
| Indian GAAP | The Generally Accepted Accounting Principles in India |
| Insurance Act | Insurance Act, 1938 |
| IPC | Indian Penal Code, 1860 |
| IPO | Initial public offering |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IRDAI Investment Regulations | Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 |
| IST | Indian Standard Time |
| IT | Information technology |
| IT Act | Information Technology Act, 2000 |
| KYC | Know Your Customer |
| LTLR | Long term lending rate |
| MAT | Minimum alternate tax |
| MCA | Ministry of Corporate Affairs, Government of India |
| MCLR | Marginal cost of funds based lending rate |
| N.A. | Not applicable |
| NACH | National Automated Clearing House |
| NAV | Net asset value |
| NCD | Non-convertible debentures |
| NEFT | National Electronic Fund Transfer |
| NPCI | National Payments Corporation of India |
| "NR" or "Non-resident" | A person resident outside India, as defined under the FEMA, including Eligible NRIs, FPIs and FVCIs registered with the SEBI |
| NRI | An individual resident outside India, who is a citizen of India |

| Term | Description |
|---|---|
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |
| “OCB” or “Overseas Corporate Body” | An entity de-recognised through Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. OCBs are not allowed to invest in the Offer |
| p.a. | Per annum |
| P&L | Profit and loss |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent account number allotted under the Income-tax Act |
| PAT | Profit after tax |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoNW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Mutual Fund Regulations | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| SEBI Portfolio Manager Regulations | Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 |
| SEBI SBEB Regulations | Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 |
| SEBI Stock Broker Regulations | Securities and Exchange Board of India (Stock Brokers) Regulations, 1992 |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 |
| SICA | The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 |
| State Government | The government of a State of India |
| Stock Exchanges | The BSE and the NSE |
| STT | Securities transaction tax |
| TAN | Tax deduction and collection account number allotted under the Income-tax Act |
| TDS | Tax deducted at source |
| Trade Marks Act | Trade Marks Act, 1999 |
| “U.S.” or “USA” or “United States” | United States of America, its territories and possessions, any State of the United States, and the District of Columbia |
| “USD” or “US$” | United States Dollars |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| U.S. Securities Act | The United States Securities Act of 1933 |
| U.S. QIBs | “Qualified institutional buyers” as defined in Rule 144A. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs” |
| VAT | Value added tax |
| VCFs | Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations |
| Wilful Defaulter(s) | Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations |
| “Year” or “calendar year” | Unless the context otherwise requires, shall mean the twelve month period ending December 31 |

## OFFER DOCUMENT SUMMARY

*The following is a general summary of certain disclosures and terms of the Offer included in this Draft Red Herring Prospectus and is neither exhaustive, nor purports to contain a summary of all the disclosures in this Draft Red Herring Prospectus or the Red Herring Prospectus or the Prospectus when filed, or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Financial Statements", "Outstanding Litigation and Material Developments", "Offer Procedure" and "Description of Equity Shares and Terms of the Articles of Association" on pages 24, 52, 68, 88, 102, 136, 202, 326, 362 and 380, respectively.*

<table>
<tr><td>Summary of the primary business of the Company</td><td>We are a leading NBFC-MFI with operations in financially under-penetrated Low Income States of India. We provide income generating loans and other financial inclusion related products to customers who have limited or no access to financial services. As of September 30, 2020, our GLP was ₹48.57 billion. We were the largest NBFC-MFI in Eastern India and the fifth largest NBFC-MFI in India based on GLP as of September 30, 2020. Between Fiscal 2017 to Fiscal 2020, we had the second highest GLP CAGR of 68.00% among the top five NBFC-MFIs in India, as well as the highest customer growth among the top five NBFC-MFIs at 49.00% CAGR between Fiscal 2018 to Fiscal 2020. (Source: CRISIL Report)</td></tr>
<tr><td>Summary of the Industry</td><td>MFIs have a significant role to play in furthering financial inclusion in India. As of March 31, 2020, the largest share of microfinance was held by 84 NBFC-MFIs with a gross loan portfolio of ₹737.00 billion. The microfinance industry in India has recorded healthy growth in the past few years. The microfinance industry's gross loan portfolio increased at a CAGR of 24% to reach approximately ₹3.20 trillion in Fiscal 2020 from approximately ₹1.70 trillion in Fiscal 2017. The business of NBFC-MFIs (including SFBs) has grown sharply in recent years and reached ₹2,317 billion as of the end of Fiscal 2020. (Source: CRISIL Report)</td></tr>
<tr><td>Name of Promoters</td><td>AVMS and I-Cap</td></tr>
<tr><td>Offer size</td><td>Initial public offering of up to [●] Equity Shares of our Company for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per equity share) aggregating to up to ₹[●] million, comprising a Fresh Issue of [●] Equity Shares by our Company aggregating to up to ₹8,500 million and an Offer for Sale of up to 27,055,893 Equity Shares aggregating to up to ₹[●] million comprising sale of up to 1,925,158 Equity Shares by Maj Invest, up to 2,191,557 Equity Shares by MSDF, up to 9,302,853 Equity Shares by Tano, up to 1,214,840 Equity Shares by TR Capital and up to 12,421,484 Equity Shares by AG II.<br><br>The Offer includes a reservation of up to [●] Equity Shares for subscription by the Eligible Employees under the Employee Reservation Portion for cash at a price of ₹[●] per Equity Share, aggregating to up to ₹[●] million. The Offer and the Net Offer will constitute [●]% and [●]%, respectively, of the fully-diluted post-Offer paid-up equity share capital of our Company. Our Company may, in consultation with the BRLMs and at the discretion of the Company and the Selling Shareholders, consider a Pre-IPO Placement aggregating to ₹1,500 million, prior to the filing of the Red Herring Prospectus with the RoC.</td></tr>
<tr><td>Objects of the Offer</td><td>The objects for which the Net Proceeds from the Offer shall be utilized are as follows:<br>(₹ in million)
<table>
<tr><th>Particulars</th><th>Amount (₹ in million)</th></tr>
<tr><td>Augmenting the capital base of our Company</td><td>[●]</td></tr>
<tr><td>Total</td><td>[●]</td></tr>
</table></td></tr>
<tr><td>Aggregate pre-Offer shareholding of our Promoters and Promoter Group, and Selling Shareholders as a percentage of our paid up share capital</td><td>(a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up share capital of the Company is set out below:
<table>
<tr><th>Name</th><th>No. of Equity Shares</th><th>Percentage of the pre-Offer Equity Share Capital (%)</th></tr>
<tr><td colspan="3">Promoters</td></tr>
<tr><td>AVMS</td><td>24,763,774</td><td>20.61</td></tr>
<tr><td>I-Cap</td><td>16,472,146</td><td>13.71</td></tr>
<tr><td>Total (A)</td><td>41,235,920</td><td>34.32</td></tr>
<tr><td colspan="3">Promoter Group</td></tr>
<tr><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total (B)</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Total (C=A+B)</td><td>41,235,920</td><td>34.32</td></tr>
</table></td></tr>
</table>

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

| Name | No. of Equity Shares | Percentage of the pre-Offer Equity Share Capital (%) |
|---|---|---|
| **Selling Shareholders** | | |
| Maj Invest | 15,401,267 | 12.82 |
| MSDF | 3,270,980 | 2.72 |
| Tano | 16,914,279 | 14.07 |
| TR Capital | 9,718,722 | 8.09 |
| AG-II | 18,539,529 | 15.43 |
| **Total** | **63,844,777** | **53.13** |

**Summary of Selected Financial Information**

The details of certain financial information as set out under the SEBI ICDR Regulations as at and for the six month period ended September 30, 2020 and as at and for the Financial Years ended March 31, 2020, 2019 and 2018 derived from the Restated Financial Information are as follows:

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

| Particulars | As at and for the six month period ended September 30, 2020 | As at and for the Financial Year ended March 31 | | |
|---|---|---|---|---|
| | | 2020 | 2019 | 2018 |
| (A) Share Capital | 1,111.71 | 1,103.21 | 1,026.74 | 884.65 |
| (B) Net Worth (Total Equity) | 10,152.66 | 9,626.31 | 6,971.57 | 3,818.63 |
| (C) Revenue | 5,073.93 | 9,345.06 | 6,515.93 | 3,278.71 |
| (D) PAT | 513.66 | 1,351.06 | 1,249.37 | 306.28 |
| (E) Earnings per Share (basic, in ₹) | 5.75 | 12.07 | 14.05 | 3.52 |
| (F) Earnings per Share (diluted, in ₹) | 5.74 | 12.05 | 14.02 | 3.51 |
| (G) Net Asset Value per Equity share | 91.32 | 87.26 | 67.90 | 43.17 |
| (H) Total Borrowings | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |

For further details, see "*Financial Statements*" beginning on page 202.

**Auditor qualifications which have not been given effect to in the Restated Financial Information**

Our Statutory Auditors have not made any qualifications in the examination report that have not been given effect to in the Restated Financial Information.

**Summary table of outstanding litigations**

A summary of outstanding litigation proceedings involving our Company, Promoters and Directors as of the date of this Draft Red Herring Prospectus, as also disclosed in "*Outstanding Litigation and Material Developments*" beginning on page 326, in terms of the SEBI ICDR Regulations and the materiality policy adopted by our Board pursuant to a resolution dated February 10, 2021, is provided below:

| Nature of cases | No. of cases | Total amount involved (in ₹ million)^ |
|---|---|---|
| **Litigation involving our Company** | | |
| ***Against our Company*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 2 | Not quantifiable |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |
| *Taxation cases* | 3 | 3.82 |
| ***By our Company*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 244 (including 177 criminal complaints under Section 138 of the Negotiable | 231.02* (including ₹208.38 million in respect of criminal complaints under Section 138 of the |

| | | |
|---|---|---|
| | Instruments Act, 1881, as amended) | Negotiable Instruments Act, 1881, as amended) |
| **Litigation involving our Directors** | | |
| ***Against our Directors*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 1 | Not quantifiable |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |
| *Taxation cases* | NIL | NIL |
| ***By our Directors*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |
| **Litigation involving our Promoters** | | |
| ***Against our Promoters*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |
| *Taxation cases* | 1 | 1.15 |
| ***By our Promoters*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |

*^To the extent ascertainable*

** This amount includes an amount of ₹ 6.01 million for a criminal complaint filed by Intellecash. For further details, see "Outstanding Litigation and Material Developments – Litigation Involving our Company – Criminal proceedings by Our Company" on page 327.*

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

**Risk Factors**

For details of the risks applicable to us, see "*Risk Factors*" on page 24.

**Summary table of contingent liabilities**

The following is a summary table of our contingent liabilities as at September 30, 2020 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

*(₹ in million)*

| Particulars | As of September 30, 2020 |
|---|---|
| Corporate guarantee provided to a bank towards partnership agreement | 7.50 |
| Demand for income tax | 3.82 |
| **Total** | **11.32** |

For further details of our contingent liabilities, see "*Financial Statements*" beginning on page 202.

**Summary of related party transactions**

The details of related party transactions of our Company for the six month period ended September 30, 2020 and for the Financial Years ended March 31, 2020, 2019 and 2018, as per Ind AS 24 –Related Party Disclosures read with SEBI ICDR Regulations are set out in the table below:

*(₹ in million)*

| Name of Related Party | Nature | For the six month period ended September 30, 2020 | For the year ended March 31, 2020 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|---|---|
| Aavishkaar Venture Management Services Private Limited | Issue of equity shares (including premium) | - | 600.00 | 595.52 | 4.26 |
| Intellectual Capital Advisory Services Private Limited | | - | 700.00 | - | 123.54 |
| Aavishkaar Capital Advisors LLP | | - | - | 1,054.48 | - |
| Aavishkaar Goodwell India Microfinance Development Company-II Limited | | - | - | - | 101.28 |

| | | | | | |
|---|---|---|---|---|---|
| Aavishkaar Venture Management Services Private Limited | Loan taken | - | - | 1,500.00 | - |
| Jain Sons Finlease Limited | | - | - | - | 59.78 |
| Jain Sons Finlease Limited | Loan repaid | - | 0.45 | 26.81 | 32.52 |
| Aavishkaar Venture Management Services Private Limited | | - | - | 1,500.00 | - |
| Tribetech Private Limited | Security deposit received | 0.04 | 5.28 | 1.43 | 1.06 |
| Tribetech Private Limited | Security deposit invoked | 0.29 | 4.97 | 2.95 | - |
| Jain Sons Finlease Limited | Portfolio buyout | - | - | - | 1.20 |
| Jain Sons Finlease Limited | Purchase of property, plant and equipment | - | - | - | 4.75 |
| Jain Sons Finlease Limited | Interest paid | - | 0.01 | 1.61 | 8.12 |
| Aavishkaar Venture Management Services Private Limited | | - | - | 17.52 | - |
| Tribetech Private Limited | Professional/ business support fees | 0.03 | 2.17 | 5.55 | 1.59 |
| Andromeda Sales And Distribution Private Limited | | 1.83 | 3.23 | - | - |
| Aavishkaar Venture Management Services Private Limited | | 0.46 | 1.76 | 3.16 | 0.57 |
| Intellecap Advisory Services Private Limited | | 5.45 | 3.70 | 0.69 | 3.58 |
| Jain Sons Finlease Limited | | - | - | - | 0.10 |
| Tribetech Private Limited | Reimbursement of expenses paid | - | 0.04 | 0.30 | 0.17 |
| Intellecap Advisory Services Private Limited | | 0.17 | 0.33 | 0.26 | 0.27 |
| Aavishkaar Venture Management Services Private Limited | | - | 0.05 | 0.37 | 0.03 |
| Anudip Foundation | CSR expenses | - | - | - | 0.90 |
| Tribetech Private Limited | Reimbursement of cost received | - | 0.09 | 0.43 | - |
| Jain Sons Finlease Limited | | 0.12 | 0.03 | - | - |
| Intellectual Capital Advisory Services Private Limited | | 0.10 | 0.10 | 0.06 | - |
| Aavishkaar Venture Management Services Private Limited | | - | 0.15 | 0.25 | - |
| Intellecap Advisory Services Private Limited | Other income | 0.09 | 0.30 | - | - |
| Tribetech Private Limited | | - | 0.31 | - | - |
| Aavishkaar Venture Management Services Private Limited | | 0.01 | - | - | - |
| Directors | Director's Commission | 5.00 | 6.00 | 10.00 | - |
| Manoj Kumar Nambiar | Remuneration | 5.53 | 17.63 | 13.98 | 11.25 |
| Milind R Nare | | 3.60 | 10.38 | 8.21 | 6.89 |
| Ranjan Das | | 2.25 | 0.42 | - | - |
| Anirudh Singh G Thakur | | 2.50 | 7.06 | 5.57 | 1.99 |
| Vanita Mundhra | | - | - | - | 0.53 |

For details of the related party transactions, see "*Financial Statements – Related Party Transactions*" beginning on page 202.

| | |
|---|---|
| **Details of all financing arrangements whereby the Promoters, members of the Promoter Group,** | Our Promoters, members of our Promoter Group, Directors of our Promoters, our Directors and their relatives have not financed the purchase by any person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus. |

<table>
<tr><td>Directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of securities of the Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus</td><td></td></tr>
<tr><td>Weighted average price at which the specified securities were acquired by our Promoters or the Selling Shareholders, in the last one year</td><td>Other than as described below, our Promoters and the Selling Shareholders have not acquired any specified securities of our Company in the year immediately preceding the date of this Draft Red Herring Prospectus.<br><br>Our Promoter, AVMS, was allotted 952,380 Equity Shares, on a preferential basis on February 10, 2021 at a weighted average price of ₹210.</td></tr>
<tr><td>Average cost of acquisition of Equity Shares for our Promoters and the Selling Shareholders</td><td>The average cost of acquisition of Equity Shares for our Promoters is as set out below:
<table>
<tr><th>Name of the Promoters</th><th>Number of Equity Shares</th><th>Average cost of acquisition per Equity Share (in ₹)</th></tr>
<tr><td>AVMS</td><td>24,763,774</td><td>119.42</td></tr>
<tr><td>I-Cap</td><td>16,472,146</td><td>106.02</td></tr>
</table>
The average cost of acquisition of Equity Shares for the Selling Shareholders is as set out below:
<table>
<tr><th>Name of the Other Selling Shareholders</th><th>Number of Equity Shares</th><th>Average cost of acquisition per Equity Share (in ₹)</th></tr>
<tr><td>AG II</td><td>18,539,529</td><td>45.68</td></tr>
<tr><td>Maj Invest</td><td>15,401,267</td><td>86.11</td></tr>
<tr><td>MSDF</td><td>3,270,980</td><td>20.06</td></tr>
<tr><td>Tano</td><td>16,914,279</td><td>35.43</td></tr>
<tr><td>TR Capital</td><td>9,718,722</td><td>115.23</td></tr>
</table></td></tr>
<tr><td>Size of the pre-IPO placement and allottees, upon completion of the placement</td><td>Our Company may, in consultation with the BRLMs consider issuing securities on a private placement basis for cash consideration aggregating up to ₹1,500 million. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the Selling Shareholders and the price of the securities allotted pursuant to the Pre-IPO Placement shall be determined 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. Details of the Pre-IPO Placement, if undertaken, shall be included in the RHP to be filed with the RoC.</td></tr>
<tr><td>Any issuance of Equity Shares in the last one year for consideration other than cash</td><td>Our Company has not issued any Equity Shares in the one year immediately preceding the date of this Draft Red Herring Prospectus, for consideration other than cash.</td></tr>
<tr><td>Any split / consolidation of Equity Shares in the last one year</td><td>Our Company has not split or consolidated its Equity shares in the one year immediately preceding the date of this Draft Red Herring Prospectus.</td></tr>
</table>

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

### Certain Conventions

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

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

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

### Financial Data

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

Unless the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from the restated summary statement of assets and liabilities of the Company as on and for the six-month period ended September 30, 2020 and as on and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018, and the restated statement of profit and loss (including other comprehensive income) and restated statement of cash flows and changes in equity for the six-month period ended September 30, 2020 and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018 and the summary statement of significant accounting policies, and other explanatory information of the Company, prepared by the Company in accordance with the SEBI ICDR Regulations, pursuant to the SEBI Act, to the extent applicable and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI. For further information, see "*Financial Statements*" beginning on page 202.

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

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

The restated financial information as at and for the six month period ended September 30, 2020 is not indicative of full year results and accordingly, such financial information is not comparable to the restated financial information for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

Unless stated or the context requires otherwise, any percentage amounts, as disclosed in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 24, 136 and 280, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Information.

We use a variety of non-GAAP financial and operational performance indicators to measure and analyze our financial and operational performance and financial condition from period to period, and to manage our business. These financial and operational performance indicators are defined by our management and are presented, along with a brief explanation, in "*Selected Statistical Information*" beginning on page 316. These financial and operational performance indicators have limitations as analytical tools. See "*Risk Factors – We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore, may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies*" on page 43. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported and presented in our Restated Financial Information included in this Draft Red Herring Prospectus. Further, these financial and operational performance indicators are not defined under Ind AS, and therefore, should not be viewed as substitutes for performance or profitability measures under Ind AS. While these financial and operational performance indicators may be used by other companies operating in the financial services industry in India, they may not be comparable to similar financial or performance indicators used by other companies. Other companies may use different financial or performance indicators or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to those used by us.

**Currency and Units of Presentation**

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

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

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

**Exchange Rates**

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

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

| Currency | Exchange rate as on | | | |
|---|---|---|---|---|
| | September 30, 2020 (₹) | March 31, 2020 (₹) | March 31, 2019* (₹) | March 31, 2018** (₹) |
| 1 USD | 73.80 | 75.39 | 69.17 | 65.04 |

*(For information until March 31, 2018, the source is RBI Reference Rate as available on https://www.rbi.org.in/ whereas for information post March 31, 2018, the source is FBIL Reference Rate as available on https://www.fbil.org.in/)*
*Note: Exchange rate is rounded off to two decimal places*

** Exchange rate as at March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and a Saturday, respectively.*
*** Exchange rate as at March 28, 2018, as RBI reference rate is not available for March 31, 2018 being a Saturday and March 30, 2018 and March 29, 2018 being public holidays.*

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources such as a report dated February, 2021 and titled "*Industry Report on Microfinance industry, Mumbai"* (the "**CRISIL Report**") that has been prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL**"), which report has been commissioned by our Company for the purposes of confirming our understanding of the industry in connection with the Offer and a report titled "*Micrometer (issue no. 25, 29, 33 & 35)*" (the "**MFIN Report**") that has been prepared by Microfinance Institutions Network ("**MFIN**").

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy, adequacy, completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Although we believe that industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by our Company, our Directors, our KMPs, our Promoters, the Selling Shareholders, the BRLMs or any of their respective affiliates or advisors. 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. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect. The extent to which the 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 information. There are no standard data gathering methodologies in the industry in which our Company conducts business and methodologies and assumptions may vary widely among different market and industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" beginning on page 24. Accordingly, no investment decision should be solely made on the basis of such information.

CRISIL has requested the following disclaimer for inclusion of the information in the CRISIL Report in this Draft Red Herring Prospectus:

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

For details of risks in relation to the industry report, see "*Risk Factors – We have commissioned a third party industry reports which has been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us*" on page 44.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" beginning on page 92 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we nor the BRLMs have independently verified such information.

## FORWARD-LOOKING STATEMENTS

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

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

- our inability to control the levels of non-performing assets and insufficiency of our impairment of financial instrument allowance
- any disruption in our funding sources
- our vulnerability to interest rate risk an inability to manage our interest rate risk
- any mismatches between our assets and liabilities
- any changes in regulations to which we are subject or failure or delay in obtaining necessary permits, approvals, licenses or registrations
- our inability to comply with stringent regulatory requirements and prudential norms
- adverse changes in the conditions affecting the regions in which we operate
- impact of the COVID-19 pandemic or any future pandemic or widespread public health emergency on our business, financial condition and results of operations

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 102, 136 and 280, respectively, of this Draft Red Herring Prospectus have been obtained from the CRISIL Report prepared by CRISIL, which has been commissioned by our Company.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 24, 136 and 280, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses in the future could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as on 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 the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, our Directors, our KMPs, our Promoters, the Selling Shareholders, the Syndicate or any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company will ensure that investors are informed of material developments from the date of the Red Herring Prospectus until the date of Allotment. Each of the Selling Shareholders will, severally and not jointly, ensure that investors are informed of material developments in relation to the statements and undertakings confirmed by such Selling Shareholder from the date of the Red Herring Prospectus until the date of Allotment.

## SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a certain degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares or the industry in which we operate or to India. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, results of operations, financial condition and cash flows. If any of the following risks, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, results of operations, financial condition and cash flows could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. To the extent that the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. Prospective investors should read this section in conjunction with "Our Business", "Selected Statistical Information", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 136, 316, 102 and 280, respectively of, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further details, see "Forward-Looking Statements" on page 22.*

*Unless stated otherwise, industry and market data used in this section have been obtained or derived from publicly available information as well as industry publications and sources such as the CRISIL Report that has been prepared by CRISIL, which report has been commissioned by our Company for the purposes of confirming our understanding of the industry in connection with the Offer.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares. Unless otherwise indicated or context requires otherwise, the financial information included herein is derived from our Restated Financial Information for Fiscals 2018, 2019 and 2020 and the six months ended September 30, 2020, included in this Draft Red Herring Prospectus.*

### INTERNAL RISK FACTORS

***1. If we are unable to control the level of non-performing assets ("NPAs") in the future, or if our impairment of financial instruments allowance is insufficient to cover future loan losses, our financial condition and results of operations would be materially and adversely affected.***

Microfinance loans are unsecured and are susceptible to various operational and credit risks which may result in increased levels of NPAs. We are primarily focused on providing financial inclusion and related products in non-urban and low income areas in India to individuals who have limited, or no, access to financial services. There may be uncertainty as to the customers' ability to repay their loans and fulfil other obligations under the terms of the loan agreements.

Our customers may have inadequate proof of income, or minimal or no credit history or credit bureau data. Our customers and their businesses are also susceptible to deteriorating economic conditions or other economic, social or political developments in India or to natural disasters occurring in areas where they live. Our customers may also borrow additional loans from other creditors and may be unable to repay us when faced with competing repayment obligations. Moreover, there is no precise method for predicting loan and credit losses. Therefore, there can be no assurance that our risk management frameworks will effectively anticipate such losses or that our reserves will be sufficient to cover our actual losses. If we are unable to control or reduce the level of our NPAs, our financial condition and results of operations would be materially and adversely affected.

As of September 30, 2020, our gross NPA was 2.43% while our net NPA was 0.00%. The amount of our reported NPAs may increase in the future as a result of growth in non-repayment of loans by customers, and also due to factors beyond our control, such as the impact of COVID-19 or any future RBI standstill on NPAs as a result of a moratorium, along with over-extended member credit of which we are unaware. For further detail, see "-- *The COVID-19 pandemic, or any future pandemic or widespread public health emergency or outbreak of disease, could materially and adversely impact our business, financial condition, cash flows and results of operations*" on page 29. Our current impairment of financial instruments allowance may be inadequate to cover any increase in the amount of NPAs or any future deterioration in the overall credit quality of our total loan portfolio. In such instances, we may be required to increase our impairment of financial instruments allowance, which would adversely affect our financial condition and results of operations.

We anticipate material increases in our impairment of financial instruments allowance in the current Fiscal due to losses arising from the COVID-19 pandemic and of local unrest in certain of the Low Income States in which we operate, particularly Assam. For details of the impact of the COVID-19 pandemic on our Company's provisioning and asset classification, see "*Financial Statements*" on page 202. For details of the impact of the impact of local unrest on our business and portfolio see "-- *A significant portion of our loans are to customers located in Low Income States, including West Bengal, Assam, Bihar and Odisha and any adverse changes in the conditions affecting these regions including local unrest, may have an adverse effect on our business and results of operations*" on page 28.

Under our JLG model, loans are provided to individual customers but the group guarantees the repayment of loans. This means that if a customer is unable to repay his/her loan, other members of the same JLG are responsible for making such repayment on his/her behalf. However, there can be no assurance that JLG members will pay on behalf of other members. Moreover, our risk management controls may not be sufficient to prevent future losses on account of customer defaults, or to effectively control and reduce the level of the impaired loans in our total loan portfolio. In such instances, our business, results of operations, financial condition and cash flows would adversely be affected. For further detail, see "*Our Business – Our Operational Model"* on page 145.

***2. Our business requires funds regularly, and any disruption in our funding sources would have a material adverse effect on our business and cash flows.***

As a microfinance institution, our liquidity and ongoing profitability are largely dependent upon our timely access to, and the costs associated with, raising funds. Our Company's funding requirements have been met through a combination of non-convertible debentures, term loans and subordinated debt, working capital and revolving credit facilities, external commercial borrowings and assigning or securitising a portion of the receivables from our loan portfolio to banks and other financial institutions. Our Company's business growth, liquidity and profitability depend, and will continue to depend, on our ability to access diversified, relatively stable and low-cost funding sources.

As of September 30, 2020, of our outstanding borrowings of ₹46.69 billion, our contractual maturities within one year were ₹25.83 billion. In order to make these payments, we may either need to refinance this debt, or alternatively, raise equity capital or generate sufficient revenue to retire the debt. There can be no assurance that we will be able to arrange for refinancing on terms that are commercially better than those available previously, or at all, or that our business will generate sufficient cash to enable us to service our existing debts or to fund other liquidity needs.

Our ability to borrow funds on acceptable terms and refinance existing debt may also be affected by a variety of factors, including our performance, credit ratings, the regulatory environment and government policy initiatives in India, liquidity in the credit markets, the strength of the lenders from whom we borrow, the amount of eligible collateral and accounting changes that may impact calculations of covenants in our financing agreements. An event of default, a significant negative ratings grading by a rating agency, an adverse action by a regulatory authority, or a general deterioration in prevailing economic conditions that constricts the availability of credit may increase our cost of funds and make it difficult for us to access financing in a cost-effective manner. A disruption in sources of funds or any increase in the cost of funds as result of any of these factors, would have a material adverse effect on our liquidity and financial condition.

The capital and lending markets are highly volatile and our access to liquidity could be adversely affected by prevailing economic conditions. These conditions may result in increased borrowing costs and difficulty in accessing funds in a cost-effective manner. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. As a financial services company, we also face certain regulatory restrictions on our ability to raise money from international markets which may further constrain our ability to raise funds at attractive rates. If we are unable to obtain adequate financing or financing on terms satisfactory to us, as and when we require it, our ability to grow or support our business and to respond to business challenges would be limited and our business prospects, financial condition and results of operations would be materially and adversely affected.

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

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and interest expense. Being a non-deposit taking NBFC, we are exposed to greater interest rate risks as compared to banks or deposit taking NBFCs. Some of our liabilities carry fixed rates of interest and others are linked to the respective banks' benchmark prime lending rate or base rate. As of September 30, 2020, 57.45% of our total borrowings were at fixed rates and 42.55% were at floating rates. All of our total advances were at fixed rates as of September 30, 2020. For further details, see "*Financial Statements*" beginning on page 202.

Any change in interest rates would affect our interest expenses on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin. For Fiscals 2018, 2019 and 2020, and the six months ended September 30, 2020, our finance costs were ₹1.24 billion, ₹2.55 billion, ₹3.82 billion, and ₹2.38 billion, respectively. For the same periods, our net interest margin reduced from 12.49% to 11.49% to 11.89% and to 11.11%, respectively. For further details, see "*Financial Statements*" beginning on page 202.

Risks we face from increasing interest rates include:

- increases in the rates of interest charged (where floating rates are typically used) on certain financing products in our borrowing portfolio, which would result in increase in interest payout for such loans, would adversely affect our net interest margin.
- availing new loans at higher interest rates;
- reductions in the volume of loan disbursements as a result of the customer's inability to service high interest rate payments; and
- inability to raise low cost funds as compared to some of our competitors, who may have access to lower cost deposits or borrowings. .

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. In the event of an increase in the interest rates that we are required to pay on our borrowings, we cannot assure you that we will be able to pass such increased costs to our customers. Further, to the extent that our borrowings are linked to market interest rates which increase, or to the extent that we are unable to supplement our sources of liquidity with borrowings from lenders, we may have to pay interest on our borrowings at a higher rate.

In addition, the value of any interest rate hedging instruments we may enter into in the future may be affected by changes in interest rates. Our inability to effectively and efficiently manage interest rate variations could adversely affect our result of operations and profitability. Interest rates are typically correlated with inflation rates, as the RBI has historically sought to mitigate rising inflation by raising interest rates.

There can be no assurance that we will be able to adequately manage our interest rate risk in the future, which could have an adverse effect on our net interest income and margins, which could in turn have a material adverse effect on our business, financial condition and results of operations.

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

Assets and liabilities mismatches ("**ALM**"), which represent a situation when the financial terms of institutional assets and liabilities do not match, are a key financial parameter. We cannot assure you that we will be able to maintain a positive ALM. We face liquidity risk due to varying periods over which our assets and liabilities mature. As is typical for NBFCs, part of our funding requirement is met through short term borrowing sources such as revolving term loans and cash credit facilities. However, each of our financial assets has varying average tenure, average yield and average maturity. Though we pay careful attention to the maturity of liabilities while creating financial assets, it may happen that maturity of assets do not match the liabilities. Consequently, our inability to raise further credit facilities or renew our existing facilities in a timely and cost effective manner or at all, may lead to mismatches in our assets and liabilities, which in turn may adversely affect our operations, financial performance and cash flows. Further, mismatches between our assets and liabilities are compounded in case the assets are restructured and we need to give the customers longer tenure loans. Further, if competition forces us to provide longer tenure loans to the customers, this may also adversely affect the ALM gap. For more information on the ALM of our Company as of September 30, 2020, see "*Financial Statements*" beginning on page 202.

5. ***Our loan portfolio may no longer continue to be classified as priority sector lending by the RBI.***

The RBI currently mandates domestic scheduled commercial banks (excluding regional rural banks and SFBs) and foreign banks with 20 branches and above, operating in India, to maintain an aggregate 40.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as "priority sector lending". These include advances to agriculture, micro, small and medium enterprises, export, credit and other sectors where the Government seeks to encourage flow of credit for developmental reasons. Banks in India that have traditionally been constrained or unable to meet these requirements directly have instead relied on institutions such as us that are focused on microfinance lending to help them meet their priority sector lending targets.

In the event that the laws relating to priority sector lending as applicable to the banks undergo a change, or if any part of our loan portfolio is no longer classified as a priority sector lending by the RBI, our ability to raise resources based on priority sector advances would be hampered, which may adversely affect our financial condition, results of operations and/or cash flows.

6. ***The security of our IT systems may fail and adversely affect our business, operations, financial condition and reputation.***

We are dependent on the effectiveness of our information security policies and procedures, and our capabilities to protect our IT systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other cyber-attacks or events that could compromise the integrity and security of our data. Although we maintain procedures and policies to protect our IT systems, such as network security devices, data back-up, disaster recovery and business continuity systems, any failure of our IT systems could result in business interruption, material financial loss, regulatory actions, legal liability and harm to our reputation. Further, any delay in implementation or disruption of the functioning of our IT systems could disrupt our ability to track, record and process financial information or customer repayments, manage creditors/debtors or engage in normal business activities. We experienced a security breach in respect of our backup server on November 4, 2019. No customer related data was lost and we informed the RBI on November 6, 2019.

We have upgraded our technology systems and are currently using a core banking system for our loan management to improve operational efficiency. However, any technical problems or disruptions in functioning may adversely impact our business, financial condition and results of operations. We are dependent on various external vendors for the implementation of aspects of our IT operations, including infrastructure and hardware, networking, managing our data-centre and back-up support for disaster recovery. We are therefore exposed to the risk that external vendors or service providers may be unable to fulfil, or are delayed in fulfilling, their contractual obligations to us (or will be subject to the risk of fraud or operational errors by their respective employees) and the risk that their (or their vendors') business continuity and data security systems prove to be inadequate or fail to perform. Any of these developments could materially and adversely affect our business, results of operations, financial condition and reputation.

In addition, the future success of our business will depend in part on our ability to respond to technological advances and to emerging industry standards and practices on a cost-effective and timely basis. The development and implementation of new technology could present risks. There can be no assurance that we will successfully implement new technologies effectively or adapt our technology and systems to meet customer requirements or emerging industry standards. If we are unable to advance and scale our technology-enabled infrastructure, we may be unable to effectively utilise our technology platform as a business resource, maintain consistent levels of customer service, enhance our operational efficiency, and create scalable advantages for our organisation. In addition, if we are unable to introduce and integrate new information technology systems across our business to ensure that our technology remains advanced and our business remains scalable, our business could be adversely affected.

7. ***A significant portion of our loans are to customers located in Low Income States, including West Bengal, Assam, Bihar and Odisha and any adverse changes in the conditions affecting these regions including local unrest, may have an adverse effect on our business and results of operations.***

West Bengal, Assam, Bihar and Odisha constituted 77.16% of our total GLP as of September 30, 2020. Any local unrest, local activism, natural disasters, public health emergencies or legislative action focused on the microfinance industry in these states could impact the Company's business model and collection efficiency thereby leading to a materially adverse impact on the Company in light of the high loan portfolio concentration in these states.

Two of the 17 states in which we operate, West Bengal and Assam, constitutes 46.96% of our overall AUM, out of which Assam constituted 19.73% as of September 30, 2020. In late 2019, there was local unrest in Assam which impacted microfinance activities. The repayment ability of certain customers was affected while other customers sought to avoid repayment citing the local unrest. Our recoveries in Assam consequently were adversely affected leading to higher PAR values in Fiscal 2020. West Bengal and Assam states also are expected to have state assembly elections in the calendar year 2021. During the period when elections are conducted microfinance operations in areas of West Bengal and Assam could be adversely impacted by political uncertainty.

On December 30, 2020, the Assam legislative assembly unanimously passed "The Assam Micro Finance Institutions (Regulation of Money Lending) Bill, 2020" (the "**Assam Bill**"). The Assam Bill aims to regulate money lending activities of MFIs or money lending agencies or organisations (the "**Money Lenders**") operating in the state. As of the date of filing this Draft Red Herring Prospectus, the bill has not been enacted and has not taken effect. We are therefore unsure of the potential impact this bill could have on our business, or on the microfinance industry more broadly, in the state of Assam. For further details, see "*--Changing laws, rules and regulations and legal uncertainties, including adverse application or interpretation of corporate and tax laws, may adversely affect our business, prospects and results of operations*" on page 44.

In addition, there is an ongoing farmers' protest in northern part of India in response to three farm acts which were passed by the Parliament of India in September 2020. The farmer unions and their representatives have demanded that the laws be repealed. Such protests may spread to any location in which we operate, economic activity in those geographies may be affected and income generation by our customers may suffer, which would impact our collection efficiency.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the Indian economy. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. There have been periods of slowdown in the economic growth of India. Economic growth in India is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

These developments could lead to continued political or economic instability in India and adverse effects on our business and future financial performance. Acts of violence or conflict also may adversely affect markets and economic growth both globally and in India and have other consequences that could have an adverse effect on our business, cash flows, results of operations and financial condition.

8. ***We assign or securitise a portion of our loan receivables to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned may adversely impact our financial performance.***

As part of our means of raising or managing funds, we assign or securitise a portion of our loan receivables to banks and other financial institutions. Such assignment or securitisation transactions are conducted on the basis of our internal estimates of our funding requirements, which vary from time to time. We also may be required to provide credit enhancements for securitisation transactions by way of fixed deposits or corporate guarantees. Such deposits would be liquidated or such guarantees would be invoked in the event and to the extent of any shortfall in the collection of receivables. This may also adversely impact our relationship with our lenders and our ability to undertake such partial recourse transactions as well as our reputation and prospects.

Any change in the statutory and/or the regulatory requirements in relation to assignments or securitisations by financial institutions, including the guidelines prescribed by the RBI and the Government of India, also could have an adverse impact on our ability to conduct assignment or securitisation transactions.

9. ***The COVID-19 pandemic, or any future pandemic or widespread public health emergency or outbreak of disease, could materially and adversely impact our business, financial condition, cash flows and results of operations.***

The COVID-19 pandemic has had, and any future pandemic or widespread public health emergency could have, repercussions across regional and global economies and financial markets. The outbreak of COVID-19 in many countries, including India and the United States, has significantly and adversely impacted economic activity and has contributed to significant volatility and negative pressure in financial markets, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression, despite monetary and fiscal interventions by governments and central banks globally.

The World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern on January 30, 2020, and a global pandemic on March 11, 2020. COVID-19 and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade, and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity and growth. On March 24, 2020, the Government of India ordered a national lockdown in response to the spread of COVID-19, which commenced on March 25, 2020. All of our business premises were closed from March 25, 2020 until April 19, 2020.Our branches started re-opening post announcement of a partial relaxation for essential services, including microfinance on April 15, 2019. We started to reopen our branches in stages depending on the level of restrictions (based on classifications of red, amber and green zones) to contain COVID-19, applicable to the district in which each branch was located. During the countrywide lockdown in India from March 25, 2020 until our operations were fully resumed, our business was impacted, our disbursements were reduced, and we were unable to conduct normal business activities, such as collecting repayments from our customers or sourcing and on-boarding new customers. Even though the countrywide lockdown was relaxed in mid-April 2020, our customers' businesses and their repayment behaviour did not return to normal at that time.

Although most of the restrictions have now been eased, there can be no assurance that further restrictions will not be introduced. Our customers may default on repayments on account of suspension of business activities arising from restrictions and our NPAs may increase in consequence. Further, we may be required to quarantine employees that are suspected of being infected with COVID-19, as well as others who have come into contact with those employees, which could have an adverse effect on our business operations. If our inorganic partners who undertake sourcing and collecting activities on our behalf are affected by COVID-19, this may affect our ability to on-board new customers through them or the rate at which they collect repayments from customers.

The RBI, pursuant to its circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 announced certain regulatory measures, including, among others, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of these circulars, lending institutions were permitted to grant a moratorium of three months in respect of all term loans (i.e., from March 1, 2020 until May 31, 2020), which was subsequently extended for a further period of three months (i.e., until August 31, 2020). In line with these requirements, we provided a moratorium of six months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers, resulting in a decline in our collections during such period. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – Government Policy and Regulation"* on page 283. For details of the impact of the COVID-19 pandemic, including our Company's provisioning and asset classification in relation to the moratorium period, see "*Financial Statements*" beginning on page 202. These and any other measures taken by the RBI and other authorities that regulate our operations may impact our business, operations and financial performance. For instance, the Supreme Court of India ("**Supreme Court**"), pursuant to an interim order passed on various petitions filed by borrowers, has stayed the classification of any account as NPA, which were standard as of August 31, 2020, and extended the moratorium period introduced by the RBI until appropriate decisions have been taken. The matter is currently pending. Since these customers are not reported as NPA in the credit bureau, we may end up funding such customers due to lack of adequate credit information. Further, the methodology of computation of interest during the moratorium period is subject to decision of the Supreme Court, when passed. In the event the moratorium is extended further or if there are adverse directions on the levy of interest on the borrowings during an extended moratorium period, it may adversely impact our business, operations and financial performance.

Our Statutory Auditors have included an emphasis of matter in their audit report on our financial statements for Fiscal 2020 and the six months ended September 30, 2020 where attention was drawn towards the uncertainty relating to effects of the COVID-19 pandemic on the Company's operations and the impact on the impairment provision recognised towards the loan assets outstanding as of September 30, 2020. For details, see "*Financial Statements"* beginning on page 202. The full extent to which the COVID-19 pandemic, or any future pandemic or widespread public health emergency impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including (i) new information as to the scope, severity, and duration of the pandemic; (ii) actions taken by governments, businesses and individuals in response to the pandemic; (iii) the effect on customer demand for and ability to pay for our products; (iv) the impact on our capital expenditure; (v) disruptions or restrictions on our employees' and inorganic partners' ability to work and travel; (vi) volatility in foreign exchange rates; (vii) any extended period of remote work arrangements; and (viii) strain on our partners' business continuity plans, and resultant operational risk.

India has also experienced outbreaks of diseases in the past. Any future outbreak of disease, health epidemic or pandemic, such as the COVID-19 pandemic, or any widespread public health emergency may restrict the level of business activity in affected areas, which may, in turn, materially and adversely impact our business, financial condition, cash flows and results of operations.

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

A natural disaster, severe weather conditions or an accident that damages or otherwise adversely affects any of our business operations, or our customers' business operations, could have a material adverse effect on our business, financial condition, cash flows and results of operations. Severe flooding, lightning strikes, earthquakes, extreme wind conditions, severe storms, wildfires, and other unfavourable weather conditions (including those from climate change) or natural disasters could damage our branches or other assets, or require us to shut down our field operations, impeding our ability to on-board new customers or collect repayments from our existing customers. In turn, this could decrease our revenues from operations. Catastrophic events such as explosions, terrorist acts or other similar occurrences could result in similar consequences or in personal injury, loss of life, environmental danger or severe damage to or destruction of our branches or field activities, or suspension of our business operations or our customers' business operations. Any of these events could have an adverse effect on our business, financial condition, cash flows, results of operations and prospects.

Some of the states in which we operate are prone to natural disasters and have suffered these in recent years including floods in Assam and Bihar and cyclones in Odisha and West Bengal. Consequently, if a flood, cyclone or other natural disaster occurs in these states, or in any other state in which we operate, our business operations could be disrupted (in part or in full) for a period of time. In addition, our customers' businesses could also be disrupted (in part or in full) for a period of time, which could negatively impact our customers' ability to make their repayments on time, or at all. In such instances, our business, financial condition and cash flow could be adversely affected.

***11. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends upon our ability to manage key issues such as selecting and retaining our management team and key personnel, developing managerial experience, upskilling our employees, addressing emerging workforce challenges, and ensuring a high standard of customer service. In order to be successful, we must attract, train, motivate and retain experienced investors and industry and management professionals, and highly skilled employees, especially branch managers and product executives who are instrumental to the success of our business and on whom our business model heavily relies. We compete with several other banking and other financial institutions for such personnel and no assurance can be given that we will be successful in hiring or retaining appropriately qualified people. If we cannot hire or retain appropriately qualified people, our ability to expand our business could be impaired and our revenue could decline.

Recruiting new employees who require training tailored to our business and business operations, as well as providing training to our existing employees on our internal policies, procedures, controls and risk management frameworks, could be costly, in terms of time, money and resources. However, failure to train, motivate and retain our employees properly could also result in an increase in employee attrition rates, require additional hiring, erode the quality of our customer service, divert management resources, and impose significant costs on our business.

Hiring and retaining qualified and skilled employees is critical to the future of our business and our business model, which depends on our credit-appraisal and our people-led operations. The RBI has in its past inspection reports made observations in relation to the poor attrition rates of our Company. Moreover, availability of experienced employees in the microfinance sector can be limited. Our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

***12. We may be required to increase our capital adequacy ratio which may result in changes to our business and accounting practices that would harm our business and results of operation.***

We are subject to regulations prescribed by the RBI. We are also required to maintain a minimum capital adequacy ratio of 15.00% in relation to our aggregate risk-weighted assets and risk adjusted value of off-balance sheet items. Our capital adequacy ratio computed on the basis of applicable RBI requirements was 24.80% in Fiscal 2020 as compared to 23.60% in Fiscal 2019. Out of the total capital adequacy ratio, Tier I capital comprised 19.93% as of March 31, 2020 as compared to 18.41% as of March 31, 2019. As of September 30, 2020, our total capital adequacy ratio was 25.78% and our Tier I capital comprised 21.01%.

The RBI may in future prescribe a higher capital adequacy ratio which may require us to increase our equity capital. This may not be possible within the prescribed time limit or at all, which may in turn force the Company to draw on its risk weighted assets. The RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results.

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any downgrade in our credit ratings could weaken our relationships and negotiating power with our lenders, increase the average cost of borrowing, and cause our lenders to impose additional terms and conditions or charge higher premiums in respect of any financing or refinancing arrangements that we enter into in the future. As of the date of this Draft Red Herring Prospectus, we have dual Credit ratings from CARE and ICRA as per the following table:

| Instrument | Rating Agency | Rating |
|---|---|---|
| Long-term Bank facilities | CARE/ICRA | A- |
| Non-convertible debentures | CARE/ICRA | A- |
| Unsecured subordinated Tier II debt | CARE | A- |

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our business, results of operations, financial condition and cash flows.

***14. As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions which could have a material and adverse effect on us.***

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

In certain of its past inspection reports, the RBI has made observations in relation to, among others: (i) discrepancies in our loan policies and loan terms not in accordance with applicable directions; (ii) inadequate management and training of employees, and poor attrition rates; (iii) modifying existing, or establishing new, policies, procedures and frameworks, including on KYC, anti-money laundering ("AML"), asset liability management, liquidity, contingency funding plans, currency fluctuation, and identifying and combating suspicious transactions; (iv) inadequate compliance monitoring systems and controls; (v) non-compliance with requirements of the RBI or other legislation, regulations or schemes applicable to NBFCs, including in relation to our status as an NBFC-MFI, or inaccuracies or inconsistencies in reporting disclosure requirements; (vi) issues pertaining to the accounting treatment of qualifying assets; (vii) deficiencies in the Company's internal policies and monitoring of accounts; (viii) lapses in grievance redressal; and (ix) concentration of its loan portfolio in West Bengal and Assam. We have submitted a response to the RBI's latest supervisory letter issued in relation to its most recent inspection of the Company.

We believe that we have responded satisfactorily to the RBI's observations pursuant to its earlier inspections, as and when required. However, in some instances the RBI asked us to resubmit responses and, in some instances, commented in successive inspections that we had not addressed observations pursuant to previous inspections. There can be no assurance that the RBI or any other regulatory authority will not make similar or additional observations in the future or that we will be able to respond to all such queries to the satisfaction of the RBI or such other authorities.

In the event that we are unable to satisfactorily address the observations of the RBI or are unable to comply with any specified RBI requirements, for any reason, we may be subject to monetary sanctions and may also be restricted in our ability to conduct our business. Any such outcome would have a material and adverse effect on our business, financial condition and reputation. In the event of or to the extent that any grave deficiencies are found in the future, which we are unable to rectify, any levy of fines or penalties against us, or the suspension or cancellation of our registration with the RBI, our reputation, business, prospects, results of operations, financial condition, and the trading price of our Equity Shares would be adversely affected.

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

We are registered with and our business is regulated by the RBI as an NBFC-MFI. As a registered NBFC-MFI, we are subject to stringent microfinance lending guidelines. We therefore require certain statutory and regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding our business. We have also applied to the RBI to obtain their approval in connection with the Offer, including for the Pre-IPO Placement. In the past, RBI has not acceded to our request for approval for change in our paid-up capital by more than 26%. For details, see "*Other Regulatory and Statutory Disclosures"* on page 337. In the event such approval is not received in time or is rejected, the Company may not be able to complete the Offer in a timely manner or at all. We may not receive or be able to renew such approvals in the time frames anticipated by us, or at all, which could adversely affect our business. If we do not receive, renew or maintain the regulatory approvals required to operate our business, it may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.

Applicable laws and regulations impose numerous requirements on us, including those relating to asset classification and prescribed levels of capital adequacy, reserves and provisioning. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. For details, see "*Key Regulations and Policies"* on page 160.

We also are required to maintain certain statutory and regulatory permits and approvals for our business. From time to time, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. For example, we have applied for renewals of the shops and establishment registration for certain of our branches. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by us, or at all. For details, see "*Government and Other Approvals*" on page 335.

Our Company is also required to make various filings with the RBI and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. Our Company has in the past been delayed in reporting inward remittances in relation to the issuance of certain Equity Shares, and has paid a compounding fee to the RBI for such delay. For further details, see "*Outstanding Litigation and Material Developments*" on page 326.

***16. The financing industry is becoming increasingly competitive with significant presence of NBFCs, public and private sector banks that have extensive branch networks, and other financial services companies.***

Our primary competition historically has been banks (including SFBs) and other NBFCs. These financial institutions, particularly the larger ones, could compete with us for business as well as procurement of funds at competitive rates.

In addition, the RBI has set out guidelines applicable to microfinance institutions which restrict the number of microfinance institutions that can extend loans to the same borrower and also limit the maximum amount of loan that can be extended. The presence of microfinance institutions in India is not uniform; certain regions have a concentration of a large number of microfinance institutions while other regions have very few or even no microfinance institution. In any particular region, the level of competition depends on the number of microfinance institutions that operate in such region.

Our ability to compete effectively will largely depend on our ability to maintain our margin. Our margins depend on our ability to raise low-cost funding in the future combined with our ability to decrease our operating expenses. Many of our competitors are large institutions, which may have larger customer bases, funding sources, branch networks and capital compared to us. Certain competitors may be more flexible than we are and better-positioned to take advantage of market opportunities. As a result of increased competition, loans are becoming increasingly standardised and terms such as variable (or floating) rate interest options, lower processing fees, and monthly reset periods are becoming increasingly common. Furthermore, the spread between the lowest and the highest rate of interest offered by various lenders continues to reduce. This competition may intensify further as a result of regulatory changes and market liberalisation. These competitive pressures affect the industry in which we operate as a whole, and our future success will depend to a large extent on our ability to respond in an effective and timely manner to these competitive pressures. There can be no assurance we will be able to react effectively to these or other market developments or compete effectively with new and existing peers in the increasingly competitive finance industry.

Competition in our industry also depends on, among other things, the evolution of government policies relating to the industry, the entry of new participants, and the extent to which there is a consolidation among banks and financial institutions in India. Increasing competition may have an adverse effect on our net interest margin and other income, and, if we are unable to compete successfully, our market share may decline.

17. ***We may not be able to manage future growth or restructuring effectively, including growing our branch network, which may have an adverse impact on our business and financial condition.***

We have experienced steady growth and were the the largest NBFC-MFI in Eastern India and fifth largest NBFC-MFI in India based on GLP as of September 30, 2020 (Source: CRISIL Report). Our growth strategy primarily includes leveraging the operational strengths and deepening customer connections including via our partnerships with small MFIs in India, continuing to expand and diversify our product portfolio and service offerings, growing our operations and network, and focussing on expanding our footprint in the financially underpenetrated and Low Income States in India.

Although our growth initiatives have contributed to our financial results in recent years, there can be no assurance that our growth strategy will continue to be successful. Our ability to sustain and manage growth depends primarily upon our ability to manage key issues such as maintaining and leveraging our relationships with our investors and lenders, leveraging our inorganic partnerships to maximise our operational efficiency and close customer relationships, selecting and retaining skilled personnel, gaining market share in select locations, maintaining and appropriately upgrading our technology platforms, introducing and successfully implementing more efficient operational processes, increasing our product and service offerings, ensuring a high standard of customer service, and successfully integrating and managing any acquired businesses. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our business, prospects, financial condition and results of operations.

We have in the past grown and may continue to grow through mergers and acquisitions. The process of integrating such acquired businesses involves various risks, including diversion of management's attention, difficulties arising from operating a significantly larger and more complex organisation involving assimilation of different practices and personnel and unanticipated costs and expenses association with any undisclosed non-compliance or potential liabilities. If we fail to integrate any businesses that we may acquire in the future, manage the growth in our business pursuant to such acquisition, or realise anticipated cost savings, synergies or revenue enhancements associated with such acquisitions, our ability to compete effectively in the market, our business, financial condition and results of operations could be materially adversely affected.

In recent years, we have increased the scope of our branch network. A consequence of expanding our branch network is that we may be exposed to certain additional risks, including: (i) difficulties arising from operating a larger and more complex organisation; (ii) the failure to efficiently and optimally allocate management, technology and other resources across our branch network; (iii) the failure to manage third-party service providers in relation to any outsourced services; (iv) difficulties in the integration of new branches with our existing branch network; (v) difficulties in supervising local operations from our centralised locations; (vi) difficulties in hiring skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralised locations; (vii) the failure to compete effectively with competitors; (viii) the failure to maintain the level of customer service in the new branches, which may adversely affect our brand and reputation; (ix) difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures; and (x) unforeseen legal, regulatory, property, labour or other issues. We cannot assure you that we will be successful in achieving our target benchmark level of efficiency and productivity in our operations and across our branch network. For further details, see "*Our Business – Business Strategies - Focus on growing our business in financially underpenetrated Low Income States"* on page 143.

We have divested part of our MSME lending business (to an entity forming part of the Aavishkaar Group) and plan to gradually exit that business. For further details, see "*History and Certain Corporate Matters*" beginning on page 169. If we do not effectively separate our branch network, IT systems, employees and customers from the part of the MSME lending business that has been divested, or if we have residual liability pertaining to a high level of customer defaults under the MSME loan portfolio, our business, financial condition and results of operations could be materially and adversely affected.

18. ***Our business requires us to deal with large volumes of small value cash transactions exposing us to operational risks including fraud, petty theft, embezzlement, or other misconduct.***

We are exposed to operational risks, including fraud, petty theft, embezzlement, or other misconduct by employees or other third parties, as we handle a large volume of small value cash transactions. These risks are compounded due to our business model, which involves a large amount of delegation of power and responsibilities to our employees and third parties. Given the high volume of transactions processed by us, certain instances of fraud and misconduct may go unnoticed before they are discovered and rectified, if at all. If we discover instances of fraud, theft or misconduct, and pursue the crime to the full extent of the law or with our insurance providers, there can be no assurance that we will recover the amounts in part or in full.

In Fiscals 2018, 2019 and 2020, and for the six months ended September 30, 2020, the total amount of fraud due to cash embezzlement or theft was ₹3.75 million, ₹6.75 million, ₹28.21 million and ₹3.82 million, respectively. The total amount of loans given against fictitious documents during the same periods was nil, ₹0.50 million, nil and ₹5.35 million, respectively. For details related to FIRs filed in connection with frauds, see "*Outstanding Litigation and Material Developments*" beginning on page 326.

While we maintain an internal audit process to ensure that all internal policies and procedures are followed, generate data and analyse such data to monitor financial and operational performance, and report deviations from our internal protocols to our operations staff and management team, there can be no assurance that we will be able to completely eliminate these operational risks. We have also integrated a large portion of our business operations with technology-based tools and platforms to minimise the amount of cash handled, our dependence on technology and automated systems to record and process transactions may further increase these operational risks. Fraud, petty theft, embezzlement, or other misconduct may result from technical system flaws or employee tampering or manipulation of those systems, which can be difficult to detect. Fraud, petty theft, embezzlement, or other misconduct could adversely affect our operations and our financial position.

***19. There are outstanding legal proceedings involving our Company, Promoters, and Directors. Any adverse outcome in such legal proceedings may affect our business, results of operations and financial condition.***

There are outstanding legal proceedings involving our Company, Promoters 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. 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 material legal proceedings as of the date of this Draft Red Herring Prospectus is set out below:

| Nature of cases | No. of cases | Total amount involved (in ₹ million)^ |
|---|---|---|
| **Litigation involving our Company** | | |
| ***Against our Company*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 2 | Not quantifiable |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |
| *Taxation cases* | 3 | 3.82 |
| ***By our Company*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 244 (including 177 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881, as amended) | 231.02* (including ₹208.38 million in respect of criminal complaints under Section 138 of the Negotiable Instruments Act, 1881, as amended) |
| **Litigation involving our Directors** | | |
| ***Against our Directors*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | 1 | Not quantifiable |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |

| Nature of cases | No. of cases | Total amount involved (in ₹ million)^ |
|---|---|---|
| *Taxation cases* | NIL | NIL |
| ***By our Directors*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |
| **Litigation involving our Promoters** | | |
| ***Against our Promoters*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |
| *Action taken by statutory and regulatory authorities* | NIL | NIL |
| *Taxation cases* | 1 | 1.15 |
| ***By our Promoters*** | | |
| *Material litigation* | NIL | NIL |
| *Criminal cases* | NIL | NIL |

*^To the extent ascertainable*
** This amount includes an amount of ₹ 6.01 million for a criminal complaint filed by Intellecash. For further details, see "Outstanding Litigation and Material Developments – Litigation Involving our Company – Criminal proceedings by Our Company" on page 327.*

We cannot assure you that any of these matters will be settled in favour of our Company, Promoters and Directors, respectively, or that no additional liability will arise out of these proceedings. An adverse outcome in any of these proceedings could have an adverse effect on our business, financial position, prospects, results of operations and our reputation. For further details, see "*Outstanding Litigation and Material Developments*" on page 326.

***20. Loans due within two years account for almost all of our loan portfolio, and a significant reduction in short term loans may result in a corresponding decrease in our portfolio and financial position.***

Most of the loans that we issue have a term of 12 to 24 months. The relatively short-term nature of our loans means that the sustainability of our loan portfolio is less certain than if a larger portion of our loans had longer maturity. As our customers may choose not to obtain new or additional loans from us, upon maturity of their existing loans, if competition in the market increases. In such instances, our portfolio would run down and hence our resultant income would be adversely affected.

***21. If we are unable to measure or verify customer credit-worthiness or repayment ability data and information, or if any misleading or inaccurate data or information is provided, our business may be adversely impacted.***

We provide loans to financially underserved customers based on their credit-worthiness and repayment ability. We measure and verify a prospective customer's credit-worthiness and repayment ability by reviewing their credit history using credit bureau data. However, our customers are often first-time loan seekers for whom there is no available credit history or credit bureau data. Unlike certain developed economies, a nationwide credit bureau only become operational in India in 2004, so there is less financial information available about individuals or SMEs. This means that it is often difficult to analyse the credit risk of a prospective customer. Our customers are also, generally, not financially literate and have a low-level of education, which means they often do not have up-to-date business records, if at all. This also means that measuring and verifying their credit-worthiness and repayment ability may be difficult. If we are unable to measure or verify such data and information, or if any misleading or inaccurate data or information is provided, our business may be adversely impacted.

***22. If any new products we launch are unsuccessful, it could harm our reputation and adversely affect our results of operations.***

As part of our growth strategy, our Company from time to time introduces new product offerings. For example, we have introduced products to help our customers gain access to increased credit based on their past credit record as well as in the wake of the COVID-19 pandemic. We may incur costs in the future when expanding our product range and cannot guarantee that any new products will be successful. If any new products are unsuccessful, we may lose any or all of the investments that we have made in promoting them, and, consequently, our reputation and results of operations could be adversely affected.

23. ***If the third parties with whom we engage do not perform, fail to comply with any obligation under their agreements, or do not adhere to quality and standards requirements, our business may be adversely affected.***

We rely on third parties to provide certain non-credit products which we cross-sell to our customers. If any of these third parties do not perform, fail to comply with any obligation under their agreements, or do not adhere to applicable quality and standards requirements, our customers may be dissatisfied, we may be unable to cross-sell products as anticipated, and our business may be adversely affected. In turn, such events may also adversely impact the percentage of our non-interest income as compared to the total income of our business.

In addition we rely on our inorganic partners in sourcing customers and collecting loan repayments and providers of services under tie-ups (such as insurance products) to perform and comply with their respective obligations to us under their agreements. If for any reason these third parties are unable to do so then our business, financial condition and results of operations may be adversely affected.

24. ***We are yet to obtain consent from some of our lenders for the Offer and are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire. We have not been, and may continue to not be, in compliance with certain financial covenants under certain of our financing agreements.***

As of December 31, 2020, our outstanding borrowings were ₹43.76 billion. We will continue to incur additional indebtedness in the future. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit ratings;
- availing new loans at higher interest rates;
- limiting our ability to borrow additional amounts in the future; and
- increasing our finance costs.

Our financing agreements contain restrictive covenants that require us to obtain prior approval from our lenders for, among other things:

- effecting any change in our capital structure;
- amendments to the memorandum and articles of association of the Company;
- formulating any scheme of amalgamation or reconstruction;
- change in the management of the Company, including changes in the composition of the board of directors and the key managerial personnel of the Company or making any drastic change in our management set-up or constitution;
- investment by way of share capital or extending loans or advances or placing deposits with any other entity (including our group companies and associate companies);
- approaching the capital markets for mobilising additional resources in the form of equity, including by taking steps (such as obtaining the necessary regulatory approvals) to list the Equity Shares on the Stock Exchanges;
- declaration of dividend and distribution of profits;
- change in our business; and
- making any pre-payment of principal amounts due under our borrowing facilities.

Our Company has entered into several types of borrowing facilities of varying terms and tenures from lenders. For details, see "*Financial Indebtedness*" on page 278. Our Company sought to obtain the relevant consent in relation to the Offer, from the respective lenders in advance of the date of this Draft Red Herring Prospectus. While we have obtained lender consents from most of our lenders, however, as of the date of this Draft Red Herring Prospectus, we are yet to receive consent from certain of our lenders. Our Company proposes to obtain such consents prior to filing the Red Herring Prospectus with the RoC. Undertaking any of the above including the Offer without such consents constitutes a default under the relevant financing documents.

In addition, on account on the impact of the COVID-19 pandemic on our business, our Company has in the past not been in compliance, and may continue to be non-compliant, with certain financial covenants under certain of its financing agreements with lenders, including PAR30, PAR60, PAR90, Gross NPA and interest coverage ratio at an agreed level. As of the date of this Draft Red Herring Prospectus, none of our lenders have issued any notice of default or required us to repay any part of our borrowings on account of such non-compliance. However, there can be no assurance that our lenders will not, in the future, seek to enforce their rights in respect of any past, present or future breaches or that we will be able to obtain any waivers from any or all lenders. While we have obtained waivers for any breaches or non-compliance with loan covenants in the past from certain lenders or paid penal interest to certain other lenders, we are yet to obtain waivers from other lenders in connection with the above non-compliance. In the absence of waivers for any non-compliance of the covenants, we may continue to be in default of the covenants and our lenders have the right to, among others, declare all amounts outstanding under the relevant loan agreements immediately due and payable together with accrued and unpaid interest (which could result in up to all our outstanding borrowings becoming due and payable) or to convert the loans into equity shares.

Such non-receipt of consent and/or non-compliances with loan covenants by the Company would constitute an event of default under the relevant financing agreements which could further trigger cross-defaults under other loan agreements, and would entitle the respective lenders to declare a default against our Company and enforce remedies under the terms of the financing documents, that include, among others, acceleration in repayment of the amounts outstanding under the financing documents, the right to convert the loan into equity, enforcement of any security interest created under the financing documents, and taking possession of the assets given as security in respect of the financing documents. A default by our Company under the terms of any financing document may also trigger a cross-default under some of the other financing documents of our Company, or any other agreements or instruments of our Company containing a cross-default provision, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due.

***25. We are subject to credit, market and liquidity risks including in respect of our residual MSME lending business. If any such risk were to materialise, our credit ratings and our cost of funds may be adversely affected.***

We may not be able to effectively mitigate our risk exposures in particular market environments or against particular types of risks. Our revenues and market risk are dependent upon our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon our effectiveness in managing credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for impairment of financial instruments. To the extent that our assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, we could incur higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies.

We also are exposed to credit risk arising from the risk of default and non-payment by borrowers and other counterparties under our residual MSME lending business. We have divested part of our MSME lending business (to an entity forming part of the Aavishkaar Group) and plan to gradually exit that business. For further details, see "*History and Certain Corporate Matters*" beginning on page 169. As of September 30, 2020, the total portfolio outstanding of our MSME customers was ₹1,806.40 million. Certain of our MSME borrowers may be dependent on receiving timely payment from their customers for the services that they provide in order to repay the principal and interest on the loans we provide to them. As such, any material delay in receipt of payment from their customers for any reason could adversely affect the ability of our borrowers to meet their obligations to us. There also can be no assurance that our planned exit from our MSME lending business will occur in a timely manner or will not require additional approvals beyond those we anticipate currently. Further, our revenues will be negatively impacted to the extent of the revenues from our MSME lending business, owing to the divestment.

***26. An inability to develop or implement effective risk management frameworks could expose us to unidentified risks or unanticipated levels of risk.***

While we have implemented various risk management frameworks, there can be no assurance that such frameworks will be effective in identifying or addressing all possible risks or levels of risk, including risks associated with liquidity, interest rates, credit, currency and exchange rate fluctuations, operations, and technical and legal matters, that we encounter in our business and operations. In addition, there can be no assurance that our risk management frameworks are as comprehensive as those implemented by other financial institutions, which could expose us to more risks than our competitors.

Our risk management frameworks are based, among other considerations, on historical market behaviour, information regarding borrowers, and market knowledge. The effectiveness of our risk management is therefore limited by the quality and timeliness of available data. Consequently, our frameworks may not predict future risk exposures that could vary from or be greater than that indicated by historical measures. In addition, risk related data and information available to us may not be accurate, complete, up-to-date or properly evaluated. Our risk management frameworks may also not be fully effective in mitigating risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of our risk management systems are not automated and are subject to human error.

Our risk management frameworks are also influenced by applicable law, regulations and policies of the Government of India. If there is any development by the Government of India in applicable law, regulations or policies, our risk management frameworks may be inadequate or ineffective in addressing risks that arise as a consequence of such changes and in turn this could adversely affect our business and operations. Further, some of our risk management strategies may not be effective in a difficult or less liquid market environment, where other market participants may be attempting to use the same or similar strategies to deal with difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk position due to the activity of other market participants.

***27. Our inability to protect or use our intellectual property rights may adversely affect our business.***

Our name and trademarks are significant to our business and operations and any use by third parties could adversely affect our reputation, which could in turn adversely affect our financial performance and the market price of the Equity Shares. We have applied for post-registration changes in our trademark, in relation to our current trademark and logo (i.e., as used on the cover page of this Draft Red Herring Prospectus) under the relevant class. For details, see "*Government and Other Approvals"* on page 335.

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

***28. Our Promoters, Directors and key management personnel may have interests other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoters, Directors and key management personnel may be interested in our Company to the extent of the Equity Shares and/or employee stock options held by them in our Company, and any dividends, bonuses or other distributions on such Equity Shares. For further details on our shareholding, see "*Capital Structure"* on page 68.

***29. Some of our Directors and Promoters may have interests in entities, which are in businesses similar to ours and this may result in conflicts of interest with us.***

As of the date of this Draft Red Herring Prospectus, some of our Directors namely, Shri Ram Meena, Matangi Gowrishankar, Dinesh Kumar Mittal, Vineet Chandra Rai and Kasper Svarrer have interests in entities that are engaged in businesses similar to ours. Commercial transactions in the future between us and related parties may result in conflicting interests which could have an adverse effect on our operations. Further there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. Such factors may have an adverse effect on the results of our operations and financial condition.

***30. We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable 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. Although we believe that we have adequate internal policies, procedures and controls in place to prevent and detect any money-laundering activity and ensure KYC compliance, there can be no assurance that these will be effective in all instances. We may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report.

If any party uses or attempts to use us for money laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in accordance with applicable law, our reputation could suffer and our business, financial condition, reputation and results of operations could be materially and adversely affected.

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

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

While we believe that we maintain good relationships with our employees, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. While we also believe that we maintain good relationships with our customers, there can be no assurance that we will not experience future disruptions to our operations and results due to legal disputes or other problems with our customers, which could adversely affect our business and results of operations.

***32. Misconduct by our employees, or our customers, could adversely affect our reputation and our results of operations, among others.***

In the past, we have been subject to misconduct by our employees. Misconduct by our employees could include binding us to transactions that exceed authorised limits or present unacceptable risks or concealing unauthorised or unlawful activities from us. Employee misconduct could also involve the improper use or disclosure of confidential information, sexual harassment and other offences, which could result in regulatory sanctions and serious reputational or financial harm. It is not always possible to deter misconduct by employees and customers and the precautions we take and the systems we have implemented to prevent and deter such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our reputation, business, results of operations and financial condition.

***33. Our insurance coverage may not adequately protect us against losses and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.***

We maintain such insurance coverage of the type and in amounts that we believe is adequate for our operations. For further details, see "*Our Business – Insurance*" on page 158. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain general liability insurance coverage, including coverage for errors or omissions. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms.

A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

***34. 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 typically see higher borrowings by our customers during the third and fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarters of each fiscal. Accordingly, our results of operations in one quarter may not accurately reflect the trends for the entire fiscal and may not be comparable with our results of operations for other quarters.

***35. We may face difficulties and incur additional expenses in operating in non-urban areas, where infrastructure may be limited.***

A significant number of our customers are located in Low Income States and non-urban areas in India, which may have limited infrastructure, particularly for transportation, electricity and internet bandwidth. We may also face difficulties in conducting operations, transporting our personnel and equipment and implementing technology measures in such areas. There may also be increased costs in conducting our business and operations, implementing security measures and expanding our reach. We cannot assure you that such costs will not be incurred or will not increase in the future as we expand our business in non-urban markets and such increased costs could adversely affect our profitability.

***36. We utilise the services of certain third parties for our support functions. Any deficiency or interruption in their services could adversely affect our business and reputation.***

We engage third party service providers from time to time for support functions particularly technology services. Our ability to control the manner in which services are provided by third parties is limited. We may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from third parties. Any disruption or inefficiency in the services provided by third parties could affect our business and reputation.

***37. All our premises are on lease. Non-renewal or dispute with lessor may lead to disruption of business and cost associated with shifting of branch office.***

We have entered into lease agreements for all our premises including the Registered and Corporate Office of our Company. There can be no assurance that we will be able to renew these leasing arrangements at commercially favourable terms, or at all. If we are unable to renew all or any of our leasing arrangements, it may cause disruptions in our business and we may incur substantial costs associated with shifting of our offices, all of which may adversely affect our operations and financial condition.

***38. Any increase in or realisation of our contingent liabilities could adversely affect our financial condition.***

As of September 30, 2020, our Restated Financial Information disclosed and reflected the following contingent liabilities and commitments:

| **Particulars** | ***(in ₹ million)*** |
|---|---|
| Corporate Guarantee provided to a bank towards partnership agreement | 7.50 |
| Demand for income tax received from income tax authorities | 3.82 |
| **Total** | **11.32** |

If at any time we are compelled to pay all or a material proportion of these contingent liabilities, it would have a material and adverse effect on our business, future financial performance and results of operations. For further details, see "*Financial Statements*" beginning on page 202.

***39. We have had negative net cash flows from operations in the past and may continue to have negative cash flows in the future.***

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

***(in ₹ million)***

| Particulars | As on September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Net cash (used in) operating activities | (89.27) | (7,614.04) | (13,085.90) | (10,576.37) |
| Net cash (used in) investing activities | (9.66) | (47.45) | (55.11) | (33.81) |
| Net cash generated from financing activities | 4,689.38 | 12,807.26 | 13,293.26 | 10,350.68 |

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. For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 202 and 280, respectively.

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

In the preceding one year from the date of this Draft Red Herring Prospectus, our Company has issued Equity Shares, at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded. For more information, see "*Capital Structure*" on page 68.

***41. Some of our corporate records and regulatory filings, including those relating to allotments of our Equity Shares in the past are not traceable.***

Certain corporate records of and regulatory filings made by our Company, including those in relation to certain: (i) changes to the authorised share capital of our Company; (ii) allotments of Equity Shares by our Company; and (iii) changes to the Memorandum of Association of our Company, are not traceable. In particular, corporate records and regulatory filings in relation to allotments of Equity Shares since the date of incorporation of our Company until 2006 are not available. Such untraceable corporate records and requisite filings required to be made with regulatory authorities pertain to actions including, but not limited to:

(i) allotment of 242,200 Equity Shares between September 28, 1991 and September 22, 1993;

(ii) allotment of 757,800 Equity Shares between September 23, 1993 and October 31, 1994;

(iii) allotment of 124,500 Equity Shares between November 1, 1994 and September 28, 2001;

(iv) change in name of our Company to 'ANG Resources Limited' pursuant to conversion from private limited company to a public limited company pursuant to resolution passed by our Shareholders on August 14, 1995; and

(v) increase in our authorized share capital since our incorporation until September 30, 1996

We have conducted an extensive search of our records with the RoC. However, we have not been able to retrieve such documents, and accordingly, have relied on other documents, including annual returns filed by our Company for corroborating the share capital history and relevant corporate actions of our Company. Additionally, we are also unable to trace certain other documents such as the board resolutions for the amendments made to the MoA in the board meetings held on July 31, 2012, September 19, 2013 and March 10, 2015 and a shareholders resolution for allotment of shares on October 4, 2013.

We cannot assure you that the above form filings and resolutions will be available in the future. We also cannot assure you that we will not be subject to any penalty imposed by the regulatory authorities in this respect.

***42. The trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future.***

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

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

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. For further information, see "*Selected Statistical Information*" on page 316. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore, may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs and financial services companies.

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

We have entered into certain transactions with related parties and may continue to do so in future. For details of related party transactions entered into by our Company during the last Fiscal and the nature of transactions, see "*Financial Statements - Related Party Transactions*" beginning on page 202. For a summary of such related party transactions, see "*Offer Document Summary – Summary of related party transactions"* beginning on page 13.

While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we will enter into related party transactions in the future. Although all related party transactions that we may enter into will be subject to Audit Committee or Board or shareholder approval, as necessary under the Companies Act, 2013 and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.

***45. We may be classified as a passive foreign investment company, or PFIC, for United States federal income tax purposes, which could subject United States investors in our Equity Shares to materially adverse United States federal income tax consequences***.

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75.00% of its gross income is "passive income" or (ii) at least 50.00% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Company does not believe that it should be treated as, and does not expect to become, a PFIC for the United States' federal income tax purposes but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. This determination will depend in part on whether the Company continues to earn substantial amounts of operating income, as well as on the market valuation of the Company's assets and the Company's spending schedule for its cash balances and the proceeds of the Offer. If the Company were to be treated as a PFIC, U.S. holders of Equity Shares would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Equity Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain.

***46. We have commissioned a third party industry report which has been used for industry related data in this Draft Red Herring Prospectus and such data has not been independently verified by us.***

We have commissioned a third party industry report which has been used by us for the purpose of confirming our understanding of the industry in connection with the Offer, for industry related data that has been disclosed in this Draft Red Herring Prospectus.

The report uses certain methodologies for market sizing and forecasting. We have not independently verified such data and therefore, while we believe the data to be true, we cannot assure you that it is complete or reliable. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

**EXTERNAL RISK FACTORS**

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

The regulatory and policy environment in which we operate is evolving and subject to change. Our business and financial performance 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. In such instances, and including the instances mentioned below, our business, 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. Any political instability in India, such as corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The Government of India implemented a new law relating to social security and wages in September 2020, the Code for Social Security, which takes effect from April 1, 2021 (the "**Social Security Code**"). This code will impact overall employee expenses and, in turn, could impact the profitability of our Company. 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. As an immediate consequence, the Social Security Code could increase the financial burden on the employer, which may impact profitability.

On December 30, 2020, the Assam legislative assembly unanimously passed The Assam Bill which aims to regulate money lending activities of Money Lenders operating in the state. As on September 30, 2020, Assam constituted 19.73% of our total GLP. The Assam Bill, among others, provides that: (i) all Money Lenders must register themselves and disclose all the details as specified in the Assam Bill; (ii) the registration shall only be valid for two years, and must be renewed by the Money Lenders to continue operations in the state of Assam; (iii) the registration of the Money Lenders may be cancelled by the authority at any time, either of its own accord or on receipt of a complaint from a borrower. As at the date of filing this Draft Red Herring Prospectus, the bill has not been enacted and has not taken effect. We are therefore unsure what impact this bill could have on our business, or the microfinance industry more broadly, in the state of Assam. We are also unsure whether other state legislative assemblies, in particular in the states in which we operate in India, may table similar bills in the future. For further details on the Assam Bill, see "*Key*

*Regulations and Policies*" on page 160.

Further, the RBI has released a discussion paper titled "Revised Regulatory Framework for NBFCs – A Scale Based Approach" dated January 22, 2021 and has requested public comments thereon. The discussion paper sets out the discussions for the proposed revisions to the existing regulatory framework applicable to NBFCs. If the discussion paper results in revised regulations and a new regulatory framework for NBFCs, the Company will need to abide by these, and our Company may incur increased costs relating to compliance with the new requirements. Any additional compliances in relation to listing, corporate governance and disclosure requirements as discussed in the aforementioned discussion paper, may lead our Company to incur increased costs and other burdens relating to compliance with the 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. For further details on the discussion paper, see "*Key Regulations and Policies"* on page 160.

In November 2016, the Indian government announced the demonetisation of bank notes of ₹500.00 and ₹1,000.00. Around 86.00% of Indian currency in terms of value was removed from circulation. The GLP of the MFI industry fell significantly alongside disbursements. NBFC-MFIs and SFBs observed significant deterioration in their asset quality as a result. (Source: CRISIL) Demonetisation also impacted our results of operations and our Company recorded impairment charges driven primarily by such impact.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. For instance, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017 that combines taxes and levies by the central and state governments into a unified rate structure. Several provisions of the GST regime are currently ambiguous and there can be no assurance that future clarifications by the Government of India on the GST regime would be favourable to us. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. The General Anti-Avoidance Rules ("**GAAR**") also became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us. Furthermore, changes in capital gains tax or tax on capital market transactions or the sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance. For further discussion on capital gains tax, see "-- *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares*" on page 48.

There can be no assurance that the Government of India will not implement new regulations and policies requiring us to obtain approvals and licences from the Government of India or other regulatory bodies, or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment or change to governing laws, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent in the jurisdictions in which we operate 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. It may also have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which could materially harm our results of operations or cash flows. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

We are unable to determine the impact of any changes in or interpretations of existing, or the promulgation of, new, laws, rules and regulations applicable to us and our business. If that was to occur it could result in us, our business, operations or group structure being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. 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. 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 impact the viability of our current business or restrict our ability to grow our business in the future.

***48. Recent global economic conditions have been challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. The ongoing COVID-19 pandemic has caused an economic downturn in several major economies and generated volatility in, and general adverse impact on, the global securities markets, including in India; further, it is not possible for us to predict the extent and duration of this volatility and adverse impact on the global or Indian securities markets, including any possible impact on our Equity Shares. For further discussion on COVID-19, see "-- *The COVID-19 pandemic, or any future pandemic or widespread public health emergency or outbreak of disease, could materially and adversely impact our business, financial condition, cash flows and results of operations*" on page 29. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Large budget deficits and rising public debts in recent years, for example in Europe have, triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. Increased budget deficits and the incurrence of additional public debt in Europe and other developed markets as a result of the COVID-19 pandemic may exacerbate these risks and uncertainties.

Further deterioration in the global economy as a result of COVID-19 or otherwise, or the perception that such deterioration could occur, 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 and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition, cash flows and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

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

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

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

## RISKS RELATING TO THE OFFER AND THE EQUITY SHARES

***51. Our Equity Shares have never been publicly traded, and may experience price and volume fluctuations following the completion of the Offer. Further, our Equity Shares may not result in an active or liquid market and the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Offer Price or at all. The Offer Price is also not indicative of the market price of the Equity Shares.***

Prior to the Offer, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, does not guarantee the liquidity of such market for the Equity Shares. Investors might not be able to rapidly sell the Equity Shares at the quoted price if there is no active trading in the Equity Shares. The Offer Price of the Equity Shares has been determined by our Company and the Selling Shareholders in consultation with the BRLMs through the Book Building Process. The Offer Price will be based on numerous factors, including certain qualitative and quantitative factors, the basic and diluted earnings per share, price earnings ratio in relation to the offer price per equity share of the face value, comparison with listed industry peers, if any, and return on net worth as described under "*Basis for Offer Price"* beginning on page 92 and may not be indicative of the market price for the Equity Shares after 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;
- developments relating to our peer companies in our industry;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- speculative trading in the Equity Shares;
- investor perception of us and the industry in which we operate;
- the public's reaction to our press releases and adverse media reports;
- changes in the price of conventional and renewable energy;
- 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. The market price of the Equity Shares may decline below the Offer Price and investors may not be able to re-sell Equity Shares at or above the Offer Price resulting in a loss of all or part of the investment.

***52. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not paid any dividends on our Equity Shares in the last three Fiscals**.** Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board in accordance with applicable law, and subject to approval of shareholders. The quantum of dividend to be distributed, if any, will depend on a number of factors, including profit earned during the current financial year, overall financial conditions, cash flows, capital requirements, business prospects and expansion plans, cost of raising funds from alternative sources, restrictive covenants under our financing arrangements, money market conditions, and macro-economic conditions. We cannot assure you that we will be able to pay dividends at any point in the future. We may also decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. For further details, see "*Dividend Policy*" on page 201.

***53. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under the current Indian tax laws and unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. However, any gain realised on the sale of listed equity shares on before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction tax ("**STT**") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017- TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains exceeding ₹100,000.00 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any equity shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax at in India. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. 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 jurisdictions on gains arising from a sale of equity shares.

***54. 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 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 six working days from the Bid Closing Date (or such other period as prescribed under applicable laws) and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six working day of the Bid Closing Date (or such other period as prescribed under applicable laws). There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise 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.

***55. Foreign investors are subject to foreign investment restrictions under Indian law, which could limit our ability to attract foreign investors and our ability to raise foreign capital may be constrained by Indian law, which in turn could adversely affect the market price of the Equity Shares.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the Indian income tax authorities. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. Further, the Government of India on April 22, 2020 amended the FEMA Non-debt Instruments Rules pursuant to which any investment into India by an entity of a country which shares a land border with India, or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall require the approval of the Government of India. For further details, see "*Restrictions on Foreign Ownership of Indian Securities"* beginning on page 379.

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

***56. Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by our Promoters or other significant shareholders 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 our Company, including a primary offering or through the ESOP Schemes may lead to the dilution of investors' shareholdings in the Company. Any future issuances of Equity Shares or the disposal of Equity Shares by our Promoters or other significant Shareholders or the perception that such issuance or sale may occur may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber the Equity Shares held by them. Any future issuances could also dilute the value of your investment in the Equity Shares.

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

Following the completion of the Offer, our Promoters will continue to hold more than 20.00% of our post-Offer Equity Share capital. Certain other Shareholders may also continue to hold more than 10.00% of our post-Offer Equity Share capital. Such shareholdings to be held by our Promoters and certain significant shareholders could limit your ability to influence corporate matters requiring shareholder approval especially the resolutions which are required to be approved by way of special resolutions by the Shareholders under the provisions of the Companies Act. Any consequent delay or non-receipt of shareholder approval for such matters could adversely affect our business. In addition, following the completion of the Offer and subject to the approval of shareholders by special resolution after the successful completion of the Offer, AVMS, I-Cap, AG-II, Tano, Maj Invest and TR Capital will each have the right to appoint one non–executive nominee director on the Board until such time that such shareholder continues to hold 5.00% of the issued and paid-up share capital of our Company, on an as adjusted basis. For further details on their shareholding and their right to appoint nominee directors, see "*Capital Structure*" and "*History and Certain Corporate Matters*" on pages 68 and 169, respectively.

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

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

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

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

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

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

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

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 ("**CPC**") on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

Among others, the United Kingdom, Singapore, the United Arab Emirates and Hong Kong have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A of the CPC. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

We have been advised by our Indian counsel that the United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, 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 any amount recovered.

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

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

***62. QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

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

***63. Our Company will not receive any proceeds from the Offer for Sale portion. 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 utilisation 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 up to 27,055,893 Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale will be paid to Selling Shareholders and we will not receive any such proceeds. Our Company intends to primarily use the Net Proceeds of the Fresh Issue for augmenting its capital base to meet future capital requirements, as described in "*Objects of the Offer*" on page 88.

Such intended use of proceeds has not been appraised by any bank or financial institution. Our Company will appoint a monitoring agency for monitoring the utilisation of the Net Proceeds. Any variation in the objects of the Fresh Issue would require shareholders' approval and may involve considerable time or may not be forthcoming and in such an eventuality it may adversely affect our operations or business.

Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who dissent with our proposal to change the objects of the Offer, at a price and in the manner as specified in Sections 13(8) and 27 of the Companies Act, 2013 and the SEBI ICDR Regulations. Additionally, the requirement on the Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may discourage the Promoters or our controlling shareholders from undertaking steps for the variation of the proposed utilisation of our Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoters or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity to the dissenting shareholders at the price specified in the SEBI ICDR Regulations.

## SECTION III: INTRODUCTION

## THE OFFER

The details of the Offer are disclosed below.

| | |
|---|---|
| **Offer of Equity Shares of face value of ₹10 each** | Up to [●] Equity Shares aggregating to up to ₹[●] million |
| | |
| *Of which* | |
| Fresh Issue [(1)] | Up to [●] Equity Shares aggregating to up to ₹ 8,500 million |
| Offer for Sale [(2)] | Up to 27,055,893 Equity Shares aggregating to up to ₹ [●] million |
| | |
| *Including* | |
| Employee Reservation Portion[(3)] | Up to [●] Equity Shares aggregating to up to ₹[●] million |
| | |
| *Accordingly* | |
| Net Offer | Up to [●] Equity Shares |
| | |
| *Of which* | |
| (A) QIB Portion[(4)(5)] | Not more than [●] Equity Shares |
| | |
| *Of which* | |
| Anchor Investor Portion | Up to [●] Equity Shares |
| Net QIB Portion (assuming Anchor Investor Portion is fully subscribed) | [●] Equity Shares |
| | |
| *Of which* | |
| Mutual Fund Portion | [●] Equity Shares |
| Balance for all QIBs including Mutual Funds | [●] Equity Shares |
| | |
| (B) Non-Institutional Portion[(4)] | Not less than [●] Equity Shares |
| (C) Retail Portion[(4)] | Not less than [●] Equity Shares |
| | |
| **Pre and Post-Offer Equity Shares** | |
| | |
| Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus) | 120,177,303 Equity Shares |
| Equity Shares outstanding after the Offer | [●] Equity Shares |
| | |
| **Use of Proceeds by our Company** | For details of the use of proceeds from the Fresh Issue, see "*Objects of the Offer*" beginning on page 88.<br><br>Our Company will not receive any proceeds from the Offer for Sale. |

*(1) The Fresh Issue has been authorized by a resolution dated January 15, 2021 passed by our Board and a special resolution dated January 22, 2021 passed by our Shareholders. Our Company may consider a Pre-IPO Placement aggregating upto ₹1,500 million, in consultation with the BRLMs, prior to the filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the Selling Shareholders and the price of the securities allotted pursuant to the Pre-IPO Placement shall be determined 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. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.*

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

| S. No. | Name of the Selling Shareholder | Date of board resolution | Date of consent letter | Number of Offered Shares |
|---|---|---|---|---|
| 1. | Maj Invest | February 12, 2021 | February 12, 2021 | 1,925,158 |
| 2. | MSDF | February 11, 2021 | February 12, 2021 | 2,191,557 |
| 3. | Tano | January 18, 2021 | February 12, 2021 | 9,302,853 |
| 4. | AG II | February 9, 2021 | February 12, 2021 | 12,421,484 |
| 5. | TR Capital | February 9, 2021 | February 12, 2021 | 1,214,840 |

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

*(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Offer size, the Equity Shares will be allotted in the following order: (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and (iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion. See "Terms of the Offer – Minimum Subscription" beginning on page 357.*

*(5) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will be accordingly reduced for the shares allocated to Anchor Investors. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. In case of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares will be added back to the Net QIB Portion. See "Offer Procedure" beginning on page 362.*

Allocation to Bidders in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids being received at or above the Offer Price, as applicable. Allocation to Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "*Offer Structure*", "*Terms of the Offer*" and "*Offer Procedure*" beginning on pages 358, 352 and 362, respectively.

# SUMMARY OF FINANCIAL INFORMATION

*The following tables set forth summary financial information derived from the Restated Financial Information. The summary financial information presented below should be read in conjunction with "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 202 and 280, respectively.*

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

**Restated Statement of Assets and Liabilities**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Assets** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | 11,476.28 | 6,885.83 | 1,740.06 | 1,587.81 |
| Other bank balances | 1,817.45 | 1,516.56 | 881.88 | 658.33 |
| Trade receivables | 16.85 | 53.20 | 56.63 | 21.92 |
| Loans | 43,862.83 | 43,471.91 | 35,152.16 | 20,384.55 |
| Investments | - | - | 0.33 | 0.52 |
| Other financial assets | 133.11 | 212.26 | 361.32 | 103.04 |
| **Total financial assets** | **57,306.52** | **52,139.76** | **38,192.38** | **22,756.17** |
| **Non-financial assets** | | | | |
| Current tax assets (net) | 38.10 | 41.07 | 32.40 | 0.84 |
| Deferred tax assets (net) | 534.25 | 352.76 | 36.47 | 69.84 |
| Property, plant and equipment | 57.91 | 64.91 | 60.10 | 49.92 |
| Intangible assets under development | 2.33 | 0.48 | 0.53 | - |
| Intangible assets | 45.52 | 53.88 | 57.04 | 53.41 |
| Right of use asset | 63.24 | 74.03 | 64.57 | 40.25 |
| Other non-financial assets | 83.30 | 81.32 | 87.48 | 66.27 |
| **Total non-financial assets** | **824.65** | **668.45** | **338.59** | **280.53** |
| **Total assets** | **58,131.17** | **52,808.21** | **38,530.97** | **23,036.70** |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| **Financial liabilities** | | | | |
| Payables | | | | |
| Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - | - |
| Other payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - | - |
| Debt securities | 6,578.71 | - | 624.59 | 1,169.46 |
| Borrowings (other than debt securities) | 37,977.05 | 39,834.10 | 27,758.78 | 16,034.11 |
| Subordinated liabilities | 2,138.04 | 2,097.03 | 1,851.52 | 1,497.60 |
| Other financial liabilities | 720.21 | 903.18 | 1,042.65 | 381.86 |
| **Total financial liabilities** | **47,414.01** | **42,834.31** | **31,277.54** | **19,083.03** |
| **Non-financial liabilities** | | | | |
| Current tax liabilities (net) | 208.90 | 4.43 | - | - |
| Provisions | 164.02 | 142.30 | 52.37 | 26.19 |
| Other non-financial liabilities | 191.58 | 200.86 | 229.49 | 108.85 |

| | | | | |
|---|---|---|---|---|
| **Total non-financial liabilities** | **564.50** | **347.59** | **281.86** | **135.04** |
| **Total liabilities** | **47,978.51** | **43,181.90** | **31,559.40** | **19,218.07** |
| **Equity** | | | | |
| Share capital | 1,111.71 | 1,103.21 | 1,026.74 | 884.65 |
| Other equity | 9,040.95 | 8,523.10 | 5,944.83 | 2,933.98 |
| **Total equity** | **10,152.66** | **9,626.31** | **6,971.57** | **3,818.63** |
| **Total liabilities and equity** | **58,131.17** | **52,808.21** | **38,530.97** | **23,036.70** |

**Restated Statement of Profit and Loss**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended 30 September 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Revenue from operations** | | | | |
| Interest income | 4,913.78 | 8,614.63 | 5,848.38 | 3,096.79 |
| Fees and commission income | 41.88 | 252.52 | 198.44 | 129.27 |
| Net gain on de-recognition of financial instruments | - | 332.48 | 426.96 | - |
| Other operating income | 4.22 | 18.37 | 14.84 | 4.63 |
| **Total revenue from operations** | **4,959.88** | **9,218.00** | **6,488.62** | **3,230.69** |
| Other income | 114.05 | 127.06 | 27.31 | 48.02 |
| **Total income** | **5,073.93** | **9,345.06** | **6,515.93** | **3,278.71** |
| **Expenses** | | | | |
| Finance costs | 2,376.42 | 3,822.01 | 2,547.85 | 1,241.26 |
| Impairment on financial instruments | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Employee benefits expenses | 938.93 | 1,570.08 | 1,172.58 | 688.31 |
| Depreciation and amortisation | 33.96 | 66.96 | 52.72 | 40.27 |
| Other expenses | 276.05 | 651.36 | 602.98 | 351.21 |
| **Total expenses** | **4,258.83** | **7,669.20** | **4,744.56** | **2,804.40** |
| **Profit before tax** | **815.10** | **1,675.86** | **1,771.37** | **474.31** |
| **Tax expenses:** | | | | |
| - Current tax | 333.28 | 752.08 | 458.52 | 202.60 |
| - Deferred tax expense/(credit) | (143.82) | (344.23) | 46.99 | (37.04) |
| - Excess tax provisions written back | - | - | (10.54) | (1.00) |
| | **189.46** | **407.85** | **494.97** | **164.56** |
| **Profit for the period/year** | **625.64** | **1,268.01** | **1,276.40** | **309.75** |
| **Other comprehensive income (OCI)** | | | | |
| <u>(A) Items that will not be reclassified to profit or loss</u> | | | | |
| Re-measurement loss on defined benefit plans | (13.41) | (57.61) | (11.61) | (5.31) |
| Fair value of equity instruments | - | (0.33) | - | (0.02) |
| Income tax related to these items | 3.38 | 14.58 | 4.06 | 1.86 |
| **Sub-total (A)** | **(10.03)** | **(43.36)** | **(7.55)** | **(3.47)** |
| <u>(B) Items that will be reclassified to profit or loss</u> | | | | |
| Fair valuation of financial assets | (136.24) | 168.93 | (29.94) | - |
| Income tax related to these items | 34.29 | (42.52) | 10.46 | - |
| **Sub-total (B)** | **(101.95)** | **126.41** | **(19.48)** | - |
| **Total other comprehensive income (A + B)** | **(111.98)** | **83.05** | **(27.03)** | **(3.47)** |
| **Total comprehensive income** | **513.66** | **1,351.06** | **1,249.37** | **306.28** |
| **Earnings per equity share (face value ₹ 10 each)** | | | | |
| Basic earnings per share (₹) | 5.75 | 12.07 | 14.05 | 3.52 |
| Diluted earnings per share (₹) | 5.74 | 12.05 | 14.02 | 3.51 |

**Restated Statement of Cash Flow**

*(Amounts in ₹ millions)*

| Particulars | For the period April 01, 2020 to September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| **Profit before tax** | **815.10** | **1,675.86** | **1,771.37** | **474.31** |
| Adjusted for: | | | | |
| Depreciation and amortisation | 33.96 | 66.96 | 52.72 | 40.27 |
| Interest on lease liability | 3.88 | 7.43 | 4.53 | 4.73 |
| Impairment on financial instruments | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Gain on sale of portfolio through assignment (including unwinding) | - | (407.37) | (504.07) | - |
| Gain on sale of investments | - | - | - | (21.07) |
| Gain on sale of property, plant and equipment | - | - | - | (0.15) |
| Expenses on employee stock option scheme | 12.69 | 26.54 | 10.48 | 4.02 |
| Effective interest rate adjustment on financial instruments (including interest accrued) | 59.67 | 139.99 | 117.64 | (7.52) |
| Liabilities written back | - | - | - | (0.40) |
| **Operating profit before working capital changes** | **1,558.77** | **3,068.20** | **1,821.10** | **977.54** |
| **Working capital adjustments:** | | | | |
| (Increase)/decrease in assets | | | | |
| Loans | (1,103.22) | (9,709.60) | (15,161.57) | (11,599.57) |
| Trade receivables | 36.35 | 3.43 | (34.71) | (17.84) |
| Other bank balances | (300.89) | (634.68) | (223.55) | 71.06 |
| Other financial assets | 22.05 | 557.49 | 246.17 | 12.90 |
| Other non-financial assets | (2.31) | 5.07 | (25.80) | (43.34) |
| Increase/(decrease) in liabilities | | | | |
| Other financial liabilities | (173.21) | (155.25) | 636.78 | 134.92 |
| Provisions | 8.31 | 32.31 | 14.57 | 9.94 |
| Other non-financial liabilities | (9.29) | (24.68) | 120.64 | 76.35 |
| **Cash generated from/(used in) operating activities** | **36.56** | **(6,857.71)** | **(12,606.37)** | **(10,378.04)** |
| Income taxes paid (net) | (125.83) | (756.33) | (479.53) | (198.33) |
| **Net cash (used in) operating activities (A)** | **(89.27)** | **(7,614.04)** | **(13,085.90)** | **(10,576.37)** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | (6.00) | (32.01) | (36.10) | (41.46) |
| Purchase of intangible assets and intangible assets under development | (3.66) | (15.44) | (19.19) | (13.78) |
| Purchase of investments | - | - | - | (17,271.70) |
| Proceeds from sale of investments | - | - | 0.18 | 17,292.77 |
| Proceeds from sale of property, plant and equipment | - | - | - | 0.36 |
| **Net cash (used in) investing activities (B)** | **(9.66)** | **(47.45)** | **(55.11)** | **(33.81)** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of equity shares (including premium) | - | 1,300.00 | 1,934.53 | 1.00 |
| Share issue expenses | - | (22.86) | (43.02) | - |
| Proceeds from debt securities | 6,480.42 | - | - | - |
| Repayment of debt securities | - | (610.00) | (530.02) | (440.48) |

| | | | | |
|---|---|---|---|---|
| Proceeds from borrowings other than debt securities | 16,787.36 | 31,864.26 | 80,668.43 | 14,990.91 |
| Repayment of borrowings other than debt securities | (18,564.76) | (19,939.81) | (69,067.72) | (5,338.64) |
| Proceeds from subordinated debt | - | 241.82 | 345.31 | 1,150.00 |
| Payment of lease liabilities | (13.64) | (26.15) | (14.25) | (12.11) |
| **Net cash generated from financing activities (C)** | **4,689.38** | **12,807.26** | **13,293.26** | **10,350.68** |
| | | | | |
| **Net increase/(decrease) in cash and cash equivalents (A + B + C)** | **4,590.45** | **5,145.77** | **152.25** | **(259.50)** |
| **Cash and cash equivalents at the beginning of the period/years** | **6,885.83** | **1,740.06** | **1,587.81** | **1,847.31** |
| **Cash and cash equivalents at the end of the period/years** | **11,476.28** | **6,885.83** | **1,740.06** | **1,587.81** |
| | | | | |
| **Components of cash and cash equivalents** | | | | |
| Cash on hand | 33.24 | 36.53 | 43.88 | 46.90 |
| Balances and deposits with banks | 11,443.04 | 6,849.30 | 1,696.18 | 1,540.91 |
| | **11,476.28** | **6,885.83** | **1,740.06** | **1,587.81** |

# GENERAL INFORMATION

## Registered and Corporate Office of our Company

The details of the Registered and Corporate Office of our Company are as disclosed below:

**Arohan Financial Services Limited**
PTI Building, 4th Floor
DP 9, Sector 5, Salt Lake
Kolkata 700 091
West Bengal, India
Corporate Identity Number: U74140WB1991PLC053189
Registration Number: 053189

## Address of the RoC

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

**Registrar of Companies, West Bengal**
Nizam Palace
2nd MSO Building, 2nd Floor
234/4, A.J.C.B. Road
Kolkata 700 020
West Bengal, India

## Board of Directors

As on the date of this Draft Red Herring Prospectus, the composition of our Board is as disclosed below:

| S. No. | Name | Designation | DIN | Address |
|---|---|---|---|---|
| 1. | Dinesh Kumar Mittal | Non-Executive Independent Chairman | 00040000 | B-71, Sector 44, Gautam Buddha Nagar<br>Noida 201 301, Uttar Pradesh, India |
| 2. | Manoj Kumar Nambiar | Managing Director | 03172919 | 8, Godavari, Sector-3, Vashi<br>Navi Mumbai, Vashi, Thane 400 703<br>Maharashtra, India |
| 3. | Vineet Chandra Rai | Non-Executive Nominee Director | 00606290 | F 1705/06 Whispering Palm Exclusive<br>Lokhandwala Complex, Akurli Road<br>Kandivali (East), Mumbai 400 101<br>Maharashtra, India |
| 4. | Wilhelmus Marthinus Maria van der Beek | Non-Executive Nominee Director | 02142559 | Vogelenzangseweg 18, 2111 HR<br>Aerdenhout, Amsterdam, Netherlands |
| 5. | Anurag Agrawal | Non-Executive Nominee Director | 02385780 | Flat no. 1403<br>Angelica Mahindra Eminente<br>SV Road, Goregaon West<br>Mumbai 400 104, Maharashtra, India |
| 6. | Piyush Goenka | Non-Executive Nominee Director | 02117859 | 2803, Tower 5, Crescent Bay<br>Jerbai Wadia Road, Parel<br>Mumbai 400 012, Maharashtra, India |
| 7. | Shri Ram Meena | Non-Executive Nominee Director | 08452187 | C-3/72, Chitrakoot Scheme<br>Near Gandhi Path, Vaishali Nagar<br>Jaipur 302 021, Rajasthan, India |
| 8. | Kasper Svarrer | Non-Executive Nominee Director | 07252475 | Sankt Thomas Alle 10, 4 Tv<br>1824 Frederiksberg C, Denmark |
| 9. | Paul Gratien Robine | Non-Executive Nominee Director | 07828525 | Flat C, 35/F, Block 2, Estoril Court<br>55 Garden Road, Hong Kong |
| 10. | Sumantra Banerjee | Non-Executive Independent Director | 00075243 | 2C, Alipore Avenue<br>Kolkata 700 027, West Bengal, India |
| 11. | Rajat Mohan Nag | Non-Executive Independent Director | 07083831 | B-3/602, World Spa West, Sector 30<br>Gurugram 122 001, Haryana, India |
| 12. | Matangi Gowrishankar | Non-Executive Independent Director | 01518137 | E-1001/1002, Maestros<br>Salunke Vihar Road, Wanwadi<br>Pune 411 040, Maharashtra, India |

For further details of our Board, see "*Our Management*" beginning on page 175.

**Company Secretary and Compliance Officer**

**Anirudh Singh G. Thakur**
PTI Building, 4th Floor
DP 9, Sector 5, Salt Lake
Kolkata 700 091
West Bengal, India
Tel: +91 33 4015 6000
E-mail: compliance@arohan.in

**Filing of this Draft Red Herring Prospectus**

A copy of this Draft Red Herring Prospectus has been emailed to the SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure – Division of Issues and Listing – CFD".

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 would be filed with the RoC and a copy of the Prospectus shall be filed under Section 26 of the Companies Act with the RoC.

**Book Running Lead Managers**

**Edelweiss Financial Services Limited**
6th Floor, Edelweiss House
Off C.S.T. Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: arohan.ipo@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact person: Nishita John / Amitkumar Singh
SEBI Registration No.: INM0000010650

**ICICI Securities Limited**
ICICI Centre
H T Parekh Marg, Churchgate
Mumbai 400 020
Maharashtra, India
Tel: +91 22 2288 2460
E-mail: arohan.ipo@icicisecurities.com
Website: www.icicisecurities.com
Investor Grievance ID: customercare@icicisecurities.com
Contact person: Vaibhav Saboo / Anurag Byas
SEBI Registration No.: INM000011179

**Nomura Financial Advisory and Securities (India) Private Limited**
Ceejay House,
Level 11 Plot F, Shivsagar Estate
Dr. Annie Besant Road, Worli
Mumbai 400 018
Maharashtra, India
Tel: +91 22 4037 4037
E-mail: arohanipo@nomura.com
Website: www.nomuraholdings.com/company/group/asia/india/index.html
Investor Grievance ID: investorgrievances-in@nomura.com
Contact person: Vishal Kanjani / Sandeep Baid
SEBI Registration No.: INM000011419

**SBI Capital Markets Limited**
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
E-mail: arohan.ipo@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact person: Gaurav Mittal/ Janardhan Wagle
SEBI Registration No.: INM000003531

**Syndicate Members**

[●]

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

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

**Legal Advisers to the BRLMs as to Indian Law**

**Trilegal**
Peninsula Business Park
17th Floor, Tower B
Ganpatrao Kadam Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India
Tel: +91 22 4079 1000

**Legal Advisers to the BRLMs as to International Law**

**Herbert Smith Freehills LLP**
50 Raffles Place
#24-01 Singapore Land Tower
Singapore 048 623
Tel: +65 6868 8000

**Legal Advisers to the Selling Shareholders as to Indian Law**

J. Sagar Associates
Vails House, 18 Sprott Road
Ballard Estate
Mumbai 400 001
Tel: +91 22 4341 8600

**Statutory Auditors of our Company**

**Walker Chandiok & Co LLP**
10C, Hungerford Street, 6th Floor
Kolkata 700 017
West Bengal, India
Tel: +91 33 4050 8000
E-mail: Manish.Gujral@walkerchandiok.in
Firm Registration No.: 001076N/N500013
Peer Review No.: 011707

There have been no change in our auditors in the last three years.

**Registrar to the Offer**

**Link Intime India Private Limited**
C-101, 247 Park, 1st Floor
L.B.S. Marg, Vikhroli West
Mumbai 400 083
Maharashtra, India
Tel: +91 22 4918 6200
E-mail: arohan.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance e-mail ID: arohan.ipo@linkintime.co.in
Contact person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

**Banker(s) to the Offer**

**Escrow Collection Bank(s)**

**[●]**

**Refund Bank(s)**

**[●]**

**Public Offer Bank(s)**

**[●]**

**Sponsor Bank**

**[●]**

**Bankers to our Company**

**Axis Bank Limited**
Rural Lending Department
Building No. 1, Gigaplex
6th Floor, Plot. No. I.T. 5, MIDC
Airoli Knowledge Park, Airoli
Navi Mumbai 400 708
Maharashtra, India
Tel: +91 96190 03155
E-mail: aashish.bansal@axisbank.com
Website: www.axisbank.com
Contact person: Aashish Bansal

**ICICI Bank Limited**
3A Gurusaday Road
Kolkata 700 019
West Bengal, India
Tel: +91 99113 90636
E-mail: an.saxena@icicibank.com
Website: www.icicibank.com
Contact person: Ankit Saxena

**IDFC First Bank**
C-32 G Block, 4th Floor
Naman Chambers
BKC, Mumbai 400 051
Maharashtra, India
Tel: +91 22 7132 5500
E-mail: Pallavi.surti@idfcfirstbank.com
Website: www.idfcfirstbank.com
Contact person: Pallavi Surti

**State Bank of India**
5th Floor, Gagandeep Building
50A Gariahat Road
Kolkata 700 019
West Bengal, India
Tel: +91 96747 12648
E-mail: sbi.04140@sbi.co.in
Website: Nil
Contact person: Hirak Choudhury

**Designated Intermediaries**

**SCSBs**

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

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

**Syndicate SCSB Branches**

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

**Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and https://www1.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

**RTAs**

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

**CDPs**

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

**Credit Rating**

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

**IPO Grading**

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

**Debenture Trustees**

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

**Monitoring Agency**

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for the Fresh Issue prior to the filing of the Red Herring Prospectus with the RoC. The requisite details shall be included in the Red Herring Prospectus.

**Appraising Agency**

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

**Green Shoe Option**

No green shoe option is contemplated under the Offer.

**Experts**

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

Our Company has received written consent from the Statutory Auditors, namely, Walker Chandiok & Co LLP, Chartered Accountants, to include its name as required under the Companies Act in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the report of the Statutory Auditors on the Restated Financial Information dated February 10, 2021 and the statement of tax benefits dated February 12, 2021, included in this Draft Red Herring Prospectus and such consent has not been withdrawn until the filing of this Draft Red Herring Prospectus with the SEBI.

In addition, our Company has received written consent dated February 13, 2021 from KGRS & Co., Chartered Accountants, to include its name as an independent chartered accountant under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act in respect of certain operational and financial data being certified by it, and a written consent dated January 12, 2021 from MFIN for inclusion of its name under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act in respect of certain industry data provided in the MFIN Report.

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

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

| S. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and the Bid cum Application Form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing | BRLMs | Edelweiss |
| 2. | Drafting and approval of all statutory advertisements | BRLMs | Edelweiss |
| 3. | Drafting and approval of all publicity materials other than statutory advertisements as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report | BRLMs | ICICI Securities |
| 4. | Appointment of Intermediaries - Registrar to the Offer, advertising agency, Printers, Banker to the Offer, Monitoring Agency and other intermediaries, | BRLMs | SBI Caps |

| S. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| | including coordination of all agreements to be entered into with such intermediaries | | |
| 5. | Preparation of road show presentation and frequently asked question | BRLMs | Nomura |
| 6. | International Institutional marketing of the Offer, which will cover, *inter alia*:<br>• Institutional marketing strategy;<br>• Finalizing the list and division of international investors for one-to-one meetings; and<br>• Finalizing international road show and investor meeting schedule | BRLMs | Nomura |
| 7. | Domestic Institutional marketing of the Offer, which will cover, *inter alia*:<br>• Institutional marketing strategy;<br>• Finalizing the list and division of domestic investors for one-to-one meetings; and<br>• Finalizing domestic road show and investor meeting schedule | BRLMs | Edelweiss, ICICI Securities |
| 8. | Retail marketing of the Offer, which will cover, *inter alia*,<br>• Finalising media, marketing and public relations strategy;<br>• Finalising centres for holding conferences for brokers, etc.;<br>• Follow-up on distribution of publicity and Offer material including the Bid cum Application Form, the Prospectus and deciding on the quantum of the Offer material; and<br>• Finalising collection centres | BRLMs | Edelweiss, ICICI Securities |
| 9. | Non-Institutional marketing of the Offer, which will cover, inter alia, formulating marketing strategies for Non-Institutional Bidders and finalize media and public relations strategy | BRLMs | SBI Caps |
| 10. | Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination and intimation of anchor allocation | BRLMs | SBI Caps |
| 11. | Managing the book and finalization of pricing in consultation with the Company | BRLMs | Edelweiss |
| 12. | Post- Issue activities, which shall involve essential follow-up with Banker to the Offer and SCSBs to get quick estimates of collection and advising our Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Issue activity such as Registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.<br><br>Coordinating with Stock Exchanges and SEBI for release of 1% security deposit post closure of the Offer | BRLMs | ICICI Securities |

**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 and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and shall be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Bengali daily newspaper [●] (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation, and advertised at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges to upload on their respective websites. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, after the Bid/Offer Closing Date.

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

**In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and**

**Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. See "*Offer Structure*" and "*Offer Procedure*" beginning on pages 358 and 362, respectively.**

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

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

For an illustration of the Book Building Process and the price discovery process, see "*Offer Procedure*" beginning on page 362.

**Underwriting Agreement**

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to conditions specified therein.

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

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

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

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

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

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

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

## CAPITAL STRUCTURE

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

*(₹ except share data)*

| S. No. | Particulars | Aggregate Value at Face Value | Aggregate Value at Offer Price* |
|---|---|---|---|
| **A** | **AUTHORIZED SHARE CAPITAL** | | |
| | 160,000,000 Equity Shares of face value of ₹10 each | 1,600,000,000 | - |
| | | | |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER** | | |
| | 120,177,303 Equity Shares of face value of ₹10 each | 1,201,773,030 | - |
| | | | |
| **C** | **PRESENT OFFER** | | |
| | Offer of up to [●] Equity Shares aggregating up to ₹ [●] million | | |
| | *which includes* | | |
| | Fresh Issue of up to [●] Equity Shares(1) | [●] | Up to 8,500 million |
| | Offer for Sale of up to 27,055,893 Equity Shares(2) | 270,558,930 | [●] |
| | *The Offer includes* | | |
| | Employee Reservation Portion of up to [●] Equity Shares(3) | [●] | [●] |
| | Net Offer to the public of up to [●] Equity Shares | [●] | [●] |
| | | | |
| **D** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER*(4)** | | |
| | [●] Equity Shares of face value of ₹10 each | [●] | - |
| | | | |
| **E** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Offer | | 7,139.08 million |
| | After the Offer | | [●] |

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

*(1) The Fresh Issue has been authorized by a resolution dated January 15, 2021 passed by our Board and a special resolution dated January 22, 2021 passed by our Shareholders. Our Company may consider a Pre-IPO Placement, aggregating upto ₹1,500 million, in consultation with the BRLMs prior to the filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the Selling Shareholders and the price of the securities allotted pursuant to the Pre-IPO Placement shall be determined 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. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.*

*(2) Each of the Selling Shareholders confirms that the Equity Shares to be offered by such Selling Shareholder in the Offer for Sale have been held by them for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus and are accordingly eligible for being offered for sale in the Offer for Sale. For details on the authorizations by the Selling Shareholders, in relation to the Offered Shares, see "The Offer" on page 52.*

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

*(4) In addition to the Pre-IPO Placement described in this DRHP, in order to augment its capital base, our Company may also consider raising capital through a further issue of securities aggregating to up to ₹1,500 million, in one or more tranches, from non-promoters, after the date of this DRHP but prior to filing of the RHP with the RoC. Details of such further issue, if undertaken, shall be included in the RHP to be filed with the RoC.*

### Notes to Capital Structure

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

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

| Date of allotment | Number of Equity Shares Allotted | Face Value (₹) | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment | Cumulative Number of Equity Shares | Cumulative Paid-up Equity Share Capital (₹) |
|---|---|---|---|---|---|---|---|
| September 27, 1991 | 200 | 10 | 10 | Cash | Subscription to Memorandum of Association(1) | 200 | 2,000 |
| From September 28, 1991 to September 22, 1993, 242,000 Equity Shares were issued at a face value of ₹10 each(2)* | | | | | | 242,200 | 2,422,000 |
| From September 23, 1993 to October 31, 1994, 757,800 Equity Shares were issued at a face value of ₹10 each.(3)* | | | | | | 1,000,000 | 10,000,000 |
| From November 1, 1994 to September 28, 2001, 124,500 Equity Shares were issued at a face value of ₹10 each(4)* | | | | | | 1,124,500 | 11,245,000 |
| December 16, 2006 | 375,500 | 10 | 10 | Cash | Preferential allotment(5) | 1,500,000 | 15,000,000 |
| September 27, 2007 | 500,000 | 10 | 10 | Cash | Preferential allotment(6) | 2,000,000 | 20,000,000 |
| July 4, 2008 | 2,580,100 | 10 | 25** | Cash | Preferential allotment(7) | 4,580,100 | 45,801,000 |
| February 14, 2009 | 130,000 | 10 | 10 | Cash | Rights issue(8) | 4,710,100 | 47,101,000 |
| June 23, 2010 | 2,966,666 | 10 | 50 | Cash | Preferential allotment(9) | 7,676,766 | 76,767,660 |
| June 23, 2010 | 400,000 | 10 | 37.50 | Cash | Preferential allotment(10) | 8,076,766 | 80,767,660 |
| June 23, 2010 | 1,700,000 | 10 | 10 | Cash | Preferential allotment(11) | 9,776,766 | 97,767,660 |
| September 10, 2012 | 20,807,645 | 10 | 12.89 | Cash | Preferential allotment(12) | 30,584,411 | 305,844,110 |
| March 30, 2013 | 4,102 | 10 | 12.86 | Cash | Preferential allotment(13) | 30,588,513 | 305,885,130 |
| September 26, 2013 | 9,178,312 | 10 | 20.39 | Cash | Preferential allotment(14) | 39,766,825 | 397,668,250 |
| September 27, 2013 | 11,487 | 10 | 20.39 | Cash | Preferential allotment(15) | 39,778,312 | 397,783,120 |
| October 4, 2013* | 1,523,189 | 10 | 20.39 | Cash | Preferential allotment(16) | 41,301,501 | 413,015,010 |
| March 31, 2014 | 193,949 | 10 | 12.89 | Cash | Preferential allotment(17) | 41,495,450 | 414,954,500 |
| June 30, 2014 | 67,553 | 10 | 16.23 | Cash | Preferential allotment(18) | 41,563,003 | 415,630,030 |
| November 29, 2014 | 30,807 | 10 | 16.23 | Cash | Preferential allotment(19) | 41,593,810 | 415,938,100 |
| March 30, 2015 | 9,176,660 | 10 | 32.69 | Cash | Preferential allotment(20) | 50,770,470 | 507,704,700 |
| March 30, 2015 | 831,793 | 10 | 16.23 | Cash | Exercise of warrants (21) | 51,602,263 | 516,022,630 |
| September 30, 2015 | 168,207 | 10 | 21.20 | Cash | Exercise of warrants (22) | 51,770,470 | 517,704,700 |
| December 19, 2016 | 9,077,830 | 10 | - | Cash^ | Conversion of CCPS(23) | 60,848,300 | 608,483,000 |
| January 19, 2017 | 2,344,736 | 10 | 56.61 | Cash | Rights issue(24) | 63,193,036 | 631,930,360 |
| January 27, 2017 | 7,916,927 | 10 | 56.61 | Cash | Rights issue(25) | 71,109,963 | 711,099,630 |
| March 31, 2017 | 11,452,405 | 10 | 84.70 | Cash | Preferential allotment(26) | 82,562,368 | 825,623,680 |
| March 28, 2018 | (18,067,494) | 10 | - | - | Cancellation and extinguishment of Equity Shares pursuant to the Scheme(27) | 64,494,874 | 644,948,740 |
| March 28, 2018 | 23,970,479 | 10 | - | Other than cash | Allotment of Equity Shares pursuant to the Scheme(28) | 88,465,353 | 884,653,530 |
| July 3, 2018 | 600,000 | 10 | 130 | Cash | Preferential allotment(29) | 89,065,353 | 890,653,530 |
| December 28, 2018 | 10,217,288 | 10 | 146.81 | Cash | Preferential allotment(30) | 99,282,641 | 992,826,410 |
| March 26, 2019 | 2,641,275 | 10 | 162.80 | Cash | Preferential allotment(31) | 101,923,916 | 1,019,239,160 |

| Date of allotment | Number of Equity Shares Allotted | Face Value (₹) | Issue Price per Equity Share (₹) | Nature of Consideration | Reason for/Nature of Allotment | Cumulative Number of Equity Shares | Cumulative Paid-up Equity Share Capital (₹) |
|---|---|---|---|---|---|---|---|
| March 28, 2019 | 750,000 | 10 | 162.80 | Cash | Preferential allotment(32) | 102,673,916 | 1,026,739,160 |
| September 27, 2019 | 7,647,058 | 10 | 170.00 | Cash | Preferential allotment(33) | 110,320,974 | 1,103,209,740 |
| August 12, 2020 | 850,000 | 10 | 170.00 | Cash | Preferential allotment (34) | 111,170,974 | 1,111,709,740 |
| February 10, 2021 | 6,958,899 | 10 | 210.00 | Cash | Preferential allotment(35) | 118,129,873 | 1,181,298,730 |
| February 11, 2021 | 2,047,430 | 10 | 210.00 | Cash | Preferential allotment(36) | 120,177,303 | 1,201,773,030 |

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

*(1) Allotment of 100 Equity Shares each to Arun Kumar Goenka and Sunita Goenka pursuant to initial subscription to the MoA. September 27, 1991 is the date of incorporation of our Company.*

*(2) The cumulative issued, subscribed and paid-up equity share capital as on September 22, 1993, as per the annual return filed by our Company with the RoC, was ₹2,422,000 reflecting an allotment of 242,000 Equity Shares between September 28, 1991 and September 22, 1993.*

*(3) The cumulative issued, subscribed and paid-up equity share capital as on October 31, 1994, as per the annual return filed by our Company with the RoC, was ₹10,000,000 reflecting an allotment of 757,800 Equity Shares between September 23, 1993 and October 31, 1994.*

*(4) The cumulative issued, subscribed and paid-up equity share capital as on September 28, 2001, as per the annual return filed by our Company with the RoC, was ₹11,245,000 reflecting an allotment of 124,500 Equity Shares between November 1, 1994 and September 28, 2001.*

*(5) Allotment of 375,000 Equity Shares to Bellwether Microfinance Fund Private Limited.*

*(6) Allotment of 500,000 Equity Shares to Bellwether Microfinance Fund Private Limited.*

*(7) Allotment of 550,000 Equity Shares to Lok Capital LLC, 550,000 Equity Shares to MSDF, 8,100 Equity Shares to Vidyanand Jha, 81,000 Equity Shares to Swaminathan Aiyar, 1,211,000 Equity Shares to Caspian Advisory Private Limited as trustee to Bellwether Microfinance Trust and 180,000 Equity Shares to Shubhankar Sengupta.*
*** Allotment to Shubhankar Sengupta was made at face value.*

*(8) Allotment of 80,000 Equity Shares to Shubhankar Sengupta, 32,100 Equity Shares to Chandan Phukan, 10,700 Equity shares to Amit Kumar Dutta and 7,200 Equity Shares to Joyanta Bakali.*

*(9) Allotment of 404,354 Equity Shares to Lok Capital LLC, 404,354 Equity Shares to MSDF and 2,157,958 Equity Shares to IFIF.*

*(10) Allotment of 266,666 Equity Shares to Swaminathan Aiyar and 133,334 Equity Shares to Bellwether Microfinance Fund Private Limited.*

*(11) Allotment of 875,000 Equity Shares to Shubhankar Sengupta and 825,000 Equity Shares to Arohan ESOP Trust.*

*(12) Allotment of 12,569,222 Equity Shares to Intellecash, 4,973,858 Equity Shares to AG II, 6,225 Equity Shares to AVMS, 2,133,437 Equity Shares to MSDF, 930,954 Equity Shares to IFIF and 193,949 Equity Shares to Manoj Kumar Nambiar.*

*(13) Allotment of 1,000 Equity Shares to Geeta Nambiar, 1,000 Equity Shares to Shree Ravindranathan, 100 Equity Shares jointly to Nalini Agrawal and Anurag Agrawal, 1,002 Equity Shares to Preeti Jha and 1,000 Equity Shares to Kalpana Bhushan.*

*(14) Allotment of 9,178,312 Equity Shares to AG II.*

*(15) Allotment of 11,487 Equity Shares to AVMS.*

*(16) Allotment of 150,000 Equity Shares to Swaminathan Aiyar and 1,373,189 Equity Shares to MSDF.*

*(17) Allotment of 193,949 Equity Shares to Manoj Kumar Nambiar.*

*(18) Allotment of 54,043 Equity Shares to Manoj Kumar Nambiar and 13,510 Equity Shares to Shubhankar Sengupta.*

*(19) Allotment of 30,807 Equity Shares to Madhu Rama Murthy Vishnubhatla.*

*(20) Allotment of 9,176,660 Equity Shares to Tano.*

*(21) Allotment of 831,793 Equity Shares to Intellecash upon exercise of 831,793 warrants.*

*(22) Allotment of 168,207 Equity Shares to Intellecash upon exercise of 168,207 warrants.*

*(23) Allotment of 9,077,830 Equity Shares to Tano upon conversion of 9,176,660 CCPS.*

*(24) Allotment of 130,560 Equity Shares to AVMS, 2,208,090 Equity Shares to Tano, 2,754 Equity Shares to Vidyanand Jha, 17 Equity Shares to Ayan Chatterjee, 170 Equity Shares to Shree Ravindranath, 170 Equity Shares to Kalpana Bhushan, 400 Equity Shares to Somnath Chakraborty and 2,575 Equity Shares to Lokesh Dulalsankar Ray on a rights basis.*

*(25) Allotment of 7,818,565 Equity Shares to AVMS and 98,362 Equity Shares to Swaminathan Aiyar on a rights basis.*

*(26) Allotment of 11,452,405 Equity Shares to Maj Invest.*

*(27) Pursuant to the Scheme, 18,067,494 Equity Shares held by Intellecash in our Company were cancelled and extinguished. See "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 172.*

*(28) Pursuant to the Scheme, 23,970,479 Equity Shares were allotted in the following manner: 12,354,499 Equity Shares to I-Cap, 426,155 Equity Shares to AVMS, 10,127,805 Equity Shares to AG II, 64,032 Equity Shares to Kartikay Rai, 21,344 Equity Shares to Aparajita Agrawal, 21,344 Equity Shares to Shree Ravindranath, 21,344 Equity Shares to Manju Mary George, 10,672 Equity Shares to Archana Kejriwal, 10,672 Equity Shares to Vasu Kangovi, 10,328 Equity Shares to Krishnan Mani, 2,134 Equity Shares to Anas Mohammed, 498,739 Equity Shares to Rajesh Sachdeva, 172,033 Equity Shares to Jayesh Arvind Parekh, 71,682 Equity Shares to Sameer Anil Wagle, 57,345 Equity Shares to John Arunkumar Diaz and 100,351 Equity Shares to Kedar Anil Wagle. The swap ratio pursuant to the Scheme was 213.44 Equity Shares for every 100 equity shares of ₹10 each of Intellecash (equivalent to 2.1344 Equity Shares for every one equity share of Intellecash). See "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 172.*

*(29) Allotment of 600,000 Equity Shares to Arohan ESOP Trust.*

*(30) Allotment of 3,034,685 Equity Shares to AVMS and 7,182,603 Equity Shares to Aavishkaar Capital Advisors LLP.*

*(31) Allotment of 921,375 Equity Shares to AVMS, 859,950 Equity Shares to Maj Invest, 429,975 Equity Shares to Rajesh Sachdeva and 429,975 Equity Shares to TR Capital.*

*(32) Allotment of 750,000 Equity Shares to Arohan ESOP Trust.*

*(33) Allotment of 4,117,647 Equity Shares to I-Cap and 3,529,411 Equity Shares to AVMS.*

*(34) Allotment of 850,000 Equity Shares to Arohan ESOP Trust.*

*(35) Allotment of 5,530,329 Equity Shares to ASK Financial Holding Private Limited, 476,190 Equity Shares to Kiran Vyapar Limited and 952,380 Equity Shares to AVMS*

*(36) Allotment of 1,047,430 Equity Shares to Rajesh Sachdeva and 1,000,000 Equity Shares to Arohan ESOP Trust.*

** Our Company has been unable to trace further corporate records in relation to such allotments. See "Risk Factors – Some of our corporate records and regulatory filings, including those relating to allotments of our Equity Shares in the past are not traceable" on page 42.*

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

| **Date of allotment** | **Number of CCPS Allotted** | **Face Value (₹)** | **Issue Price per CCPS (₹)** | **Nature of Consideration** | **Reason for/Nature of Allotment** | **Cumulative Number of CCPS** |
|---|---|---|---|---|---|---|
| March 30, 2015 | 9,176,660 | 20 | 32.69 | Cash | Preferential allotment | 9,176,660 |

As on the date of this Draft Red Herring Prospectus, our Company does not have any authorized, issued, subscribed or paid-up preference share capital. All outstanding CCPS of our Company were converted into Equity Shares on December 19, 2016. See "- *Share Capital History of Our Company*" beginning on page 68.

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

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

| Date of Allotment | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Whether part of Promoter Group |
|---|---|---|---|---|---|
| August 12, 2020 | 850,000 | 10 | 170 | Preferential allotment(1) | No |
| February 10, 2021 | 6,958,899 | 10 | 210.00 | Preferential allotment(2) | Yes, partially |
| February 11, 2021 | 2,047,430 | 10 | 210.00 | Preferential allotment(3) | No |

*(1) Allotment of 850,000 Equity Shares to Arohan ESOP Trust*

*(2) Allotment of 5,530,329 Equity Shares to ASK Financial Holding Pvt. Ltd., 476,190 Equity Shares to Kiran Vyapar Limited and 952,380 Equity Shares to AVMS*

*(3) Allotment of 1,047,430 Equity Shares to Rajesh Sachdeva and 1,000,000 Equity Shares to Arohan ESOP Trust.*

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

Other than the issue and allotment of Equity Shares pursuant to the Scheme, our Company has not issued any Equity Shares in the past for consideration other than cash or by way of bonus issue. For details of the Equity Shares issued pursuant to the Scheme, see "--*Issue of Equity Shares pursuant to schemes of arrangement*" on page 72.

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

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

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

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

| Date of Allotment | Number of Equity Shares Allotted | Face Value (₹) | Issue price per Equity Share (₹) | Reason for Allotment | Allottees | Benefits Accrued to our Company |
|---|---|---|---|---|---|---|
| March 28, 2018 | 23,970,479 | 10 | - | Allotment pursuant to the Scheme | Erstwhile shareholders of Intellecash(1) | Consideration for transfer of undertaking of Intellecash and merger thereof with our Company pursuant to the Scheme. |

*(1) See "- Share Capital History of Our Company" on page 68 and "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 172.*

6. **Details of Build-up, Contribution and Lock-in of Promoters' Shareholding and Lock-in of other Equity Shares**

As on the date of this Draft Red Herring Prospectus, our Promoters hold 41,235,920 Equity Shares, constituting approximately 34.32% of the issued, subscribed and paid-up share capital of our Company.

(a) *Build-up of our Promoters' Shareholding in our Company*

| Date of Allotment /Transfer | Number of Equity Shares | Face Value (₹) | Issue/ Transfer Price per Equity Share (₹) | Nature of Consideration | Nature of Acquisition/ Allotment/ Transfer | Percentage of Pre-Offer Equity Share Capital (%) | Percentage of Post-Offer Equity Share Capital (%) |
|---|---|---|---|---|---|---|---|
| | | | | ***AVMS*** | | | |
| September 10, 2012 | 6,225 | 10 | 12.89 | Cash | Preferential allotment | 0.01 | [●] |
| September 27, 2013 | 11,487 | 10 | 20.39 | Cash | Preferential allotment | 0.01 | [●] |
| November 15, 2016 | 750,328 | 10 | 27.71 | Cash | Transfer from Manoj Kumar Nambiar | 0.62 | [●] |
| January 19, 2017 | 130,560 | 10 | 56.61 | Cash | Preferential allotment | 0.11 | [●] |
| January 27, 2017 | 7,818,565 | 10 | 56.61 | Cash | Preferential allotment | 6.51 | [●] |
| March 28, 2018 | 426,155 | 10 | - | Other than cash | Allotment of Equity Shares pursuant to the Scheme | 0.35 | [●] |
| December 28, 2018 | 3,034,685 | 10 | 146.81 | Cash | Preferential allotment | 2.53 | [●] |
| March 26, 2019 | 921,375 | 10 | 162.80 | Cash | Preferential allotment | 0.77 | [●] |
| August 23, 2019 | 1,795,650 | 10 | 146.81 | Cash | Transfer from Aavishkaar Capital Advisors LLP | 1.49 | [●] |
| August 27, 2019 | 1,795,650 | 10 | 146.81 | Cash | Transfer from Aavishkaar Capital Advisors LLP | 1.49 | [●] |
| August 27, 2019 | 1,795,650 | 10 | 146.81 | Cash | Transfer from Aavishkaar Capital Advisors LLP | 1.49 | [●] |
| September 12, 2019 | 1,795,653 | 10 | 146.81 | Cash | Transfer from Aavishkaar Capital Advisors LLP | 1.49 | [●] |
| September 27, 2019 | 3,529,411 | 10 | 170.00 | Cash | Preferential allotment | 2.94 | [●] |
| February 10, 2021 | 952,380 | 10 | 210.00 | Cash | Preferential allotment | 0.79 | [●] |
| **SUB TOTAL (A)** | **24,763,774** | | | | | **20.61** | [●] |
| | | | | ***I-Cap*** | | | |
| March 28, 2018 | 12,354,499 | 10 | - | Other than cash | Allotment of Equity Shares pursuant to the Scheme(1) | 10.28 | [●] |
| September 27, 2019 | 4,117,647 | 10 | 170.00 | Cash | Preferential allotment | 3.43 | [●] |
| **SUB TOTAL (B)** | **16,472,146** | | | | | **13.71** | **[●]** |
| **TOTAL (A)+(B)** | **41,235,920** | | | | | **34.32** | **[●]** |

*(1) See "History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets" on page 172.*

All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition/allotment of such Equity Shares. None of the Equity Shares held by our Promoters are pledged.

(b) *Details of Promoters' Contribution and Lock-in*

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of at least 20% of the fully-diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as the minimum Promoters' contribution and is required to be locked-in for a period of three years from the date of Allotment. Our Promoters' shareholding in excess of 20% shall be locked in for a period of one year from the date of Allotment.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoters' contribution under Regulation 15 of the SEBI ICDR Regulations. In this regard, our Company confirms that:

(i) The Equity Shares offered towards minimum Promoters' contribution have not been acquired during the three immediately preceding years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets, or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of our Company or from a bonus issue against Equity Shares, which are otherwise ineligible for computation of Promoters' contribution;

(ii) The Equity Shares offered towards minimum Promoters' contribution have not been acquired by the Promoters during the year immediately preceding the date of this Draft Red Herring Prospectus at a price lower than the Offer Price; and

(iii) The Equity Shares held by our Promoters are not subject to any pledge.

(iv) Our Company has not been formed by the conversion of a partnership firm into a company. All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

The details of the Equity Shares of our Promoters locked-in as minimum Promoters' contribution are given below:

| Name of Promoter | Date of Acquisition of Equity Shares and When Made Fully Paid-up | Nature of Transaction | Face Value (₹) | Acquisition Price per Equity Share (₹) | Number of Equity Shares Locked-in | Pre-Offer Equity Share Capital (%) | Percentage of Post-Offer Equity Share Capital (%) | Date up to which the Equity Shares are subject to Lock-in |
|---|---|---|---|---|---|---|---|---|
| AVMS | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **SUB TOTAL (A)** | | | | | [●] | [●] | [●] | [●] |
| I-Cap | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **SUB TOTAL (B)** | | | | | [●] | [●] | [●] | [●] |
| **TOTAL (A)+(B)** | | | | | [●] | [●] | [●] | [●] |

**To be completed prior to filing of the Prospectus with the RoC.*

Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoter's contribution from the date of filing the Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(c) *Details of Share Capital locked-in for one year*

In addition to the Equity Shares proposed to be locked-in as part of the minimum Promoters' contribution as stated above, as prescribed under the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment of Equity Shares in the Offer except the following: (i) the Equity Shares that are held by any VCFs, AIF (category I or category II) or FVCI subject to the conditions set out in Regulation 17 of the SEBI ICDR Regulations, provided that such Equity Shares will be locked-in for a period of at least one year from the date of purchase by the VCFs, AIF (category I or category II) or FVCI; (ii) any Equity Shares held by eligible employees of our Company (whether currently employees or not) which may be allotted to them under the ESOP Schemes prior to the Offer; and (iii) the Equity Shares transferred pursuant to the Offer for Sale.

Further, 3,414,524 Equity Shares held by Arohan ESOP Trust will be permitted to be transferred to our employees upon exercise of vested options and such transferred Equity Shares will not be subject to any lock-in in the hands of our employees, subject to the SEBI SBEB Regulations. The Equity Shares received by employees from Arohan ESOP Trust pursuant to exercise of options shall be exempt from lock-in under Regulation 17 of the SEBI ICDR Regulations, subject to the SEBI SBEB Regulations.

(d) *Other requirements in respect of lock-in*

Pursuant to Regulation 21 of the SEBI ICDR Regulations, the locked-in Equity Shares held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions or a systemically important NBFC or a housing finance company as collateral security for loans granted by such scheduled commercial bank or public financial institution or systemically important NBFC or housing company, provided that specified conditions under the SEBI ICDR Regulations are complied with.

Pursuant to Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by our Promoters, which are locked-in in accordance with Regulation 16 of the SEBI ICDR Regulations, may be transferred to and among our Promoters and any member of the Promoter Group, or to a new promoter of our Company and the Equity Shares held by any persons other than the Promoters, which are locked-in in accordance with Regulation 17 of the SEBI ICDR Regulations, may be transferred to and among such other persons holding specified securities that are locked in, subject to continuation of the lock-in in the hands of the transferee for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

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

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion will be locked-in for a period of 30 days from the date of Allotment.

## 7. Shareholding Pattern of our Company

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

| Category (I) | Category of Shareholder (II) | Number of Shareholders (III) | Number of Fully Paid-up Equity Shares Held (IV) | Number of Partly Paid-up Equity Shares Held (V) | Number of Shares Underlying Depository Receipts (VI) | Total Number of Equity Shares Held (VII) =(IV)+(V)+ (VI) | Shareholding as a % of Total Number of Equity Shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in Each Class of Securities (IX) | | | Number of Shares Underlying Outstanding Convertible Securities (including Warrants) (X) | Shareholding, as a % Assuming Full Conversion of Convertible Securities (as a Percentage of Diluted Share Capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of locked-in shares (XII) | | Number of Shares Pledged or Otherwise Encumbered* (XIII) | | Number of Equity Shares held in Dematerialized Form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | | Total as a % of (A+B+ C) | | | Number (a) | As a % of total shares held (b) | Number (a) | As a % of total share s held (b) | |
| | | | | | | | | Class: Equity Shares | Total | | | | | | | | |
| (A) | Promoter and Promoter Group | 2 | 41,235,920 | - | - | 41,235,920 | 34.32 | 41,235,920 | 41,235,920 | 34.32 | - | - | - | | - | | 41,235,920 |
| (B) | Public | 37 | 75,526,859 | - | - | 75,526,859 | 62.84 | 75,526,859 | 75,526,859 | 62.84 | - | - | - | | - | | 75,526,859 |
| (C) | Non Promoter-Non Public | - | | - | - | - | - | - | - | - | - | - | - | | - | | - |
| (C1) | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | | - | | - |
| (C2) | Shares held by Employee Trusts | 1 | 3,414,524 | - | - | 3,414,524 | 2.84 | 3,414,524 | 3,414,524 | 2.84 | - | - | - | | - | | 3,414,524 |
| | Total | 40 | 120,177,303 | - | - | 120,177,303 | 100.00 | 120,177,303 | 120,177,303 | 100.00 | - | - | - | | - | | 120,177,303 |

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

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

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre- Offer Equity Share capital (%) |
|---|---|---|---|
| 1. | AVMS | 24,763,774 | 20.61 |
| 2. | AG II | 18,539,529 | 15.43 |
| 3. | Tano | 16,914,279 | 14.07 |
| 4. | I-Cap | 16,472,146 | 13.71 |
| 5. | Maj Invest | 15,401,267 | 12.82 |
| 6. | TR Capital | 9,718,722 | 8.09 |
| 7. | ASK Financial Holdings Pvt. Ltd. | 5,530,329 | 4.60 |
| 8. | Rajesh Sachdeva | 3,589,296 | 2.99 |
| 9. | Arohan ESOP Trust | 3,414,524 | 2.84 |
| 10. | MSDF | 3,270,980 | 2.72 |
| | **TOTAL** | **117,614,846** | **97.87** |

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

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre- Offer Equity Share capital (%) |
|---|---|---|---|
| 1. | AVMS | 23,811,394 | 21.42 |
| 2. | AG II | 18,539,529 | 16.68 |
| 3. | Tano | 16,914,279 | 15.21 |
| 4. | I-Cap | 16,472,146 | 14.82 |
| 5. | Maj Invest | 15,401,267 | 13.85 |
| 6. | TR Capital III Mauritius | 9,718,722 | 8.74 |
| 7. | MSDF | 3,270,980 | 2.94 |
| 8. | Rajesh Sachdeva | 2,541,866 | 2.29 |
| 9. | Arohan ESOP Trust | 2,414,524 | 2.17 |
| | **TOTAL** | **109,084,707** | **98.12** |

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

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre- Offer Equity Share capital (%) |
|---|---|---|---|
| 1. | AVMS | 23,811,394 | 21.58 |
| 2. | AG II | 18,539,529 | 16.81 |
| 3. | Tano | 16,914,279 | 15.33 |
| 4. | I-Cap | 16,472,146 | 14.93 |
| 5. | Maj Invest | 15,401,267 | 13.96 |
| 6. | TR Capital III Mauritius | 9,718,722 | 8.81 |
| 7. | MSDF | 3,270,980 | 2.96 |
| 8. | Rajesh Sachdeva | 2,541,866 | 2.30 |
| 9. | Arohan ESOP Trust | 1,564,524 | 1.42 |
| | **TOTAL** | **108,234,707** | **98.10** |

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

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre- Offer Equity Share capital (%) |
|---|---|---|---|
| 1. | AGII | 18,539,529 | 18.67 |
| 2. | Tano | 16,914,279 | 17.04 |
| 3. | Maj Invest | 14,541,317 | 14.65 |
| 4. | I-Cap | 12,354,499 | 12.44 |
| 5. | AVMS | 12,178,005 | 12.27 |
| 6. | TR Capital | 9,288,747 | 9.36 |
| 7. | ACA LLP | 7,182,603 | 7.23 |
| 8. | MSDF | 3,270,980 | 3.29 |
| 9. | Rajesh Sachdeva | 2,101,219 | 2.12 |
| | **TOTAL** | **96,371,178** | **97.07** |

9. **Details of the Shareholding of our Directors, Key Managerial Personnel, Promoter Group and directors of our Promoter**

(1) None of our Directors and Key Managerial Personnel hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus other than as disclosed below:

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre- Offer Equity Share capital (%) | Percentage of the post-Offer of Equity Share Capital (%) |
|---|---|---|---|---|
| ***Directors*** | | | | |
| 1. | Sumantra Banerjee | 10,000 | 0.01 | [●] |
| ***Key Managerial Personnel*** | | | | |
| 1. | Milind Ramchandra Nare | 10,000 | 0.01 | [●] |
| 2. | Prashant Rai | 7,500 | 0.01 | [●] |
| 3. | Shirish Chandra Panda | 14,000 | 0.01 | [●] |
| 4. | Harshavardhan Patnaik | 24,492 | 0.02 | [●] |
| **Total** | | **65,992** | **0.05** | **[●]** |

For details of employee stock options granted to our Directors or Key Managerial Personnel, see *"- Employee Stock Option Schemes"* on page 78.

(2) The aggregate shareholding of our Promoters, Promoter Group and of the directors of our Promoters are detailed in the table below:

| S. No. | Name of the Shareholder | Number of Equity Shares | Percentage of the pre-Offer Equity Share capital (%) | Percentage of the post-Offer Equity Share Capital (%) |
|---|---|---|---|---|
| *Promoters and Promoter Group* | | | | |
| 1. | AVMS | 24,763,774 | 20.61 | [●] |
| 2. | I-Cap | 16,472,146 | 13.71 | [●] |
| *Directors of the Promoters* | | | | |
| 1. | - | - | - | - |
| | **Total** | 41,235,920 | 34.32 | [●] |

10. **Employee Stock Option Schemes**

*(a)* **Arohan Employee Stock Option Plan 2010, as amended** ("**ESOP 2010**")

Our Board of Directors approved the Arohan Employees Stock Option Plan 2010 (the "**ESOP 2010**") pursuant to a resolution dated January 20, 2010 and our Shareholders approved the ESOP 2010 pursuant to a resolution dated March 15, 2010. Subsequently, our Board of Directors approved the amendment of the

ESOP 2010 pursuant to its resolution dated May 19, 2017 and our Shareholders approved the amendment of the ESOP 2010 pursuant to a special resolution dated August 29, 2017. Pursuant to the ESOP 2010, options to acquire Equity Shares may be granted to eligible "employees" (as defined in the ESOP 2010) including (i) a permanent employee of the Company working inside or outside of India; or (ii) a Director of the Company; or (iii) an employee as defined in (i) and (ii) above, of one or more subsidiaries of our Company, if any. The ESOP 2010 is compliant with the SEBI SBEB Regulations. The ESOP 2010 contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2010 shall not exceed 825,000 Equity Shares. The ESOP 2010 is being implemented through the Arohan ESOP Trust.

Details of the ESOP 2010 are disclosed below:

| Particulars | Details | |
|---|---|---|
| Options granted | **Financial Year/Period** | **Total No. of Options Granted** |
| | Financial Year ended 2018 | 2,77,772 |
| | Financial Year ended 2019 | - |
| | Financial Year ended 2020 | - |
| | **During the period April 1, 2020 to September 30, 2020** | - |
| Options vested (including exercised) | **Financial Year/Period** | **Total No. of Options Vested** |
| | Financial Year ended 2018 | 52,500 |
| | Financial Year ended 2019 | 2,52,772 |
| | Financial Year ended 2020 | - |
| | **During the period April 1, 2020 to September 30, 2020** | - |
| Options exercised | **Financial Year/Period** | **Total No. of Options Exercised** |
| | Financial Year ended 2018 | 52,500 |
| | Financial Year ended 2019 | 78,492 |
| | Financial Year ended 2020 | - |
| | **During the period April 1, 2020 to September 30, 2020** | - |
| Exercise price of options (in ₹) | 35000 shares: Rs 16.23<br>17500 shares: Rs 24.77<br>48492 shares: Rs 40.94<br>30000 shares: Rs 84.70 | |
| Options vested and not exercised | 1,75,280 | |
| The total number of Equity Shares arising as a result of exercise of options | **Financial Year/Period** | **Total No. of Options Exercised** |
| | Financial Year ended 2018 | 52,500 |
| | Financial Year ended 2019 | 78,492 |
| | Financial Year ended 2020 | |
| | **During the period April 1, 2020 to September 30, 2020** | |
| Options forfeited or lapsed | **Financial Year/Period** | **Number of options** |
| | Financial Year ended 2018 | - |
| | Financial Year ended 2019 | 24,000 |
| | Financial Year ended 2020 | - |
| | **During the period April 1, 2020 to September 30, 2020** | - |

| Particulars | Details |
|---|---|
| | |
| Vesting Period (from date of grant) | <table><tr><th>Financial Year/Period</th><th>Vesting Period</th></tr><tr><td>Financial Year ended 2018</td><td>One year (100%)</td></tr><tr><td>Financial Year 2019</td><td>-</td></tr><tr><td>Financial Year ended 2020</td><td>-</td></tr><tr><td>**During the period April 1, 2020 to September 30, 2020**</td><td>-</td></tr></table> |
| Variation of terms of options | Not Applicable |
| Money realized by exercise of options | <table><tr><th>Financial Year/Period</th><th>INR in millions</th></tr><tr><td>Financial Year ended 2018</td><td>1.00</td></tr><tr><td>Financial Year ended 2019</td><td>4.53</td></tr><tr><td>Financial Year ended 2020</td><td>-</td></tr><tr><td>**During the period April 1, 2020 to September 30, 2020**</td><td>-</td></tr></table> |
| Total number of options in force | <table><tr><th>Financial Year/Period</th><th>Total No. of Options Exercised</th></tr><tr><td>As of March 31, 2018</td><td>2,77,772</td></tr><tr><td>As of March 31, 2019</td><td>1,75,280</td></tr><tr><td>As of March 31, 2020</td><td>1,75,280</td></tr><tr><td>As of September 30, 2020</td><td>1,75,280</td></tr></table> |
| Employee-wise detail of options granted to: | |
| (i) Key Managerial Personnel | <table><tr><th>Name of the KMP to whom options granted during FY 17-18</th><th>No. of Options Granted</th><th>No. of Options outstanding as at September 30, 2020</th></tr><tr><td>Milind Ramchandra Nare</td><td>50,000</td><td>50,000</td></tr><tr><td>Harshavardhan Patnaik</td><td>51,772</td><td>17,280</td></tr><tr><td>Abin Mukhopadhyay</td><td>24,000</td><td>24,000</td></tr><tr><td>Arvind Murarka</td><td>30,000</td><td>30,000</td></tr><tr><td>Prashant Rai</td><td>30,000</td><td>30,000</td></tr><tr><td>Shirish Chandra Panda</td><td>14,000</td><td>-</td></tr><tr><td>**Total**</td><td>**1,99,772**</td><td>**1,51,280**</td></tr></table> |
| (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 | <table><tr><th>Financial Year 2017 -2018</th><th>Total No. of Options Granted</th><th>No. of Options outstanding as at September 30, 2020</th></tr><tr><td>Joyanta Bakali</td><td>24,000</td><td>24,000</td></tr><tr><td>**Total**</td><td>**24,000**</td><td>**24,000**</td></tr></table> |
| (iii) Identified employees who were granted options during any one year equal to/exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our | Nil |

| Particulars | Details |
|---|---|
| Company at the time of grant | |
| Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard on Earnings per Share | **For Financial Year 2018**: 3.51<br>**For Financial Year 2019:** 14.02<br>**For Financial Year 2020:**12.05<br>**For half year ended September 30, 2020:** 5.74 |
| Lock-in | NIL |
| Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share) | Not Applicable since employee compensation cost is calculated on the basis of fair value of stock options in the restated financial statements. |
| Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock | **For Financial Year 2018**<br>Exercise price equals market price on the date of grant: Rs 84.70<br>Exercise price is greater than market price on the date of grant: Not Applicable<br>Exercise price is less than market price on the date of grant: Rs 40.94<br>**For Financial Year 2019:** Not Applicable<br>**For Financial Year 2020:** Not Applicable<br>**For half year ended September 30, 2020:** Not Applicable |
| Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock | **For Financial Year 2018**<br>Exercise price equals market price on the date of grant: Rs 14.71<br>Exercise price is greater than market price on the date of grant: Not Applicable<br>Exercise price is less than market price on the date of grant: Rs 14.71<br>**For Financial Year 2019:** Not Applicable<br>**For Financial Year 2020:** Not Applicable<br>**For half year ended September 30, 2020:** Not Applicable |
| A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information | **Black Scholes Method**<br>Risk free interest rate: 6.07<br>Expected life: 1.04<br>Expected volatility: 35.95<br>Expected dividends: -<br>Price of underlying share in the market at the time of grant of option (Rs.): 14.71 |

| Particulars | Details |
|---|---|
| Impact on profit and Earnings per Equity Share – (face value ₹1 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years | Not Applicable since accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years |
| Intention of the Key managerial personnel and wholetime directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer | As informed by the KMP and the wholetime directors who are holders of Equity Shares allotted on exercise of options, they do not intend to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer |
| Intention to sell Equity Shares arising out of the ESOP Plan 2019 within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme , amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | Not Applicable |

*(b)* **Arohan Employee Stock Option Plan 2018** (“**ESOP 2018**”)

Our Board of Directors has approved the ESOP 2018 pursuant to its resolution dated April 27, 2018 and our Shareholders have approved the ESOP 2018 pursuant to special resolution dated May 15, 2018. Pursuant to the ESOP 2018, options to acquire Equity Shares may be granted to eligible employees (as defined in the ESOP 2018). ESOP 2018 is compliant with the SEBI SBEB Regulations. The ESOP 2018 contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2018 shall not exceed 2,212,386 Equity Shares.

Details of the ESOP 2018 are disclosed below:

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options granted</td><td><table>
<tr><th>Financial Year/Period</th><th>Total No. of Options Granted</th></tr>
<tr><td>Financial Year 2019</td><td>5,97,264</td></tr>
<tr><td>Financial Year 2020</td><td>7,69,528</td></tr>
<tr><td>From April 1, 2020 until September 30, 2020</td><td>8,42,858</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options vested</td><td>
<table>
<tr><th>Financial Year/Period</th><th>Total No. of Options Vested</th></tr>
<tr><td>Financial Year 2019</td><td>0</td></tr>
<tr><td>Financial Year 2020</td><td>0</td></tr>
<tr><td>From April 1, 2020 until September 30, 2020</td><td>0</td></tr>
</table>
</td></tr>
<tr><td>Options exercised</td><td>
<table>
<tr><th>Financial Year/Period</th><th>Total No. of Options Exercised</th></tr>
<tr><td>Financial Year 2019</td><td>0</td></tr>
<tr><td>Financial Year 2020</td><td>0</td></tr>
<tr><td>From April 1, 2020 until September 30, 2020</td><td>0</td></tr>
</table>
</td></tr>
<tr><td>Exercise price of options (in ₹)</td><td>Grant 2018: Rs 130<br>Grant 2019: Rs 162.80<br>Grant 2020: Rs 170</td></tr>
<tr><td>Options vested and not exercised</td><td>Options vested: Nil</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of options</td><td>Nil</td></tr>
<tr><td>Options forfeited or lapsed</td><td>
<table>
<tr><th>Financial Year/Period</th><th>Vesting Period</th></tr>
<tr><td>Financial Year 2019</td><td>54,000</td></tr>
<tr><td>Financial Year 2020</td><td>35,250</td></tr>
<tr><td>From April 1, 2020 until September 30, 2020</td><td>NIL</td></tr>
</table>
</td></tr>
<tr><td>Vesting Period (from date of grant)</td><td>36 months from date of grant of option</td></tr>
<tr><td>Variation of terms of options</td><td>Not Applicable</td></tr>
<tr><td>Money realized by exercise of options</td><td>
<table>
<tr><th>Financial Year/Period</th><th>Rupees in millions</th></tr>
<tr><td>Financial Year 2019</td><td>Nil</td></tr>
<tr><td>Financial Year 2020</td><td>Nil</td></tr>
<tr><td>From April 1, 2020 until September 30, 2020</td><td>Nil</td></tr>
</table>
</td></tr>
<tr><td>Total number of options in force</td><td>
<table>
<tr><th>Financial Year/Period</th><th>Total No. of Options Exercised</th></tr>
<tr><td>As of March 31, 2019</td><td>5,43,264</td></tr>
<tr><td>As of March 31, 2020</td><td>12,77,242</td></tr>
<tr><td>As on September 30, 2020</td><td>21,20,400</td></tr>
</table>
</td></tr>
<tr><td colspan="2">Employee-wise detail of options granted to:</td></tr>
<tr><td>(iv) Key Managerial Personnel</td><td>
<table>
<tr><th rowspan="2">Name of the KMP</th><th colspan="3">No. of Options Granted Financial /Half Year ended</th><th rowspan="2">No. of Options outstanding as on September 30, 2020</th></tr>
<tr><th>March 2019</th><th>March 2020</th><th>September 2020</th></tr>
<tr><td>Manoj Kumar Nambiar</td><td>1,50,000</td><td>1,50,000</td><td>1,37,500</td><td>4,37,500</td></tr>
<tr><td>Milind Ramchandra Nare</td><td>57,024</td><td>62,208</td><td>57,024</td><td>1,76,256</td></tr>
<tr><td>Anirudh Singh G. Thakur</td><td>36,300</td><td>39,600</td><td>42,300</td><td>1,18,200</td></tr>
<tr><td>Shailesh Kumar</td><td>44,800</td><td>36,000</td><td>25,200</td><td>1,06,000</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td>
<table>
<tr><td>Shirish Panda</td><td>49,880</td><td>46,530</td><td>32,949</td><td>1,29,359</td></tr>
<tr><td>Harshavardhan Patnaik</td><td>34,560</td><td>33,840</td><td>29,610</td><td>98,010</td></tr>
<tr><td>Abin Mukhopadhyay</td><td>32,400</td><td>36,000</td><td>36,000</td><td>1,04,400</td></tr>
<tr><td>Prashant Rai</td><td>24,000</td><td>29,700</td><td>36,000</td><td>89,700</td></tr>
<tr><td>Arvind Murarka</td><td>24,000</td><td>32,400</td><td>28,800</td><td>85,200</td></tr>
<tr><td>Ranjan Das</td><td>24,300</td><td>36,000</td><td>32,400</td><td>92,700</td></tr>
<tr><td>Total</td><td>4,77,264</td><td>5,02,278</td><td>4,57,783</td><td>14,37,325</td></tr>
</table>
</td></tr>
<tr><td>(v) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td>
<table>
<tr><th>Financial Year ended 2019</th><th>Total No. of options granted</th><th>No. of options outstanding</th></tr>
<tr><td>Joyanta Bakali</td><td>30,000</td><td>30,000</td></tr>
<tr><td>Joji Jacob</td><td>36,000</td><td>36,000</td></tr>
<tr><td>Total</td><td>66,000</td><td>66,000</td></tr>
</table>
<table>
<tr><th>Financial Year ended 2020</th><th>Total No. of options granted</th></tr>
<tr><td>Nil</td><td>Nil</td></tr>
</table>
</td></tr>
<tr><td>(vi) Identified employees who were granted options during any one year equal to/exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td>Nil</td></tr>
<tr><td>Fully diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard on Earnings per Share</td><td>For Financial Year 2019: 14.02<br>For Financial Year 2020:12.05<br>For half year ended September 30, 2020: 5.74</td></tr>
<tr><td>Lock-in</td><td>Nil</td></tr>
<tr><td>Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and its impact on profits and on the Earnings per Equity Share – (face value ₹10 per Equity Share)</td><td>Not Applicable since employee compensation cost is calculated on the basis of fair value of stock options in the restated financial statements.</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Exercise price equals market price on the date of grant<table><tr><th>Grant 2018</th><th>Grant 2019</th><th>Grant 2020</th></tr><tr><td>130</td><td>162.80</td><td>170</td></tr></table>Exercise price is greater than market price on the date of grant: Not Applicable<br>Exercise price is less than market price on the date of grant: Not Applicable</td></tr>
<tr><td>Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock</td><td>Exercise price equals market price on the date of grant:<table><tr><th>Grant 2018</th><th>Grant 2019</th><th>Grant 2020</th></tr><tr><td>37.61</td><td>49.53</td><td>56.83</td></tr></table>Exercise price is greater than market price on the date of grant: Not Applicable<br>Exercise price is less than market price on the date of grant: Not Applicable</td></tr>
<tr><td>A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information</td><td><table><tr><th>Particulars</th><th>Grant 2018</th><th>Grant 2019</th><th>Grant 2020</th></tr><tr><td colspan="4">Black Scholes Method</td></tr><tr><td>Risk free interest rate</td><td>7.51%</td><td>6.75%</td><td>4.39%</td></tr><tr><td>Expected life</td><td>2.50</td><td>2.50</td><td>2.57</td></tr><tr><td>Expected volatility</td><td>34.25</td><td>39.02</td><td>47.60</td></tr><tr><td>Expected dividends</td><td colspan="3">Not Applicable</td></tr><tr><td>Price of underlying share in the market at the time of grant of option (Rs.)</td><td>130.00</td><td>162.80</td><td>170.00</td></tr></table></td></tr>
<tr><td>Impact on profit and Earnings per Equity Share – (face value ₹1 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years</td><td>Not Applicable since accounting policies prescribed in the SEBI SBEB Regulations had been followed in respect of options granted in the last three years</td></tr>
<tr><td>Intention of the Key managerial personnel and whole time directors who are holders of Equity Shares allotted on exercise of options granted to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer</td><td>As informed by the KMP and the wholetime directors who are holders of Equity Shares allotted on exercise of options, they do not intend to sell their equity shares within three months after the date of listing of Equity Shares pursuant to the Offer</td></tr>
</table>

| Particulars | Details |
|---|---|
| Intention to sell Equity Shares arising out of the ESOP Plan 2019 within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme , amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | Not Applicable |

*(c)* **Arohan Employee Stock Option Plan 2021 ("ESOP 2021")**

Our Board of Directors has approved the ESOP 2021pursuant to its resolution dated February 4, 2021 and our Shareholders have approved the ESOP 2021 pursuant to a special resolution dated February 8, 2021. Pursuant to the ESOP 2021, options to acquire Equity Shares may be granted to eligible employees (as defined in the ESOP 2021) including (i) a permanent employee of the Company working inside or outside of India; or (ii) a Director of the Company; or (iii) an employee as defined in (i) and (ii) above, of one or more subsidiaries of our Company, if any. ESOP 2021 is compliant with the SEBI SBEB Regulations. The ESOP 2021 contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 shall not exceed 1,000,000 Equity Shares. The ESOP 2021 is being implemented through the Arohan ESOP Trust. No options have been granted, vested or exercised under the ESOP 2021, until the date of filing of this Draft Red Herring Prospectus.

11. As on the date of this Draft Red Herring Prospectus, other than outstanding stock options under the ESOP Schemes as disclosed hereinabove, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into Equity Shares.

12. None of the BRLMs or their respective associates, as defined in the SEBI Merchant Bankers Regulations, hold any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

13. Our Company has not made any public issue since its incorporation, and has not made any rights issue of any kind or class of securities since its incorporation, other than as disclosed in "- *Share Capital History of our Company*" on page 68.

14. Our Company has not made any bonus issue of any kind or class of securities since its incorporation.

15. Our Company, our Directors and the BRLMs have not entered into any buy-back arrangements for purchase of Equity Shares to be Allotted pursuant to the Offer.

16. Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. All Equity Shares Allotted in the Offer will be fully paid-up at the time of Allotment.

17. There will not be any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be, other than in connection with: (i) the Offer; (ii) the Pre-IPO Placement; (iii) any additional capital raising through a further issue of securities aggregating to up to INR 1,500 million, in one or more tranches, from non-promoters, after the date of this DRHP but prior to filing of the RHP with the RoC; or (iv) any issue of Equity Shares pursuant to exercise of options granted under the ESOP Schemes.

18. There have been no financing arrangements whereby our Promoter Group, directors of our Promoters, our Directors and their relatives have purchased or sold or financed the purchase by any other person of

securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

19. Our Company presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to: (a) the issuance of any Equity Shares under the Offer; (b) any issuance, pursuant to the exercise of employee stock options under the ESOP Schemes.

20. As on the date of filing of this Draft Red Herring Prospectus, the total number of holders of the Equity Shares is 40.

# OBJECTS OF THE OFFER

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

**Offer for Sale**

The Selling Shareholders will be entitled to the proceeds from the sale of their respective Offered Shares in the Offer for Sale, net of their share of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale. For further details of the Offer for Sale, see "*The Offer*" beginning on page 52.

**Objects of the Fresh Issue and requirement of fund**

Our Company proposes to utilize the Net Proceeds towards augmenting our Company's capital base to meet our future capital requirements.

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

The main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

**Net Proceeds**

After deducting our Company's share of the Offer related expenses, we estimate the proceeds to be ₹[●] million ("**Net Proceeds**"), as detailed below:

| **Particulars** | **Amount (₹ in million)[1]** |
|---|---|
| | |
| Gross proceeds of the Fresh Issue[1] | 8,500 |
| (Less) Offer related expenses in relation to the Fresh Issue[2][3] | [●] |
| **Net Proceeds** | [●] |

*(1) Includes proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of securities pursuant to the Pre-IPO Placement, we may utilize the proceeds from the Pre-IPO Placement towards any of the objects of the Offer as set out in this section.*

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

*(3) For details of the expenses related to the Offer, see "—Offer related expenses" on page 89.*

**Utilization of the Net Proceeds and Details of the Objects of the Fresh Issue**

***Augmenting the capital base of our Company***

As an NBFC, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum CRAR of 15%. As at September 30, 2020, our Company's CRAR was 25.78% of which Tier I capital was 21.01%. Our Company proposes to utilise the Net Proceeds towards augmenting its capital base to meet future capital requirements. For further details, see "*Key Regulations and Policies*", beginning on page 160.

**Proposed Schedule of Implementation and Deployment of the Net Proceeds**

The Net Proceeds are currently expected to be deployed in Financial Year 2022.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise our estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws.

**Appraising Entity**

The fund requirements for the objects of the Offer have not been appraised by any bank or financial institution or other independent agency.

**Means of Finance**

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals, as prescribed under the SEBI ICDR Regulations.

**Interim Use of Net Proceeds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as amended, as may be approved by our Board.

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

**Bridge financing facilities**

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

**Offer Related Expenses**

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The fees and expenses relating to the Offer shall be borne by each of our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders and in proportion to the number of Equity Shares issued and/or transferred by each of our Company and the Selling Shareholders in the Offer, respectively. Further, the Selling Shareholders shall reimburse our Company for all expenses, incurred by our Company in relation to the Offer for Sale on each of their behalf in proportion to their respective Equity Shares offered by them in the Offer for Sale, and in accordance with applicable law.

The break-down of the estimated Offer expenses is disclosed below.

| Activity | Estimated expenses(1) (in ₹ million) | As a % of the total estimated Offer expenses(1) | As a % of the total Offer size(1) |
|---|---|---|---|
| BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission) | [●] | [●] | [●] |
| Selling commission/processing fee for SCSBs, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs(2)(3)(4) | [●] | [●] | [●] |
| Brokerage and selling commission and bidding charges for members of the Syndicate (including | [●] | [●] | [●] |

| Activity | Estimated expenses[(1)] (in ₹ million) | As a % of the total estimated Offer expenses[(1)] | As a % of the total Offer size[(1)] |
|---|---|---|---|
| their sub-Syndicate Members), Registered Brokers, RTAs and CDPs[(5)] | | | |
| Fees payable to the Registrar to the Offer | [●] | [●] | [●] |
| Fees payable to the other advisors to the Offer | [●] | [●] | [●] |
| Others | | | |
| - Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses | [●] | [●] | [●] |
| - Printing and stationery | [●] | [●] | [●] |
| - Advertising and marketing expenses | [●] | [●] | [●] |
| - Fee payable to legal counsels | [●] | [●] | [●] |
| - Miscellaneous | [●] | [●] | [●] |
| **Total estimated Offer expenses** | [●] | [●] | [●] |

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price. Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.*

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

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

**Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE*

(3) *No uploading/processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Eligible Employees and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | ₹[●] *per valid application (plus applicable taxes)* |
| *Portion for Eligible Employees* | ₹[●] *per valid application (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders* | ₹[●] *per valid application (plus applicable taxes)* |

(4) *The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:*

| | |
|---|---|
| *Members of the Syndicate / RTAs / CDPs* | ₹[●] *per valid Bid cum Application Form* (plus applicable taxes)* |
| *Sponsor Bank* | ₹[●] *per valid Bid cum Application Form* (plus applicable taxes)*<br>*The Sponsor Bank 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*

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

| | |
|---|---|
| *Portion for Retail Individual Bidders* | [●]*% of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders* | [●]*% of the Amount Allotted* (plus applicable taxes)* |

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

(6) *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.*

(7) *Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for RIBs and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹ [●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.*

*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.*

*Bidding charges payable to the Registered Brokers, RTAs/CDPs on the portion for RIBs, Eligible Employees and Non-Institutional Bidders which are directly procured by the Registered Broker or RTAs or CDPs and submitted to SCSB for processing, would be as follows:*

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

** Based on valid applications*

**Monitoring of utilization of funds**

Our Company has appointed [●] as the Monitoring Agency in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Board and the Monitoring Agency will monitor the utilisation of the Net Proceeds, and the Monitoring Agency shall submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised. Our Company will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

**Variation in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act and applicable provisions of the SEBI ICDR Regulations, our Company shall not vary the objects of the Fresh Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Bengali, being the local language of the jurisdiction where the Registered and Corporate Office is situated in accordance with the Companies Act. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, in accordance with our Companies Act and the SEBI ICDR Regulations.

**Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, members of our Promoter Group our Directors, our Key Managerial Personnel or our Group Companies. There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, our Directors, our Key Managerial Personnel, our Promoter Group or our Group Companies.

## BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company and the Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Investors should also refer to "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 24, 136, 202 and 280, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

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

- Largest NBFC-MFI in Eastern India and fifth largest NBFC-MFI in India with a focus on Low Income States
- Seasoned business model incorporating our well-established risk management framework, loan approval processes and recovery drives
- Customer centric approach with diverse product offerings
- Advanced and scalable technology-enabled infrastructure
- Diverse borrowing relationships and access to multiple sources of capital
- Our Promoter ownership and experienced Board and management teams

For details, see "*Our Business – Business Strengths*" on page 138.

### Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

**1. Basic and Diluted Earnings per Share ("EPS") at face value of ₹ 10 each:**

Derived from Restated Financial Information:

| Financial Year/ Period | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|---|---|---|---|
| 2020 | 12.07 | 12.05 | 3 |
| 2019 | 14.05 | 14.02 | 2 |
| 2018 | 3.52 | 3.51 | 1 |
| **Weighted Average** | **11.31** | **11.28** | |
| Six month period ended September 30, 2020* | 5.75 | 5.74 | |

Notes:

*(1)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. This does not include EPS for the six-months ended September 30, 2020.*

*(2) The figures disclosed above are based on the Restated Financial Information of our Company,*

*(3) Earnings per Share (₹)= net profit after tax, attributable to equity shareholders by weighted average number of equity shares outstanding during the years/period. Weighted average number of equity shares has been computed as per Ind AS - 33, 'Earnings per share'.*

*(4) Basic EPS and Diluted EPS calculations are in accordance with the relevant Indian accounting standard.*

** Basic and Diluted Earnings per Share for the six months ended September 30, 2020 are not annualized.*

*(5) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Information as appearing in "Financial Statements" beginning on page 202.*

**2. P/E Ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:**

| Particulars | P/E at the Floor Price (no. of times) | P/E at the Cap Price (no. of times) |
|---|---|---|
| P/E ratio based on basic EPS for financial year 2020 | [●] | [●] |
| P/E ratio based on diluted EPS for financial year 2020 | [●] | [●] |

**3. Industry Price / Earning (P/ E) Ratio**

**Industry P/E ratio**

| Particulars | P/E |
|---|---|
| Highest | 31.10 |
| Lowest | 12.16 |
| Average | 21.63 |

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

### 4. Return on Net Worth ("RoNW"):

| Financial Year | RoNW (%) | Weight |
|---|---|---|
| 2020 | 13.17% | 3 |
| 2019 | 18.31% | 2 |
| 2018 | 8.11% | 1 |
| Weighted Average | 14.04% | |
| September 30, 2020 (not annualised) | 6.16% | |

Notes:

*(1) Return on Net Worth (%) is calculated as net profit after tax attributable to the equity shareholders of the Company divided by Total Equity for the years/period. Total Equity = Share capital + Other Equity.*

*(2) Net Worth represents aggregate value of share capital and Other Equity. "Other Equity" shall mean free reserves and surplus, securities premium, statutory reserves, share option outstanding reserve and other comprehensive income as per the Restated Financial Information.*

*(3) Weighted Average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year / Total of weights. This does not include RoNW for the six-months ended September 30, 2020.*

### 5. Net Asset Value ("NAV") per Equity Share of face value of ₹ 10 each

| Net Asset Value per Equity Share | (₹) |
|---|---|
| As on 30 September 2020 | 91.32 |
| As on March 31, 2020 | 87.26 |
| After the Offer | |
| - At the Floor Price | [●] |
| - At the Cap Price | [●] |
| Offer Price | [●] |

*Notes:*

*(1) Net Asset Value per Equity Share is calculated as Net Worth as of the end of relevant period divided by the number of Equity Shares outstanding at the end of such period. Net Worth represents aggregate value of Share Capital and Other Equity. "Other Equity" shall mean free reserves and surplus, securities premium, statutory reserves, share option outstanding reserve and other comprehensive income as per the Restated Financial Information*

### 6. Comparison of Listed Industry Peers:

| Name of the company | Standalone/ Consolidated | Face Value per equity share (INR) | P/E | P/B | Net Profit (INR mn) | EPS (Basic) (INR) | Net Worth (INR mn) | Return on Net Worth | Net Asset Value/ Share (INR) | Closing share price (as on February 12, 2021) |
|---|---|---|---|---|---|---|---|---|---|---|
| Arohan Financial Services Limited | | 10 | [●] | [●] | 1,268.01 | 12.07 | 9,626.31 | 13.17% | 87.26 | - |
| **Listed Peers** | | | | | | | | | | |
| CreditAccess Grameen Limited | Consolidated | 10 | 31.10 | 3.80 | 3,354.90 | 23.20 | 27,342.20 | 12.27% | 189.90 | 721.50 |
| Spandana Sphoorty Financial Limited | Consolidated | 10 | 12.16 | 1.67 | 3,518.29 | 56.21 | 26,259.54 | 13.40% | 408.29 | 683.40 |
| Bandhan Bank | Standalone | 10 | 17.97 | 3.58 | 30,237.38 | 18.78 | 1,51,954.58 | 19.90% | 94.37 | 337.50 |
| Ujjivan Small Finance Bank | Standalone | 10 | 16.14 | 1.92 | 3,499.18 | 2.19 | 31,876.00 | 10.98% | 18.44 | 35.35 |

*Source: All the financial information for listed industry peer mentioned above is sourced from the annual report of the company for the year ended March 31, 2020.*

*Notes:*

*(1) Net Profit includes Profit after taxes and exceptional items*

*(2) Basic EPS sourced from the annual report of the company for the year ended March 31, 2020.*

*(3) P/ E ratio is calculated as closing share price (February 12, 2021, NSE) / EPS*

*(4) P/ B ratio is calculated as closing share price (February 12, 2021, NSE) / NAV*

*(5) Net Asset Value per Equity Share (NAV) is calculated as Net Worth as of the end of relevant period divided by the number of Equity Shares outstanding at the end of such period.*

*(6) Return on Net Worth is calculated as net profit after tax attributable to the equity shareholders of the Company divided by Total Equity for the years/period. Total Equity = Share capital + Other Equity.*

*(7)"Other Equity" shall mean free reserves and surplus, securities premium, statutory reserves, share option outstanding reserve and other comprehensive income as per the Restated Financial Information but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

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

The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" on page 24 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

**Statement of Special Tax Benefits available to the Company and its shareholders under the applicable direct tax laws in India**

To,
The Board of Directors
Arohan Financial Services Limited
PTI Building, 4th Floor
DP-9, Sector V, Salt Lake
Kolkata – 700 091

**Proposed Offering of securities ("Offer") in India by Arohan Financial Services Limited (the "Issuer"/" Company")**

1. This report is issued in accordance with the terms of our engagement letter dated 04 January 2021.

2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 (hereinafter referred to as the "Income Tax Regulations") has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

**Management's Responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 15 January 2021 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal controls 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. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

**Auditor's Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the 'ICDR Regulations') and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available to the Company and its shareholders in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Offer.

7. 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.

**Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income Tax Regulations.

Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes**.**

**Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available, to the Company and it's shareholders, in accordance with the Income Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

   (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
   (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

**Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Red Herring Prospectus, prepared in connection with the Offer to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Huned Contractor**
Partner
Membership No.: 41456

UDIN: 21041456AAAAAD6812

Date: 12 February 2021
Place: Mumbai

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AROHAN FINANCIAL SERVICES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS**

**UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as the 'Act')**

**1. Special tax benefits available to the Company under the Act**

- The Company is a non-deposit taking Non-Banking Financial Company – Micro Finance Institution (NBFC - MFI) and, as per the provisions of section 36(1)(viia) of the Act, the Company could claim a deduction of provision created for bad and doubtful debts in its books of accounts to the extent of five per cent of its total income (computed before making any deduction under this section and Chapter VI-A), subject to certain conditions, while computing its income under the head "Profits and gains of business or profession".

- As per section 36(1)(vii) of the Act, where the Company has claimed deduction under section 36(1)(viia) of the Act, then subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act would be reduced to the extent of deduction already claimed under section 36(1)(viia) of the Act.

Further, as per section 41(4) of the Act, where any deduction has been claimed by the Company in respect of a bad debt under Section 36(1)(vii) of the Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the Act, the excess shall be deemed to be business income of the year in which it is recovered.

**2. Lower corporate tax rate under Section 115BAA of the Act**

Section 115BAA of the Act has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 (assessment year) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail the following deductions/exemptions:

i. Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone);
ii. Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation);
iii. Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund);
iv. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research);
v. Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project);
vi. Deduction under section 35CCD (Expenditure on skill development)
vii. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M;
viii. No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i to ix above; and
ix. No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i to ix above.

In case a company opts for section 115BAA of the Act, provisions of Minimum Alternate Tax ["MAT"] under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off as clarified by the Central Board of Direct Taxes, through its circular no. 29/2019 dated 2 October 2019. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The Company has represented to us that they have opted to apply section 115BAA of the Act for the assessment year 2020-2021.

3. **Deductions from Gross Total Income - Section 80 JJAA of the Act - Deduction in respect of employment of new Employee**

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

4. **Special tax benefits available to the shareholders under the Act**

There are no special tax benefits available to the shareholders of the Company.

**Notes:-**

1. This Annexure sets out only the tax benefits available to the company and the shareholders under the current Income Tax Act, 1961 i.e the Act as amended by the Finance Act, 2020 applicable for Financial year 2020-21 relevant to the Assessment year 2021-22, presently in force in India.

2. These special tax benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.

3. The special tax benefits discussed in the Statement are not exhaustive, but just indicative. Further, the special tax benefits discussed in this statement are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice, which the investors may wish to take before making any investments. In view of the individual nature of the tax consequences accompanied with the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   i. the Company or its shareholders will continue to obtain these benefits in future;

   ii. the conditions prescribed for availing the benefits have been/ would be met with; and

   iii. the revenue authorities/courts will concur with the view expressed herein.

5. The above views are based on the existing provisions of law and our interpretation of the law, which are subject to change from time to time and are not binding on the income-tax department or on its officials / authorities or on any other Regulator.

6. The Statement has been prepared on the basis that the shares of the Company will be listed on a recognized stock exchange in India and the Company will be issuing shares.

For and on behalf of Arohan Financial Services Limited

Milind R. Nare
(Chief Financial Officer)

Place: Kolkata

Date: 12 February 2021

**Statement of Special Tax Benefits available to the Company and its shareholders under the applicable indirect tax laws in India**

To,
The Board of Directors
Arohan Financial Services Limited
PTI Building, 4th Floor
DP-9, Sector V, Salt Lake
Kolkata – 700 091

**Proposed Offering of securities ("Offer") in India by Arohan Financial Services Limited (the "Issuer"/" Company")**

1. This report is issued in accordance with the terms of our engagement letter dated 04 January 2021.

2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 and respective State Goods and Services Tax Act, 2017 (collectively referred as "Indirect Tax Regulations"), has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

**Management's Responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on 15 January 2021 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal controls 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. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

**Auditor's Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the 'ICDR Regulations') and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available to the Company and its shareholders in accordance with the Indirect Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the Offer.

7. 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.

**Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Opinion**

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available, to the Company and it's shareholders, in accordance with the Indirect Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

   (iii) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
   (iv) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

**Restriction on Use**

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Red Herring Prospectus, prepared in connection with the Offer to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

**Huned Contractor**
Partner
Membership No.: 41456

UDIN: 21041456AAAAAC2800

Date: 12 February 2021
Place: Mumbai

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, AND SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE INDIRECT TAX REGULATIONS IN INDIA**

Benefits available to Arohan Financial Services Limited ('the Company'), and the Shareholders of the Company under the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017, Custom Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as "Indirect Tax Regulations") are as under.

1. **Special Tax Benefits available to the Company**

The Company has been registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India.

The Company is primarily engaged in providing services of microfinance as well as lending to Micro Small and Medium Enterprises ('MSMEs'). The main source of income for the Company is Interest on loans, which is exempt from levy of GST as per the relevant exemption notifications issued under Central Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017.

Additionally, the Company also earns income by way of various Fees and Commissions, which attract GST at the prescribed rates.

The Company has exercised the option under Section 17(4) of the Central Goods and Services Tax Act, 2017 and accordingly avails 50% of the eligible input tax credit and the Company utilizes the said availed input tax credit in compliance with the GST law.

Apart from the above, none of any special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. **Special Tax Benefits available to the Shareholders of the Company**

The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. [Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017].

Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 read with the relevant [Central Goods and Services Tax Rules, 2017, Integrated Goods and Services Tax Rules, 2017, Union Territory Goods and Services Tax Rules, State Goods and Services Tax Rules, 2017 and notifications issued under these Acts and Rules as well as the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20).

**Note:**

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences aid the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

    i. The Company or its shareholders will continue to obtain these benefits in future;

    ii. The conditions prescribed for availing the benefits have been / would be met with; and

    iii. The revenue authorities / courts will concur with the view expressed herein.

5. The above views are basis the existing provisions of law and its interpretation, which are subject to change from time to time.

**For and on behalf of Arohan Financial Services Limited**

Milind R. Nare
(Chief Financial Officer)

Place: Kolkata

Date: 12 February 2021

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

*Unless noted otherwise, the information in this section has been obtained or derived from the report titled "Industry Report on Microfinance Industry, Mumbai – February 2021", prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL**" and such report, the "**CRISIL Report**"), on our request. CRISIL obtains information for its analysis from sources it considers reliable, but does not guarantee the accuracy, adequacy or completeness of its analysis or any information contained in the CRISIL Report. Further, the CRISIL Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends, and opinions in the CRISIL Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. The CRISIL Report is not a comprehensive evaluation of the industry, the Company or the Equity Shares and all material within the CRISIL Report should be deemed as expressions of opinion which are subject to change without notice. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information.*

### Macroeconomic Environment

***COVID-19 pandemic highly impacts world and Indian economy***

According to the CRISIL Report, the global economy was volatile in Fiscal 2020 with the COVID-19 pandemic having widespread global impact. In the first three quarters trade protectionist policies were implemented, disputes occurred among major trading partners, commodity and energy prices were volatile, and economic uncertainties arose due to Brexit. The outbreak of the COVID-19 disease, which has infected more than 74.90 million people in more than 200 countries (as of calendar year 2020 end) and counting, also led to considerable human suffering and economic disruption.

Growing restrictions on the movement of people and lockdowns in affected countries have led to demand, supply and liquidity shocks. CRISIL Research estimates that the Indian economy will shrink by 7.7% in Fiscal 2021 due to the COVID-19 pandemic, but that India's economic growth will rebound to 10% in Fiscal 2022. Post Fiscal 2022, it is expected that India's GDP will grow at an average of 6.2% CAGR between Fiscal 2023 and Fiscal 2025, leading to an average of 4% CAGR between Fiscal 2020 and Fiscal 2025.

***India's GDP to recover sharply***

India's lockdown of nearly 1.30 billion people and a large number of businesses led to disruption and dislocation on an unprecedented scale. However, with the relaxation of the lockdown and businesses reopening, India's economy is on the path of recovery.

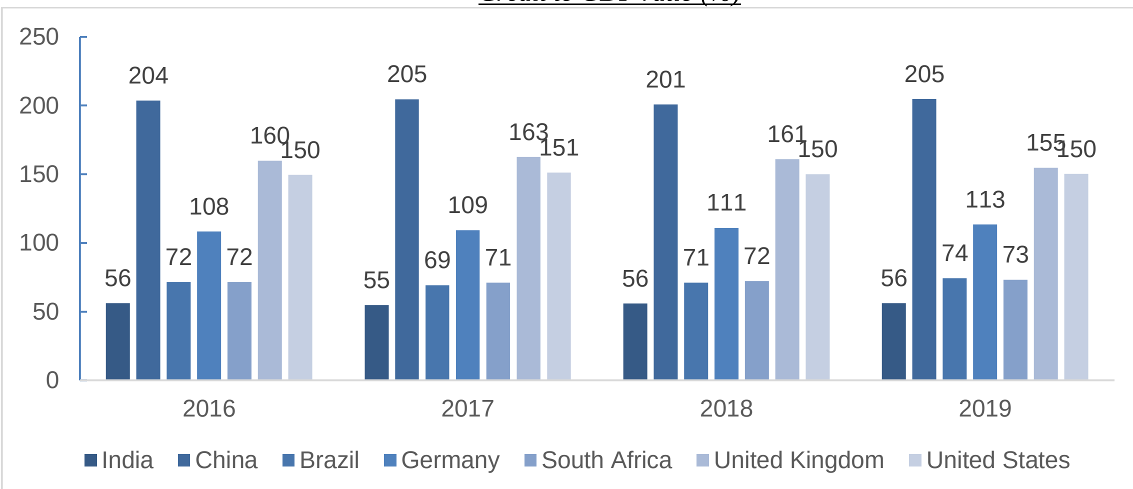
India is one of the fastest-growing economies in the world and is expected to continue to be one of the fastest growing major economies. Over the past four fiscals, India's macroeconomic situation has gradually improved. Both fiscal and monetary policies have become increasingly more targeted, focusing on raising the quality and not just the rate of growth. The Government of India has also adopted an inflation-targeting framework that provides an institutional mechanism for inflation control, while modernising central banking. Overall, India's macroeconomic variables are more stable, and with sufficiently large reserves, the economy is considered to be more resilient than it was during the Taper Tantrum of 2013.

Rapid urbanisation, rising consumer aspiration, increasing digitisation and the government's reforms and policies are expected to support GDP growth. As of October 2020, the International Monetary Fund (IMF) predicted that India's GDP would decline by 10.3%, as the COVID-19 pandemic was expected to shrink world output by 4.4% in calendar 2020. However, the IMF also predicted that India's GDP will recover sharply and grow at 8.8% in calendar 2021.

In these unprecedented times, financial inclusion is more imperative than ever in order for vulnerable households and businesses to navigate the crises and recover after the pandemic. Financial exclusion is widely prevalent in countries, such as India, due to poverty and low income, financial illiteracy, high transaction costs, and lack of infrastructure (primarily information technology). According to the CRISIL Report, a significant proportion of the population still does not have access to formal banking facilities. CRISIL Research believes that the target customers of MFIs use informal sources of credit, such as money lenders, who charge rates (typically in the range of 35-45%), as alternatives for taking a loan. According to NABARD All India Rural Financial Inclusion Survey 2016-17, 40% of loans were reported as taken from non-institutional investors or informal channels, such as relatives and friends, money lenders and local landlords.

As per the CRISIL Report, in terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China and Brazil, indicating that the existing gap needs to be bridged.

*Credit to GDP ratio (%)*




*Note: Data is represented for calendar years*
*Source: Bank of International Settlements, CRISIL Research*

**Financial Inclusion and India's Economic Landscape**

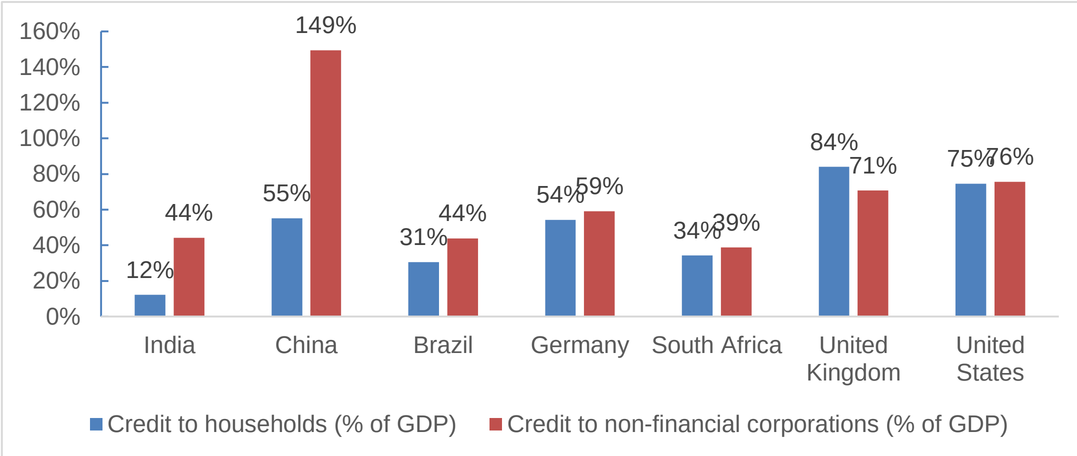
***India's focus on financial inclusion is increasing, however, a large section of the population is still unbanked***

India's financial inclusion has improved significantly in the past three years, with the adult population with bank accounts rising from 53% (as per Global Findex Database 2014) to 80% (as per Global Findex Database 2017) with concentrated efforts from the government and the rise of various supporting institutions. Although, the rise in the number of bank accounts has not translated into a corresponding increase in the number of transactions and usage of those accounts.

As per the Global Findex Database 2017, approximately 50% of the world's unbanked adults are in India, Bangladesh, China, Indonesia, Mexico, Nigeria and Pakistan. Of the world's total unbanked adults (about 1.7 billion), 415 million are from just two countries – India (11% or 190 million) and China (13% or 225 million).

To tackle financial exclusion, the Indian government introduced the Pradhan Mantri Jan Dhan Yojana (PMJDY), a scheme that facilitates opening bank accounts by the unbanked. However, according to the CRISIL Report, the effective use of these new accounts and availability of credit remain key challenges, which need to be effectively addressed as borrowings from formal sources still remain low. India's credit to households as a percentage of GDP remains low at 12.2% compared to other countries.

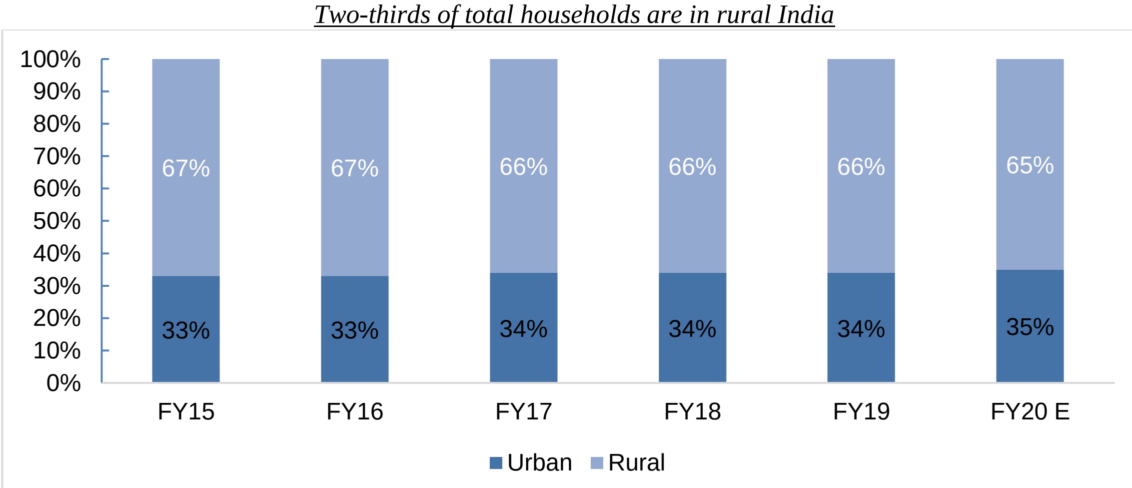
*Credit to households and non-financial corporations as a % of GDP (CY 2019)*




*Source: Bank of International Settlements, CRISIL Research*

The low levels of adults with bank accounts in India in comparison with various countries can be further explained by the large number of rural households in the country. The shift in households towards urban regions is taking place albeit at a very slow pace.

*Two-thirds of total households are in rural India*




*Note: Household count is estimated assuming 5 persons per household. Population till 2019 is taken from World Bank and 2020 is estimated; percentages are as of the end of the fiscal year indicated.*
*Source: World Bank; Census; CRISIL Research estimates (E)*

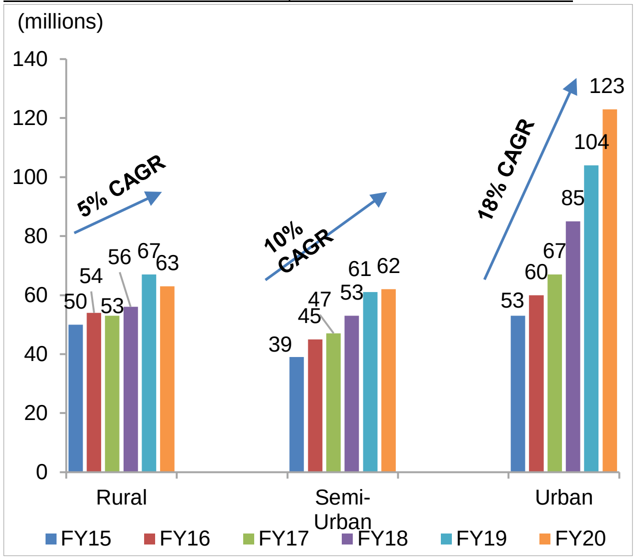
Although the majority of Indian households are located in rural areas, the banking infrastructure in these regions is low and, there remains a gap in the supply and demand for financial services. CRISIL Research believes this presents an opportunity for the smaller banks.

***Rural India accounts for about half of the GDP but only about 10% of total credit***

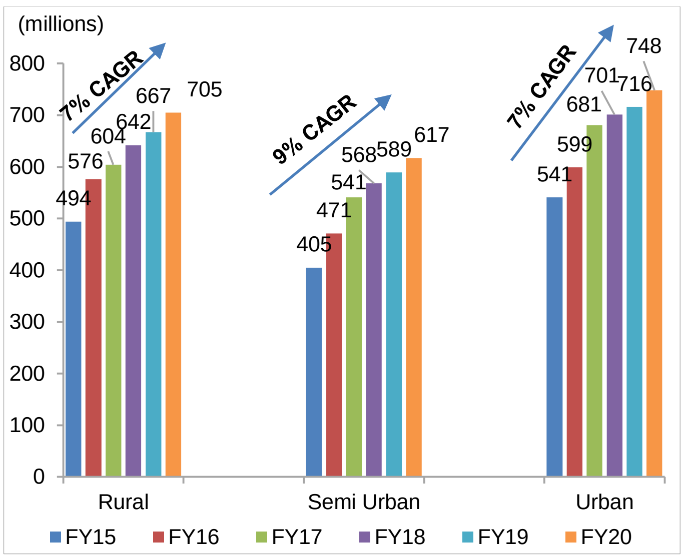
As of March 31, 2020, there were about 640,000 villages in India, inhabited by about 893 million people, comprising about 66% of the country's population. Rural areas in India contributed to 47% of India's GDP, however, the share in total credit outstanding as of Fiscal 2020 was 9% in rural areas as compared to 91% in urban areas. The divergence in the share of rural areas in India's GDP and banking credit indicates the low reach of banking in rural areas.

Due to rural areas of India having lower financial inclusion and less competition for banking services compared with urban areas, the CRISIL Report estimates that this presents microfinance institution (MFI) with significant growth opportunities in rural areas and, if effectively tapped, MFI lenders can capitalise on the situation by expanding their presence in these areas.

*Bank credit accounts in rural, semi-urban and urban areas*




*Bank deposit accounts in rural, semi-urban and urban areas*

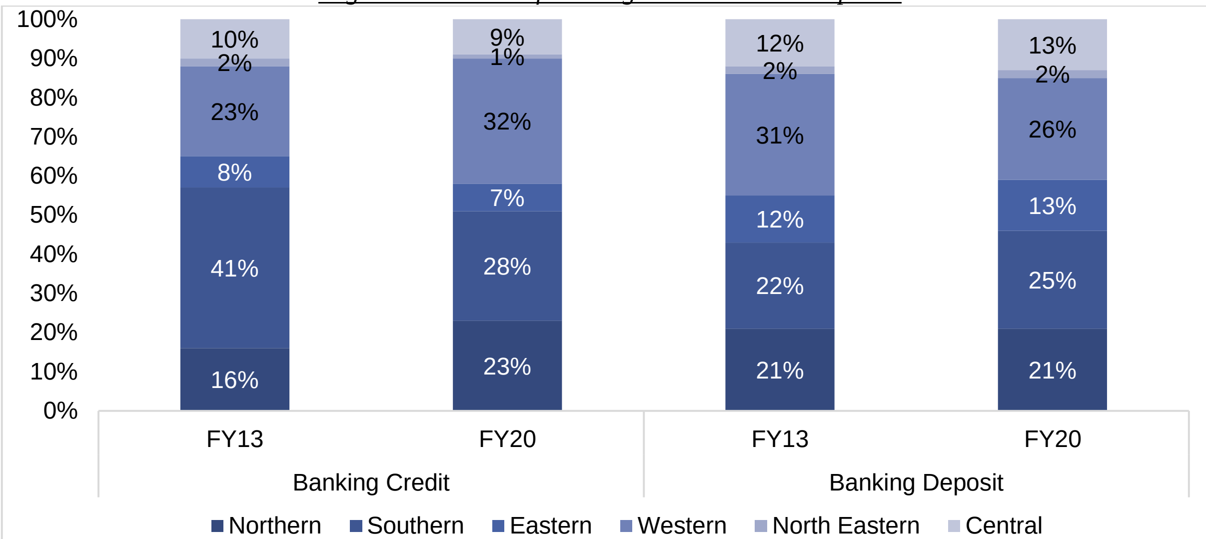



*Note: Urban includes data for Urban and Metropolitan areas; amounts are as of the end of the fiscal year indicated. Data represents only bank credit accounts*
*Source: RBI; CRISIL Research*

***Region-wise asymmetry: Central and Eastern regions have a lower share in total bank retail credit and deposits***

Bank credit and deposits are predominantly concentrated in the southern and the western regions of India, while these have been especially low in the Northern and Eastern regions. Deposit penetration in the south has increased over the past five fiscal years by 3%, the highest out of all regions.

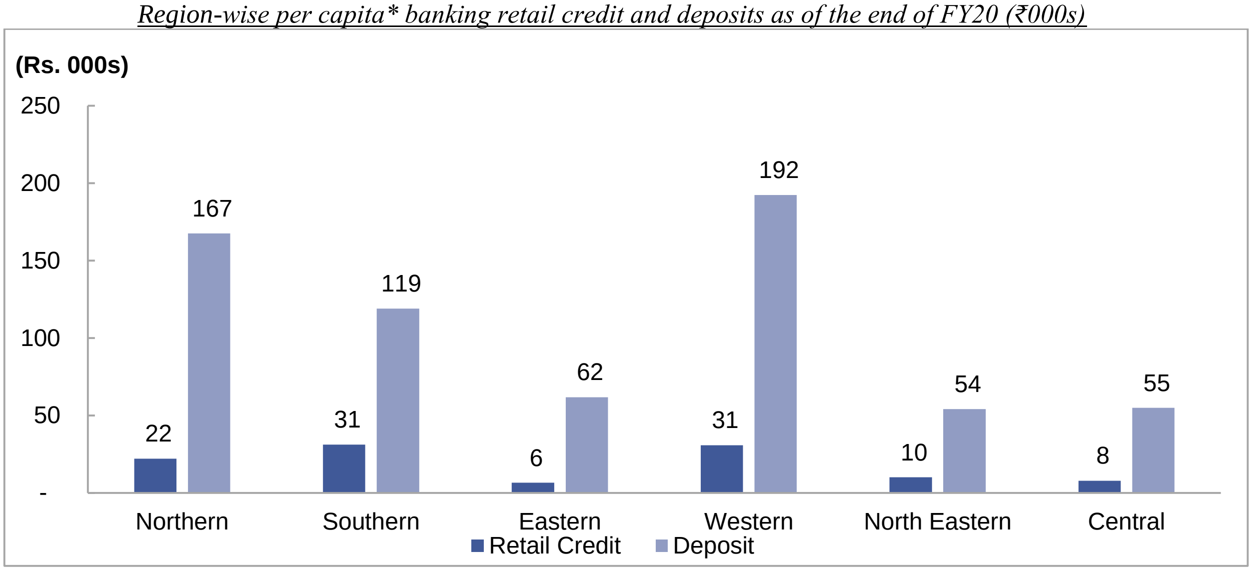
*Region-wise share of banking credit and total deposits*




*Note: The percentages are as of the end of the fiscal year indicated.*
*Source: RBI; CRISIL Research*

Bank retail credit per capita in the east is the lowest, and is nearly five times lower than in the south and west.

*Region-wise per capita* banking retail credit and deposits as of the end of FY20 (₹000s)*




*Note: '*' population as per the census data of 2011*
*Source: RBI; Census India; CRISIL Research*

Low per-capita retail credit as well as deposits in Eastern, Central and North-Eastern regions compared with other regions shows the low reach of banks in these areas. According to the CRISIL Report, bank retail credit per capita is the lowest in the east of India and is nearly five times lower than bank retail credit per capita in the south and west of India. In terms of deposits, the southern region is moderately penetrated compared with the northern and western regions. The number of branches and ATM facilities in the Eastern regions, where credit penetration and deposit-base are low, is also below those of the southern and western regions, which CRISIL Research believes is largely due to lower focus from the bigger banks. When considered together, CRISIL Research believes this presents growth opportunities for market participants.

***Large variation in availability of credit across states and districts***

There are wide credit variations across states and within various districts in the same state. Maharashtra, Karnataka, Gujarat and Chhattisgarh had more than 70%, and Madhya Pradesh, Tamil Nadu and Andhra Pradesh had more than 50%, of total credit outstanding concentrated in the top five districts as of Fiscal 2020. This indicates an opportunity to offer loans to unserved or underserved customers. Uttar Pradesh and Bihar are the most populous states in India, accounting for 17% and 9% of India's total population, respectively. Andhra Pradesh and Rajasthan account for 4% and 6% of India's total population, respectively.

Based on bank credit accounts in rural areas, CRISIL Research discovered that Bihar and Uttar Pradesh had more than 47% of the total credit accounts in rural areas while Maharashtra had 9% as of Fiscal 2020. However, in terms of value, Maharashtra, Tamil Nadu, Gujarat and Chhattisgarh had less than 10% of the total credit outstanding in rural areas as of Fiscal 2020.

*State-wise rural credit accounts in banks and top five districts concentration (FY20)*

| State | No. of districts | State contribution in total credit O/S | % of credit outstanding in rural areas | Concentration of credit accounts in top 5 districts | Concentration of credit outstanding in top 5 districts | % credit accounts in rural areas penetration | % share in overall population in India |
|---|---|---|---|---|---|---|---|
| **Chhattisgarh** | 27 | 1% | 10% | 51% | 77% | 2% | 2% |
| **Madhya Pradesh** | 52 | 3% | 16% | 32% | 54% | 3% | 6% |
| **Gujarat** | 33 | 6% | 7% | 53% | 74% | 3% | 5% |
| **Maharashtra** | 36 | 23% | 2% | 67% | 87% | 3% | 9% |
| **Bihar** | 38 | 1% | 28% | 28% | 44% | 4% | 9% |
| **Uttar Pradesh** | 75 | 5% | 22% | 21% | 40% | 4% | 17% |
| **Rajasthan** | 33 | 3% | 18% | 39% | 53% | 4% | 6% |
| **West Bengal** | 20 | 4% | 9% | 47% | 78% | 5% | 8% |
| **Andhra Pradesh** | 13 | 4% | 19% | 48% | 64% | 6% | 4% |
| **Karnataka** | 30 | 7% | 11% | 55% | 75% | 7% | 5% |
| **Tamil Nadu** | 32 | 9% | 10% | 38% | 63% | 12% | 6% |

*Note: Arranged in descending order of % of credit accounts in rural areas penetration, Rural areas penetration is calculated as number of credit accounts in rural areas/total population in the state*
*Source: RBI, CRISIL Research*

***States with low credit penetration present a strong case for growth***

According to the CRISIL Report, Uttar Pradesh, Bihar and Madhya Pradesh have a strong potential for growth in the coming years. Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand and Chhattisgarh have the lowest credit account penetration among all other states in India. These states also exhibit lower CRISIL Inclusix[1] scores indicating low financial inclusion. With lower financial penetration, CRISIL Research believes these states present an untapped market opportunity and growth potential. Other states like Assam, Odisha and West Bengal also have relatively low credit penetration and moderate banking penetration compared to southern states, such as Kerala, Tamil Nadu, Karnataka and Andhra Pradesh.

*Financial Inclusiveness among states*

| States | Credit account penetration | Deposit account penetration | Branch penetration | CRISIL Inclusix Score |
|---|---|---|---|---|
| **Delhi** | 25% | 277% | 20% | 86.1 |
| **Goa** | 17% | 359% | 43% | 88.9 |
| **Maharashtra** | 16% | 164% | 11% | 62.7 |
| **Karnataka** | 11% | 190% | 16% | 82.1 |
| **Tamil Nadu** | 10% | 182% | 15% | 77.2 |
| **Haryana** | 9% | 187% | 19% | 67.7 |
| **Andhra Pradesh** | 9% | 167% | 14% | 78.4 |
| **Kerala** | 8% | 200% | 18% | 90.9 |
| **Punjab** | 7% | 196% | 22% | 70.9 |
| **Jammu & Kashmir** | 7% | 151% | 13% | 47.8 |
| **Gujarat** | 7% | 149% | 13% | 62.4 |
| **Sikkim** | 6% | 157% | 24% | 60.2 |
| **Uttarakhand** | 5% | 123% | 20% | 69.0 |

[1]CRISIL Inclusix, an index that measures the extent of financial inclusion at a geographical level across 666 districts in India, reported a score of 58.0 at the end of Fiscal 2016 from 50.1 in Fiscal 2013 and 35.4 in Fiscal 2009. The index score is measured on a scale of 0 to 100. The overall improvement of the score is Fiscal 2016 was mostly driven by JAM trinity: Jan Dhan Yojana, Aadhaar and mobile.

| States | Credit account penetration | Deposit account penetration | Branch penetration | CRISIL Inclusix Score |
|---|---|---|---|---|
| **Mizoram** | 5% | 120% | 17% | 43.2 |
| **Himachal Pradesh** | 5% | 180% | 22% | 72.3 |
| **Tripura** | 4% | 133% | 14% | 66.2 |
| **Arunachal Pradesh** | 4% | 106% | 11% | 34.7 |
| **Nagaland** | 4% | 69% | 9% | 32.4 |
| **West Bengal** | 3% | 146% | 9% | 53.7 |
| **Rajasthan** | 3% | 123% | 10% | 50.9 |
| **Odisha** | 3% | 137% | 11% | 63.0 |
| **Meghalaya** | 3% | 88% | 11% | 34.6 |
| **Manipur** | 3% | 93% | 7% | 32.0 |
| **Assam** | 3% | 124% | 9% | 47.9 |
| **Madhya Pradesh** | 3% | 133% | 9% | 48.7 |
| **Chhattisgarh** | 3% | 140% | 10% | 45.7 |
| **Uttar Pradesh** | 2% | 175% | 8% | 44.1 |
| **Jharkhand** | 2% | 127% | 9% | 48.2 |
| **Bihar** | 1% | 114% | 7% | 38.5 |
| **India** | **6%** | **149%** | **11%** | **58.0** |

*Notes:*
*(1) Credit account penetration is calculated as total number of retail bank credit accounts/population of the state*
*(2) Deposit account penetration is calculated as total number of bank deposit accounts/ population of the state*
*(3) Branch penetration is calculated as number of bank branches per 1000 people*
*(4) For Credit and Deposit account penetration, this does not represent unique borrowers or depositors, total number of accounts have been considered*
*(5) Andhra Pradesh and Telangana have been considered as one state*
*(6) CRISIL Inclusix, India's first financial inclusion index, was launched in 2013 with the objective of creating a dependable yardstick that would become a policy input to further the cause of inclusion. CRISIL Inclusix weighs three service providers (banks, insurers and MFIs) on four dimensions (branch, credit, deposit and insurance).*
*Source: RBI, MOSPI, CRISIL Research*

***Focus on low income states in India to assist economic growth***

Annual estimates of per capita income (measured as per capita net state domestic product) for Fiscal 2019 showed that Bihar is the poorest among the low income states. CRISIL has classified 14 states/union territories ("**UTs**") out of 36 states or UTs as low income states, based on per capita NSDP for Fiscal 2019. Low income states include a majority of the Eastern and North-Eastern states of India.

The Government of India has been implementing several programs for skill development, self-employment, wage employment, and creation of assets that promote inclusive growth and thereby bridge the income gaps. Easy access to micro credit is a key focus to assist the economic growth of residents of these low income states.

The table below shows that most of the low income states have a microfinance penetration of less than 30%, except Tripura, Assam and Odisha where the penetration is 51%, 35% and 33%, respectively. According to the CRISIL Report, this reflects a gap in credit demand and supply.

| State | Per capita Income (As of FY19) (₹) | Number of Financial Institutions (As of Sep 2020) | Microfinance GLP (As of Sep 2020) (₹ Cr) | GLP per capita (As of Sep 2020) (₹) | Microfinance penetration (Borrowers/ households) | GLP YoY growth - NBFC MFI portfolio March 2020 | PAR>90 - NBFC MFI Portfolio March 2020 |
|---|---|---|---|---|---|---|---|
| **Bihar** | 40982 | 85 | 24984 | 2105 | 29% | 52% | 0.32% |
| **Uttar Pradesh** | 66512 | 100 | 14568 | 638 | 10% | 23% | 1.14% |
| **Jharkhand** | 73155 | 66 | 5482 | 1454 | 19% | 27% | 0.96% |
| **Manipur** | 75226 | 19 | 145 | 466 | 8% | 0% | NA |
| **Assam** | 82837 | 46 | 12367 | 3470 | 35% | -4% | 14.11% |
| **Meghalaya** | 84725 | 29 | 153 | 451 | 6% | 10% | NA |
| **Madhya Pradesh** | 90165 | 87 | 13245 | 1596 | 23% | 50% | 1.47% |
| **Jammu & Kashmir** | 92347 | 21 | 15 | 10 | 0% | 54% | NA |
| **Chhattisgarh** | 92413 | 64 | 4128 | 1414 | 20% | 46% | 1.35% |
| **Odisha** | 99196 | 62 | 12858 | 2681 | 33% | 27% | 1.46% |
| **West Bengal** | 101138 | 81 | 32881 | 3148 | 29% | 34% | 1.10% |

| State | Per capita Income (As of FY19) (₹) | Number of Financial Institutions (As of Sep 2020) | Microfinance GLP (As of Sep 2020) (₹ Cr) | GLP per capita (As of Sep 2020) (₹) | Microfinance penetration (Borrowers/ households) | GLP YoY growth - NBFC MFI portfolio March 2020 | PAR>90 - NBFC MFI Portfolio March 2020 |
|---|---|---|---|---|---|---|---|
| **Rajasthan** | 110606 | 74 | 9306 | 1186 | 16% | 54% | 0.59% |
| **Tripura** | 112849 | 30 | 2790 | 6647 | 51% | 29% | NA |
| **Nagaland** | 116882 | 18 | 64 | 283 | 3% | NA | NA |

*Notes:*
*(1) GLP – Gross loan portfolio, PAR – Portfolio at risk*
*(2) Per capita income is calculated as NSDP in a year / total population of the state*
*(3) Microfinanc credit penetration is calculated as number of unique microfinance borrowers/ number of households in above mentioned states as per MFIN (Microfinance Institutions Network) Q2FY21 report*
*(4) State GLP growth and PAR 90 data only includes NBFC MFI portfolio for fiscal 2020*
*(5) Andhra Pradesh and Telangana have been considered as one state*
*(6) NA – Not available*
*Source: MFIN, RBI, CRISIL Research*

***Key steps taken by the government to boost financial inclusion***

The Government of India is focusing on improving financial inclusion, especially in rural areas. This has provided MFIs and other financial institutions with an opportunity to cater to the unserved population or act as a channel between larger financial institutions and other service providers to the underserved customers. Considerable progress has been made over the past five to seven years in bringing unbanked individuals into the formal banking system. The RBI and the government have taken several measures, which are further discussed below.

These government measures include the following:

- *Pradhan Mantri Jan Dhan Yojana* (PMJDY) – This is an initiative, launched in August 2014, aimed to ensure affordable access to financial services, such as banking or savings and deposit accounts, remittance, credit, insurance and pension. It focuses on coverage of households as against earlier plans that focused on coverage of villages. This program aims that the whole country will be covered by extending banking facilities in each sub-service area (consisting of 1,000 to 1,500 households) so that such facilities are available to all within a reasonable distance.

- *Aadhaar* – The adoption of Aadhaar and Aadhaar authentication in the Indian financial system is expected to transform the financial landscape and improve financial inclusion. The Unique Identification Authority of India partnered with the RBI, National Payments Corporation of India (NPCI), Indian Banks Association (IBA) and banks to develop two key platforms: the Aadhaar Payments Bridge (APB), a system to enable a smooth transfer of all government welfare scheme payments to beneficiary's Aadhaar Enabled Bank Account (AEBA), and the Aadhaar Enabled Payment System (AEPS), a system that leverages Aadhaar online authentication, and enables AEBAs to be operated in anytime-anywhere banking mode by the marginalised and financially excluded via micro ATMs.

- *Small Finance Banks ("SFBs")* – As of December 2020, the RBI has awarded SFB licenses to 10 institutions, which aim to service the underserved through savings instruments, and supplying credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector/lending through informal channels. SFBs are also required to dedicate 75% of their Adjusted Net Bank Credit (ANBC) towards priority sector. For the SFBs, nearly 20% of their deposits arise from the rural and semi-urban areas. However, the credit view shows a misalignment with 33% of advances coming from non-urban and semi-urban areas as of March 2020. This has led to increasing credit penetration in the rural areas, thereby ensuring financial inclusion.

- *Microfinance institutions (MFIs) and non-banking financial companies (NBFCs)* – MFIs and NBFCs are generally present in areas where commercial banks are not able to service customers. MFIs participate in relationship banking, which makes their networks strong and helps them open branches in underserved areas. NBFCs rely on strong tailor-made products by continually introducing customised and flexible offerings for the underserved or untapped market after learning about the needs of the locals. Currently, both MFIs and NBFCs charge a higher rate of interest to the customers compared with banks, as most of their loan portfolio is unsecured or given to slightly risky customers and needs continuous intervention and touch points to maintain collection efficiency. Key NBFC-MFI players in the industry are CreditAccess Grameen, Satin

Creditcare Network, Spandana Sphoorty Financial, Asirvad Microfinance, Muthoot Microfin and Arohan Financial.

- *Priority sector lending aimed at facilitating financial inclusion* – This is a requirement for banks to extend lending to certain "priority sectors", which cover agriculture, social infrastructure, renewable energy, microcredit, advances to weaker sections, education loans and housing. The requirement was set at 33.3% for Scheduled Commercial Banks (SCBs) in 1979 and raised to 40% in 1985. Currently, all banks including foreign banks need to comply with this 40% requirement.

- *Payment banks* – The objective of payment banks is to provide small savings account facility, and payment and remittance services to the migrant labour force, low income households, small businesses and other unorganised sector entities. The RBI granted in-principle approval to 11 institutions to launch payment banks on August 19, 2015. However, three institutions subsequently withdrew their application. Of the eight institutions, six had commenced operations as of August 2018, but more recently, one institution shut down its operations due to mounting losses.

- *Business Correspondents (BCs)* – The RBI introduced the BC model of banking outreach in January 2006, aimed at leveraging information and communication technology to widen access to the banking system. BCs are retail agents engaged by banks to offer banking services at locations other than a bank branch/ATM.

- *Digital India* – This is an umbrella program to transform India into a knowledge economy to support the financial inclusion initiative. Some of the initiatives under the program include development of digital infrastructure, delivery of government services digitally and improvement in digital literacy, especially in rural areas.

**India's Microfinance Industry**

***MFIs and NBFCs***

MFIs have a significant role to play in furthering financial inclusion in India. As of March 31, 2020, the largest share of microfinance was held by 84 NBFC-MFIs with a total gross loan portfolio of ₹737.00 billion. Some of the key NBFC-MFI players in the industry include CreditAccess Grameen, Satin Creditcare Network, Spandana Sphoorty Financial, Asirvad Microfinance, Muthoot Microfin and Arohan Financial. The microfinance industry in India has recorded healthy growth in the past few years. The microfinance industry's gross loan portfolio increased at a CAGR of 24% to reach approximately ₹3.20 trillion in Fiscal 2020 from approximately ₹1.70 trillion in Fiscal 2017. In comparison, other segments like housing finance and auto finance had credit outstanding of ₹20.40 trillion and ₹8.20 trillion, respectively, in Fiscal 2020.

A total of 170 entities are present in this space. The business of NBFC-MFIs (including SFBs) has grown sharply in recent years and reached ₹2,317 billion as of the end of Fiscal 2020. This portfolio size is including that of other NBFCs, not-for-profit MFIs and banks (excluding SHG).

According to the Microfinance Institutions Network (MFIN), MFIs (excluding SFBs) had a borrower base of 32 million as of March 31, 2020, which represents 20% growth, compared to March 31, 2019. As per MFIN, as on September 30, 2020, NBFC-MFIs had an average loan ticket size of ₹32,025 and a total employee base of 1,09,521, providing door-step credit to low income customers. CRISIL Research expects that NBFC-MFIs have a significant growth opportunity by gaining market share from unorganised financiers and acquiring new customers, increasing reach with existing customers and entering new geographies.

***Role of MFIN and Sa-Dhan***

MFIN was recognised as a self-regulatory organisation (SRO) for NBFC-MFIs in India in June 2014. As an SRO, MFIN has been authorised by the RBI to exercise control and regulation on its behalf, to ensure compliance with regulatory instructions and industry code of conduct. With this, MFIN became the first network to attain such recognition not only in India, but also in Asia, and perhaps the world. In September 2017, MFIN released its mutually agreed code of conduct (MACC).

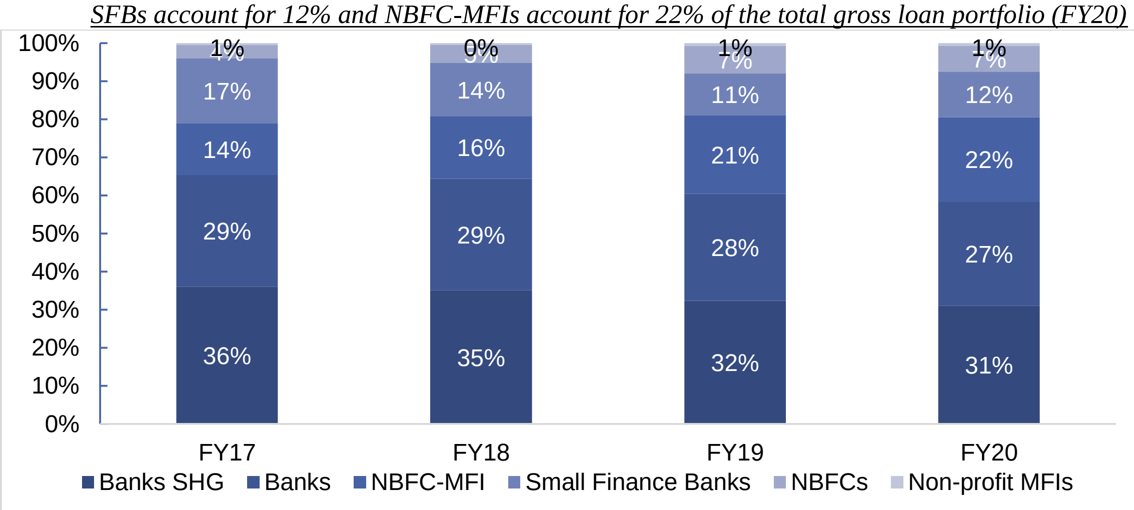
Sa-Dhan is the second association in the business of microfinance to be given SRO status by the central bank. It has the mandate to engage with policymakers and regulators to provide a favourable policy environment for the promotion and growth of microfinance and financial inclusion in India. Its responsibility includes surveillance of the microfinance sector and submission of its annual report to the RBI.

In September 2019, MFIN and Sa-Dhan along with Finance Industry Development Council (FIDC) released Code for Responsible Lending (CRL) for micro-credit industry with an aim of bringing more transparency and addressing customer centric issues. The code of conduct covers aspects of employee engagement, customer engagement and corporate governance. This was a significant self-regulatory step that is aimed at safeguarding the interests of low-income customers by enhancing transparency and compliance.

***NBFC-MFIs have gained market share***

The share of SFBs in the microfinance industry has been reducing over the past years from 17% in Fiscal 2017 to 12% in Fiscal 2020 and the NBFC-MFIs have gained market share from 14% in Fiscal 2017 to 22% in Fiscal 2020.

*SFBs account for 12% and NBFC-MFIs account for 22% of the total gross loan portfolio (FY20)*



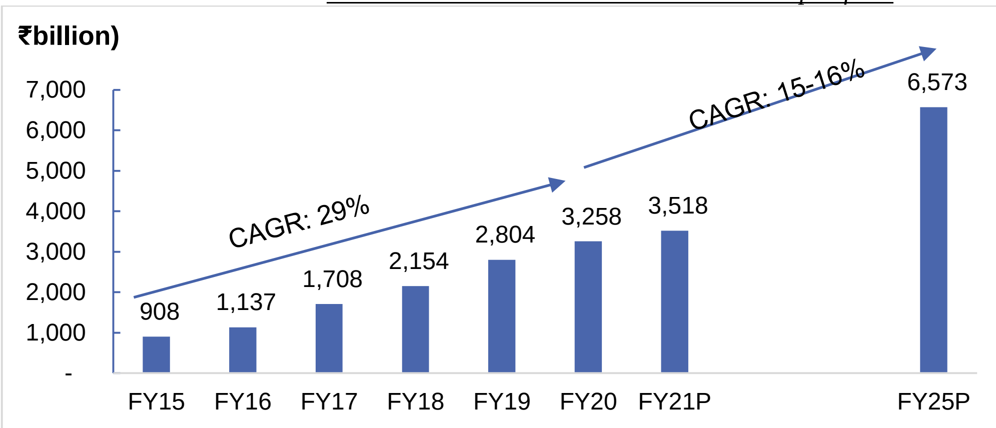

*Note: Data includes data for banks SHG, bank JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. In fiscal 2020, BFIL portfolio is included in Banks*
*Source: CRISIL Research, industry*

***Rising penetration to support healthy growth of the industry over next five fiscals***

While, as of the end of March 2020, the microfinance industry had grown since Fiscal 2017, in the light of COVID-19 outbreak, CRISIL research expects the overall growth of microfinance sector to remain subdued in the current fiscal. The microfinance industry's GLP is estimated to reach approximately ₹3.50 trillion in Fiscal 2021 from ₹3.20 trillion in Fiscal 2020.

Between Fiscals 2020 and 2025, CRISIL Research expects MFI loan portfolios will grow at 15-16% CAGR. While this is considerably lower than in the past, growth is expected to be driven by continuous expansion in the customer base of MFIs as well as increased penetration in rural areas.

*Growth in customer base to drive MFI loan portfolio*




*Note: P: Projected, Graph includes data for bank lending through joint liability group, bank lending through self-help groups, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs;*
*Source: MFIN, Company reports, CRISIL Research*

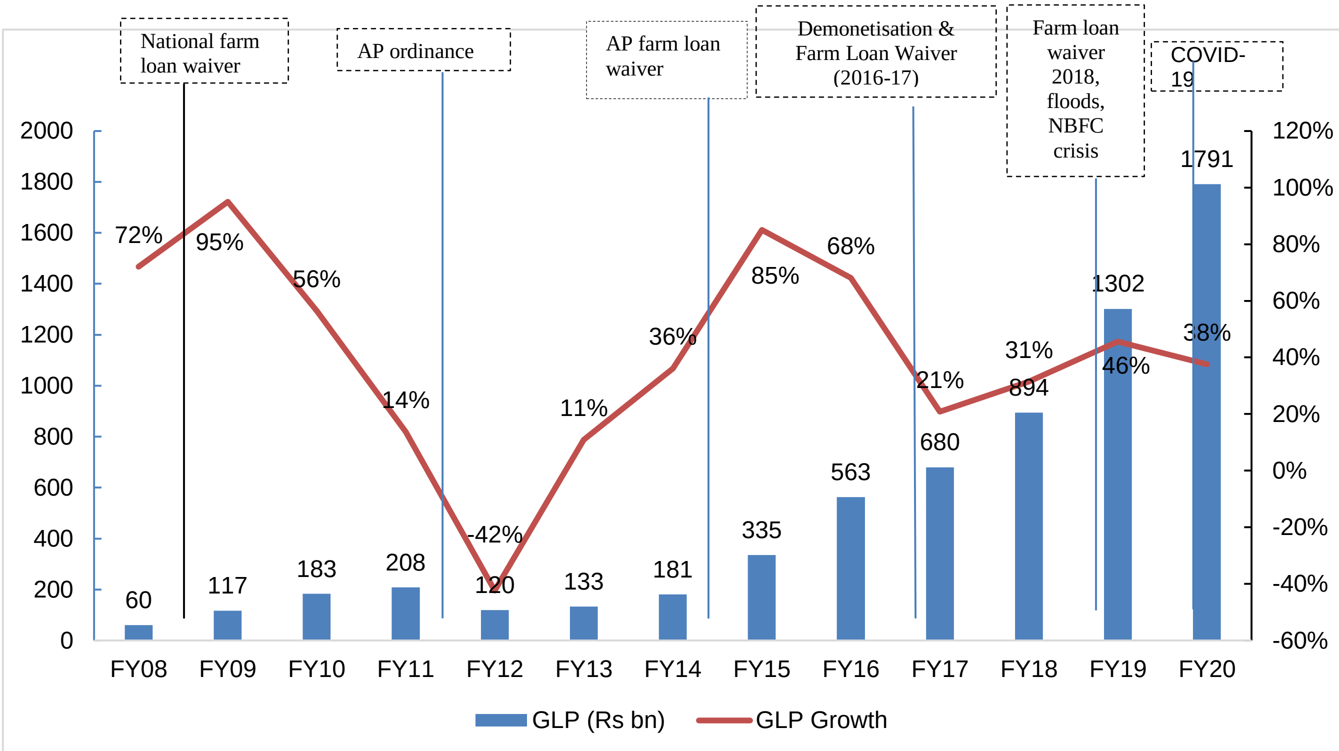
***Potential harmonisation of regulations for MFI lending***

According to a recent speech by deputy governor of RBI, there is a need to harmonise regulations governing the MFI lending industry. In recent years, as several large players converted into SFBs, the current regulations are applicable to only NBFC-MFIs who contribute to only 31% of total microfinance lending. A potential harmonisation of regulations for MFI lending can have a positive impact on NBFC-MFIs as banks and SFBs will also be governed by same regulations hence eliminating the competitive edge they have currently.

***Microfinance industry's resilience despite major setbacks and changing landscape***

India's microfinance industry has grown in the past few years despite various setbacks, which are further discussed below. Of these events, the Andhra Pradesh crisis of 2010 had a lasting impact on the industry. Since then, no other event has affected a state to such a degree. However, despite these setbacks, the microfinance industry's GLP increased at a CAGR of 24% to reach approximately ₹3.20 trillion in Fiscal 2020 from approximately ₹1.7 trillion in Fiscal 2017. CRISIL Research expects the industry to recover and grow at strong rate over the next few years.

*Microfinance industry has shown resilience over the past decade*




*Note: Data includes values for NBFCs, NBFC-MFIs, non-profit MFIs, SFBs, and Bharat Financial Inclusion*
*Source: CRISIL Research, MFIN, Bharat Microfinance*

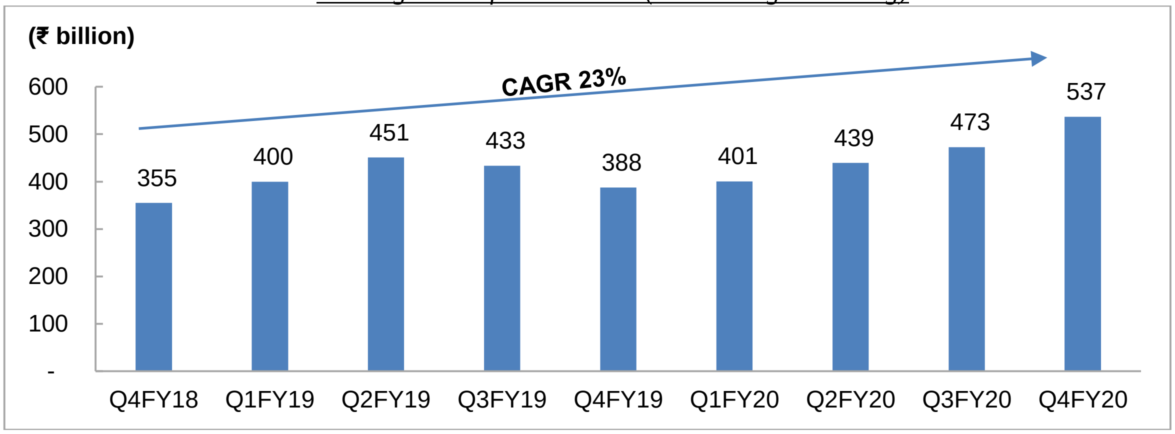
***Demonetisation***

Demonetisation announced by the Indian government on November 8, 2016 affected the industry. Approximately 86% of the currency in value terms of ₹500 and ₹1,000 was removed from circulation and the replacement of currency of ₹100 and ₹2,000 notes by the RBI was slow. As a consequence, GLP of the MFI industry which was growing at approximately 70% in the first half of Fiscal 2017 decreased to 22% by the end of Fiscal 2017. Disbursements decreased by 29% in the second half of Fiscal 2017 compared with 60% growth in the first half of that fiscal. Portfolio at Risk (PAR) data as of September 2018 also showed that the industry recovered fairly strongly after demonetisation.

***NBFC liquidity crisis***

The liquidity crisis in 2018 impacted NBFCs in India which had a minor ripple effect on micro-lenders as smaller NBFC-MFIs with capital constraints and lenders relying on NBFCs for funding slowed down disbursements, thus looking at different avenues to raise money. However, the impact of the crisis was not that profound since large NBFC-MFIs had a diversified funding mix and were able to leverage this to their advantage. NBFC-MFIs' outstanding borrowings increased at 23% CAGR from fiscal 2018 to fiscal 2020.

*Funding trend of NBFC-MFIs (outstanding borrowing)*




*Note: Data includes only NBFC-MFIs*
*Source: MFIN, CRISIL Research*

***Local unrest in Assam***

According to the CRISIL Report, the local unrest in Assam in relation to India's reworked citizenship law impacted normal operations of lenders. A curfew was imposed in Assam, and as a result, activities such as conducting field visits, meeting customers, making collections, and disbursing loans ceased. In turn, collection efficiency was adversely affected.

***COVID-19 pandemic***

The extended nationwide lockdown to contain the spread of COVID-19 affected the income-generation ability and the savings of MFI borrowers, who generally have weaker credit profiles compared with borrowers of other types of lenders. About 70-80% of the micro loan borrowers had sought moratorium under the 'COVID-19 - Regulatory Package' announced by the RBI. Due to the nationwide lockdown, and several state-imposed lockdowns thereafter, normal operations of MFIs, including loan origination and collections, were impacted as the operations of MFIs are field-intensive, involving high personal interactions, such as home visits and physical collection of cash. CRISIL Research expects that MFIs are likely to calibrate growth and focus on managing asset quality in Fiscal 2021 as a result.

In addition, the RBI introduced a moratorium of six months on repayments of instalments for term loans outstanding as of March 1, 2020. According to the CRISIL Report, these measures were required to boost confidence in the economy.

***Sharp rise in NPAs***

The nationwide lockdown imposed in March 2020 to control the spread of COVID-19 and the subsequent moratorium granted by RBI adversely impacted collections and repayments from MFI borrowers leading to a sharp rise in NPAs in second quarter of fiscal 2021. However, with phase wise unlock of the nation, the collection efficiency has improved and is estimated to have reached 90-93% in December 2020. CRISIL Research however expects MFI asset quality to deteriorate in Fiscal 2021 on account of strain on MFI borrowers' earning capability.

***MFI collection efficiency is expected to improve***

Collections of MFIs, which had reduced to almost zero in April 2020 as a result of the nationwide lockdown due to the COVID-19 pandemic. By December 2020, collection efficiency for the industry as a whole rebounded to an estimate of 90-93%, according to CRISIL Research. To create a buffer for potential pandemic related credit costs, MFIs are expected to focus on raising additional equity capital over the near to medium term. Borrowers in rural areas and those involved in essential sectors of animal husbandry and agriculture have recommenced paying their instalments. Lower numbers of COVID-19 infection in rural areas also positive impacted rural repayment rates.

*Monthly collection continues to improve*

| | Collection Efficiency | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Book under moratorium** | **Apr-20** | **May-20** | **Jun-20** | **Jul-20** | **Aug-20** | **Sep-20** | **Oct-20** | **Nov-20** | **Dec-20** |
| Micro finance | 50-60% | <10% | <45% | 45-65% | 65-70% | 70-80% | 80-85% | 85-90% | 90-93% | 90-93% |

*Notes*
*(1) Collection Efficiency numbers are estimated*
*(2) Monthly Collection efficiency = {Current + Overdue collections (excluding prepayments)} / Scheduled billing assuming no moratorium*
*Source: CRISIL Research*

***Key reforms proposed by the government for microfinance to counter COVID-19 crisis***

- *Refinance support from RBI:* In April 2020, the RBI announced refinancing support of ₹250.00 billion to NABARD, which provides support to NBFC-MFIs, Regional Rural Banks (RRBs) and co-operative banks.
- *Loan interest subvention scheme:* Under this scheme, the government provided 2% interest subvention to loans given under the Mudra-Shishu scheme. These loans are up to a ticket size of ₹50,000.00, and are primarily given by NBFC-MFIs to low income groups.
- *Loans for street vendors:* On June 1, 2020, the government announced a ₹50.00 billion special credit facility for street vendors to allow them to access an initial working capital of up to ₹10,000.00. CRISIL Research estimates that the facility will support nearly 5 million street vendors.
- *Restructuring of advances:* In August 2020, the RBI extended the existing debt restructuring scheme for MSMEs due to distress as a result of the COVID-19 pandemic. The central banks also changed the cut-off date for MSMEs to become standard accounts in order to be eligible under the scheme from January 1, 2020, to March 1, 2020.
- *Liquidity support and emergency loans:* The RBI has announced measures to provide liquidity support to financial institutions such as banks and MFIs to provide emergency loans to assist customers weather short term disruption in cash flows.

***Recent bill on micro finance to impact MFI lenders in Assam***

The Assam government, on December 30, 2020, unanimously passed "The Assam Micro Finance Institutions (Regulation of Money Lending) Bill, 2020" to protect borrower interest from micro finance institutions and money lenders. In particular, the Act seeks to guard against over leveraging of borrowers and aggressive loan recovery practices. Though most of the guidelines in the legislation are as per existing RBI norms for NBFC-MFIs, CRISIL Research expects that the provisions of this Act may impact the collection efficiency of lending institutions serving this segment in Assam. Operational hurdles may also increase for MFI lenders due to new registration requirements which, in turn, may impact the growth of MFI lenders in the state in the near-term.

According to the CRISIL Report, as of September 2020, 46 financial institutions including banks, NBFCs and MFIs have exposure to nearly 2.5 million borrowers (4.4% of national exposure) in Assam. The outstanding micro loan book in September 2020 was ₹124 billion (5.3% of national exposure).

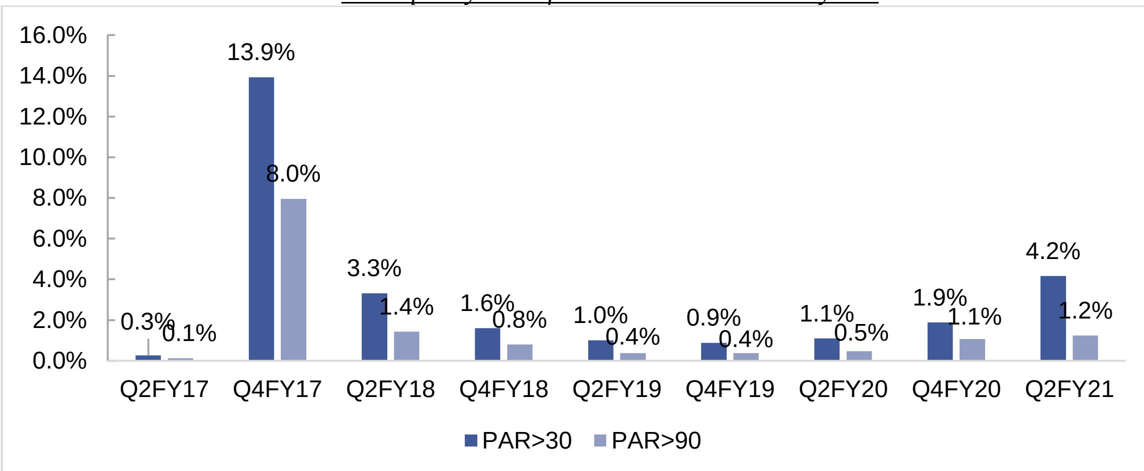
***Asset quality***

Portfolio at risk (PAR), the primary indicator of risk for the sector, equals the percentage of loans overdue. According to the CRISIL Report, PAR values rose sharply in Fiscal 2017 owing to the unavailability of cash and slowdown in business activity post-demonetisation. Asset quality also deteriorated drastically post-demonetisation. However, according to CRISIL Research, banks and MFIs invested significantly in educating borrowers and helping them exchange old notes, which gradually improved collection efficiency and reduced overall PAR.

According to the CRISIL Report, as of March 2020, overall PAR >30 for the industry was 1.8%. NBFC-MFIs had a slightly higher proportion of loans under PAR >30 than the industry average. As of September 2020, banks had the highest PAR>30. However, banks had lower PAR>90 levels of 0.4% compared to BFC-MFIs with PAR>90 levels of 1.2%, as of September 2020. CRISIL Research believes that this may be due to banks being involved in securitisation and direct assignment arrangements with NBFC-MFIs.

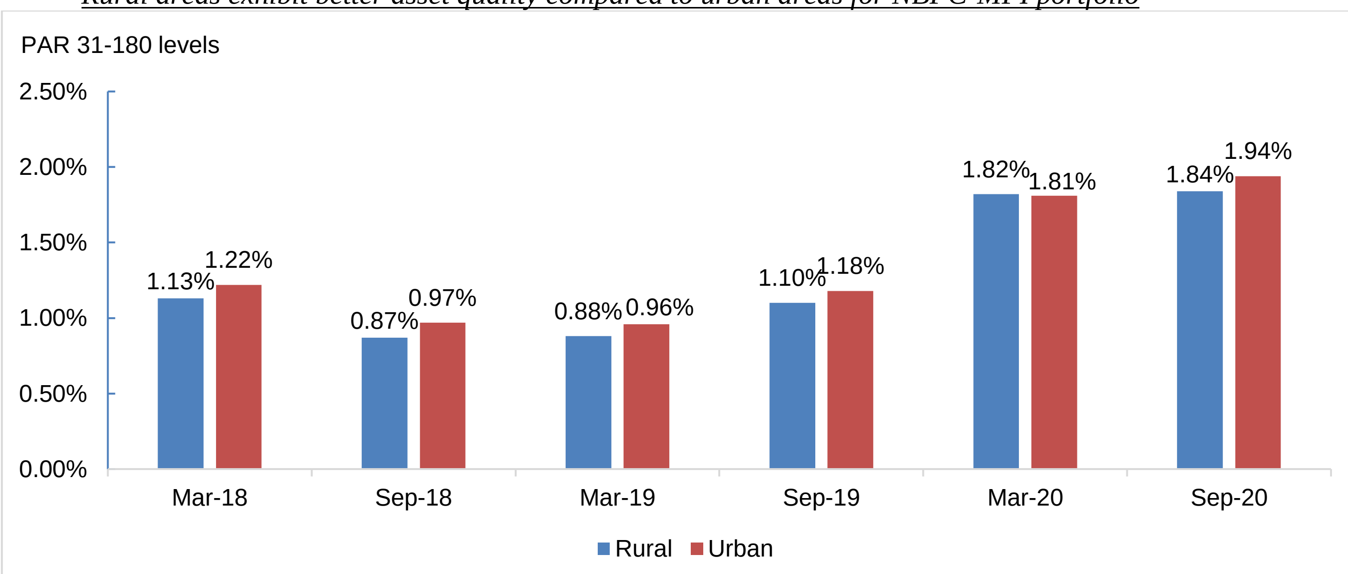
The industry's asset quality has been deteriorating in the last year due to floods in multiple major states in the second quarter of Fiscal 2020, affecting collection efficiency. As a result, PAR values increased. Further, in the third quarter of Fiscal 2020, PAR levels have negated the recovery process, with disruptions seen in Assam, where political intervention affected recoveries, leading to rise in PAR>30. In the last quarter of Fiscal 2020, the pandemic, and subsequent disruption to services and employment owing to the nationwide lockdown, deteriorated the asset quality further.

*Asset quality trend for NBFC-MFIs over the years*



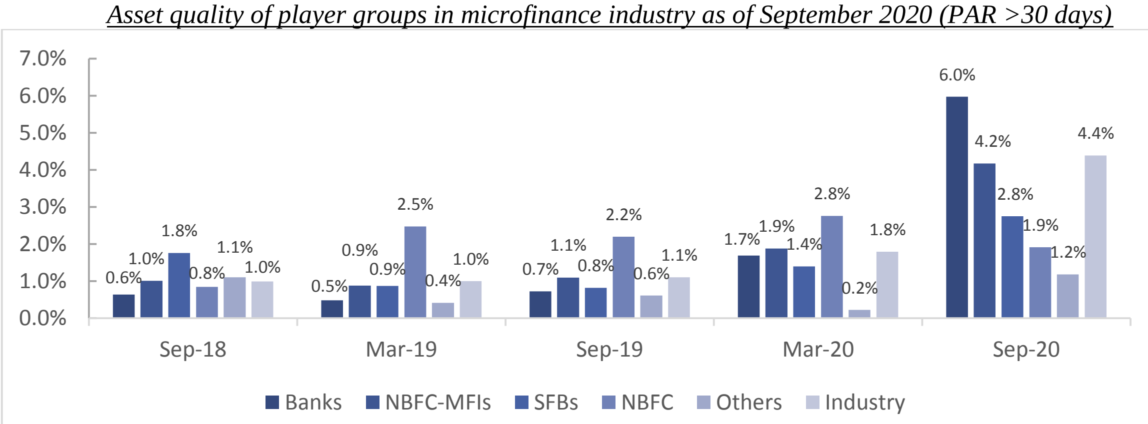

*Note: PAR>30 and PAR>90 both excludes beyond 180 days*
*Source: MFIN, CRISIL Research*

*Rural areas exhibit better asset quality compared to urban areas for NBFC-MFI portfolio*



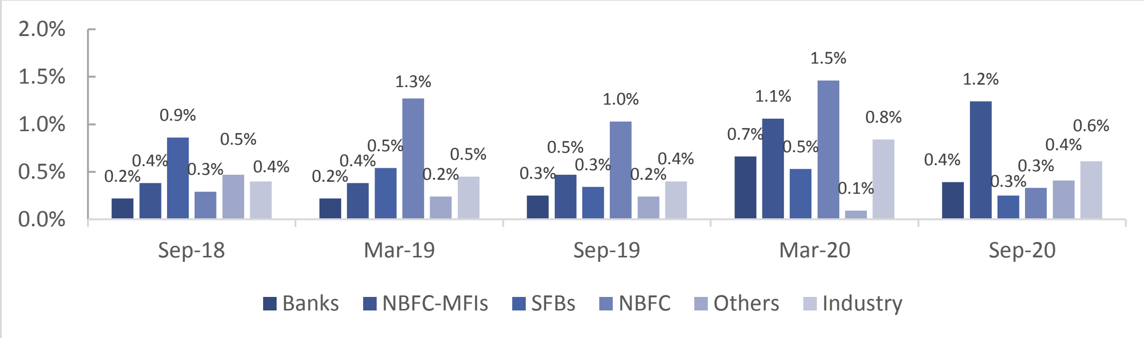

*Source: CRIF Highmark Microlend reports, CRISIL Research*

*Asset quality of player groups in microfinance industry as of September 2020 (PAR >30 days)*




*Note: PAR>30 excludes delinquencies above 180 days*
*Source: MFIN, CRISIL Research*

*Asset quality of player groups in microfinance industry as of September 2020 (PAR >90 days)*




*Note: PAR>30 excludes delinquencies above 180 days*
*Source: MFIN, CRISIL Research*

***Profitability to moderate in the medium term***

In Fiscal 2019, profitability generated by NBFC-MFIs substantially increased as a result of higher securitisation volume.

Following the IL&FS default:

- banks were more cautious with respect to lending to NBFCs, including MFIs;
- securitisation, including via direct assignment route, became increasingly more common as a way to raise funds for NBFCs;
- banks were more comfortable buying asset pools as they were acquiring retail assets rather than term loans;
- NBFC-MFIs experienced a 10% regulatory margin cap which was not applicable on funds raised through the securitisation route.

In addition, operating expenses marginally reduced, despite NBFC-MFIs remaining aggressive in expanding their overall branch network in Fiscal 2019. The transition to Ind-AS accounting framework, and the subsequent ECL provisioning framework, saw NBFC-MFI's profitability ratio rise to a near four-year high of approximately 4.4%, as credit costs declined by 45-50 bps. Other income also rose by 110-120 bps as income from the securitised portfolio, in line with provisions of Ind-AS, was up-fronted.

In Fiscal 2020, profitability is estimated to have declined by 5-10 bps, based on rising credit costs, largely due to floods in several states during the year. A number of NBFC-MFIs, in addition to standard provisioning, have also made special COVID-19 provisioning in the last quarter of Fiscal 2020.

CRISIL Research expects that in Fiscal 2021 the impact on the profitability of NBFC-MFIs could be in the range of moderate to severe, depending on the length of time taken to control the pandemic. CRISIL Research also expects interest income to moderate in Fiscal 2021. Other Income is expected to be lower due to lower disbursements and lower securitisation. Credit losses due to the pandemic are expected to be accounted for between Fiscal 2020 and Fiscal 2022.

**Major Growth Drivers**

***Players tapping new states and districts to widen customer base***

According to the CRISIL Report, in the last three years, a number of NBFC-MFIs have opened branches in untapped districts, increasing their penetration and contributing to a rise in customers and number of active loan accounts. CRISIL Research expects penetration to further deepen, thus driving growth. Uttarakhand is one of the states with a relatively low number of NBFC-MFIs. CRISIL Research thus believes this provides an opportunity for existing players to improve their penetration and market share in this state.

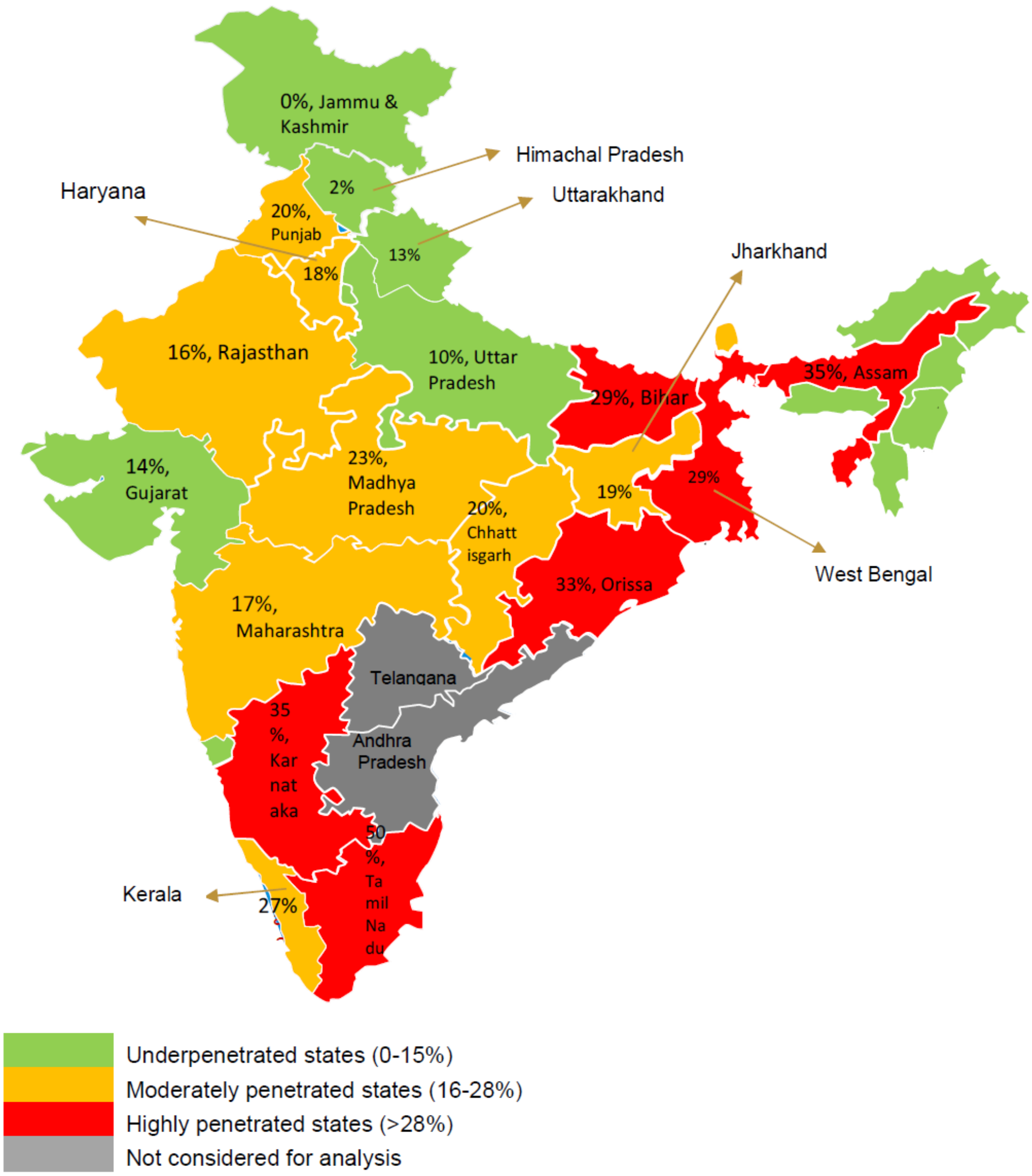
*Total number of NBFC-MFIs and their branches in each state/UT*

| States | Number of NBFC-MFI players | | | Branches | | |
|---|---|---|---|---|---|---|
| | FY18 | FY19 | FY20 | FY18 | FY19 | FY20 |
| **Bihar** | 26 | 30 | 35 | 922 | 1,211 | 1,586 |
| **Uttar Pradesh** | 17 | 24 | 29 | 1,095 | 1,157 | 1,222 |
| **Jharkhand** | 14 | 20 | 28 | 276 | 317 | 448 |
| **Chhattisgarh** | 20 | 20 | 27 | 358 | 433 | 551 |
| **Odisha** | 20 | 24 | 27 | 940 | 1,084 | 1,292 |
| **Madhya Pradesh** | 19 | 23 | 26 | 906 | 1,137 | 1,256 |
| **Maharashtra** | 25 | 25 | 26 | 892 | 970 | 1,151 |
| **Rajasthan** | 17 | 19 | 24 | 311 | 464 | 726 |
| **West Bengal** | 13 | 19 | 23 | 581 | 898 | 1,110 |
| **Gujarat** | 14 | 18 | 22 | 266 | 348 | 461 |
| **Haryana** | 13 | 15 | 21 | 174 | 184 | 238 |
| **Assam** | 8 | 16 | 19 | 200 | 410 | 528 |
| **Karnataka** | 10 | 13 | 18 | 924 | 991 | 1,069 |
| **Tamil Nadu** | 11 | 16 | 18 | 758 | 1,111 | 1,394 |
| **Puducherry** | NA | 9 | 13 | NA | 21 | 36 |
| **Punjab** | 9 | 12 | 13 | 186 | 243 | 304 |
| **Tripura** | NA | 8 | 12 | NA | 128 | 161 |
| **Uttarakhand** | 11 | 10 | 12 | 77 | 69 | 167 |
| **Kerala** | 8 | 10 | 10 | 234 | 311 | 365 |
| **Meghalaya** | 3 | 6 | 7 | 4 | 10 | 11 |
| **Goa** | NA | 6 | 6 | NA | 19 | 16 |
| **Himachal Pradesh** | NA | 5 | 6 | NA | 10 | 14 |

*Note: Data includes only NBFC-MFI players and those states where five or more MFIs are operating as of FY20*
*Source: MFIN, CRISIL Research*

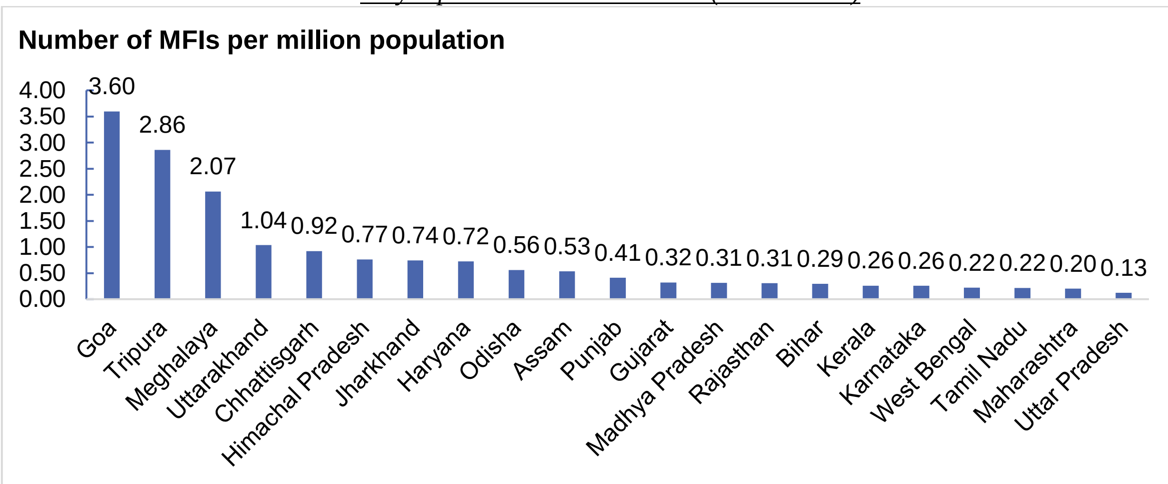
***Underpenetrated states to drive growth for MFI in the coming years***

According to the CRISIL Report, the average MFI penetration in India was only 21% as of September, 2020. CRISIL Research expects that relatively underpenetrated states, such as Uttar Pradesh, Uttarakhand, Himachal Pradesh will drive future growth along with some of the moderately penetrated states, such as Rajasthan, Chhattisgarh, Haryana, Punjab and Jharkhand.




*Source: MFIN, CRISIL Research*
*Notes:*
*(1) Andhra Pradesh (AP) has not been considered for analysis due to many write-offs after the AP crisis and as some large players are not present in the state.*
*(2) Penetration has been computed by dividing no. of unique borrowers as reported by MFIN by estimated no. of households in 2020*

*Player penetration across states (March 2020)*




*Notes*:
*(1) Data includes only NBFC-MFI players and those states where five or more MFIs are operating as of FY20.*
*(2) Player penetration is calculated as number of players in the state divided by state population. Telangana and Andhra Pradesh have been considered as one state.*
*Source: MFIN, CRISIL Research*

***Higher share of rural segment in MFI business to drive growth***

Between Fiscal 2012 and Fiscal 2015, the share of the MFIs' urban customers rose sharply due to lenders focussing on urban customers to achieve maximum operational efficiency and maintain profitability, according to Sa-dhan. However, while only 33% of MFI customers were from rural areas in Fiscal 2015, this increased to 77% in Fiscal 2020. CRISIL Research expects that rural customers will remain high, in the range of 55-60%, compared to urban customers, for MFIs. With fewer branches and outlets in rural areas as compared with urban areas, the rural market in India is still under-penetrated. This represents an opportunity for savings and loan products.

***Expansion of Average Ticket Size***

The average ticket size of MFIs has risen in the September 2020 quarter to ₹22,070 from ₹18,815 in Fiscal 2017, translating into a CAGR of 4.7%. The ticket size increased in highly penetrated states where MFIs have been present for a long period and credit-worthiness of the client base is relatively well-established.

**Key success factors of MFI lenders**

***Ability to attract funds/raise capital and maintain healthy capital position***

The microfinance industry has seen rapid growth over the past few years owing to the small ticket size and doorstep disbursement. Despite the rapid growth, a large portion of the market remains underpenetrated, making it necessary for MFI lenders to raise funds at regular intervals to sustain growth.

According to the CRISIL Report, MFI lenders are dependent on banks for their funding as well as on capital infusion from their promoters/parent companies and/or external investors, such as private equity firms. The ability of MFI lenders to raise funding from diverse sources and maintain a capital positon much higher than the prescribed regulatory minimum is vital for long-term sustainability.

***Geographically diversified portfolio helps MFI lenders mitigate risks***

Given that fixed operating costs are relatively high and considering the value of the loan amount, the scale of operations is a crucial factor for MFI lenders. A large, well-diversified portfolio in different geographies enables players to mitigate risks associated with a concentrated portfolio. Diversified operations also helps MFI lenders to reduce operating expenses as a percentage of outstanding loans. CRISIL Research believe that the expansion by MFI lenders in less-penetrated areas will support their growth trajectory. This is because rural areas are still underpenetrated in India, and therefore players operating in and focused on rural areas could experience faster growth in their portfolios.

***Ability to control asset quality and ageing of non-performing assets ("NPAs")***

MFI lenders' portfolios are susceptible to local issues and events that impact the repayment ability and willingness of borrower households. According to the CRISIL Report, it is therefore critical for MFI lenders to have a strong hold on their asset quality and regularly engage with borrowers to control the number of NPAs. Further, the operational and fraud risk for the microfinance industry is high owing to the cash-intensive nature of the business. According to the CRISIL Report, MFI lenders need to implement measures and use analytics to understand and predict the quality of their portfolio and minimise the frequency and size of asset quality-related risks. Initiatives, such as educating borrowers, has helped raise awareness and improve their credit behaviour.

***MFI lenders' partnership with fin-tech companies to be key success enabler***

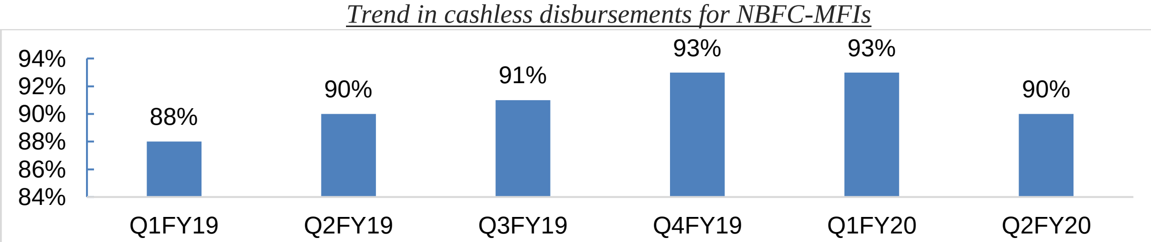
MFI lenders play a crucial role in providing financial access to the underserved in India. Considering the challenges, and also the latent growth opportunities in meeting consumer needs, CRISIL Research believes that it would be beneficial for MFI lenders to enter into partnerships with fin-tech companies to tap the digital medium for financial inclusion.

According to the CRISIL Report, collaborating with fin-tech companies will help to raise operational efficiencies and reduce costs. A number of the leading NBFC-MFIs have collaborated with fin-tech companies. Some examples of collaboration of fin-tech firms with NBFC-MFIs are:

- Arohan Financial entered into an alliance with Airtel and PayTM Payments Bank to facilitate on-boarding of customers onto its digital banking transaction platform.
- Fincare, in partnership with Oxigen, has rolled out branchless banking services using Oxigen's point-of-sale device to offer bill pay services through internet and mobile banking. This enables Fincare to use Oxigen's vast network and payment solution to bring financial products and services to unbanked segments at a faster pace.
- Annapurna Microfinance partnered with the financial technology firm Artoo to use Artoo's Intelligent Digital Loan Origination System to improve the efficiency of its loan processing and reduce the amount of time taken to approve loans.

According to the CRISIL Report, such tie-ups have helped market participants to sustain operations during the COVID-19 pandemic and have also led to the transition to cashless repayments and disbursements.

*Trend in cashless disbursements for NBFC-MFIs*




*Source: MFIN, CRISIL Research*

***Rising technology usage to bring down costs, improve efficiency and profitability for MFIs***

Digitalisation has impacted almost all aspects of the financial services industry. However, it is far more critical to the microfinance industry as lower operating costs can result in higher financial inclusion and increased benefits for customers. The use of technology has helped MFI lenders grow at a fast pace, improve efficiency, lower cash usage and turnaround times, develop new products, provide better services to customers, and use analytics for portfolio monitoring and credit appraisal. According to the CRISIL Report, in the second quarter of Fiscal 2021, approximately 54 NBFC-MFIs reported 90% of their disbursement through cashless mode.

CRISIL Research expects that the lower cost of servicing customers, better productivity and lower credit costs through the use of technology will help MFI lenders improve their profitability.

***Credit risk mitigation by credit bureaus***

Credit bureaus, such as Equifax and Highmark, collect data from several MFI lenders and build a comprehensive database that captures the credit history of borrowers. These databases are updated weekly. The presence of credit bureaus ensures that MFI lenders have access to more data on their borrowers - the number of credit lines that a borrower has and the borrower's previous credit history, in terms of repayment track record and defaults - helping MFI lenders to make informed lending decisions.

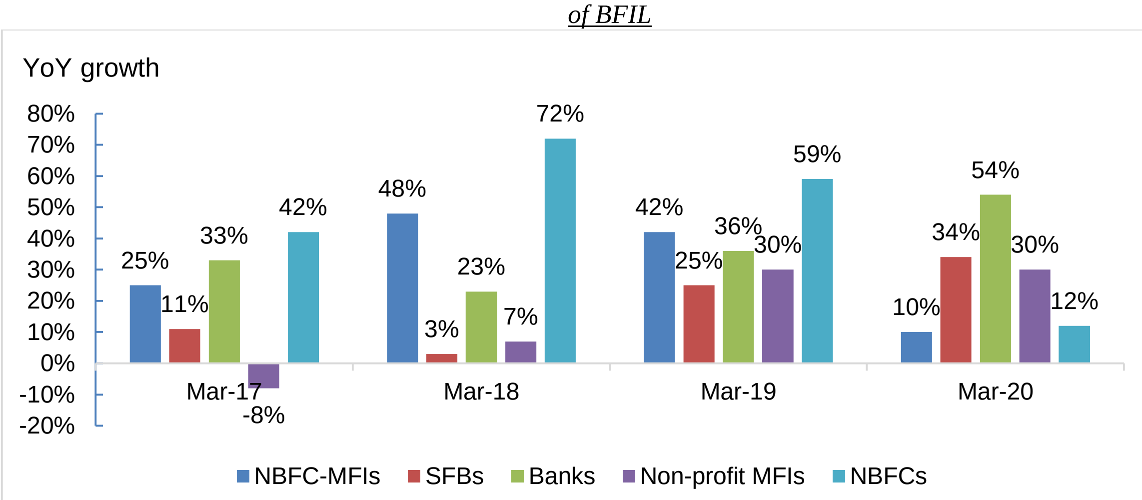
***NBFC-MFIs to benefit from the changing landscape of the industry***

Key participants in the MFI lending business are:

- Banks-SHGs, which refers to banks who provide microcredit under the SHG program.
- Banks (directly and indirectly through BCs) include portfolios for direct and indirect lending (through BCs) .
- NBFC-MFIs, which refer to MFIs exclusively focused on the microfinance business, and accordingly registered as NBFC-MFIs with the RBI. Major players in this category include Satin Creditcare, Credit Access Grameen Ltd (formerly Grameen Koota Financial Services Ltd) and Arohan Financial Services Ltd.
- SFBs, for which the top 10 players in India are AU, Capital, ESAF, Equitas, Fincare, Jana, North East, Suryoday, Ujjivan, and Utkarsh, which were formerly NBFC-MFIs/NBFCs, but have now converted into SFBs.
- NBFCs, which include ASA, Fullerton, L&T Finance, and Reliance Commercial Finance Ltd, each of which has a microcredit lending business, in addition to other lending businesses.
- Non-profit MFIs, which refer to MFIs registered as not-for-profit organisation, such as Cashpor.

NBFC-MFIs and non-profit MFIs are the only two player groups with loan portfolios exclusively focused towards microcredit.

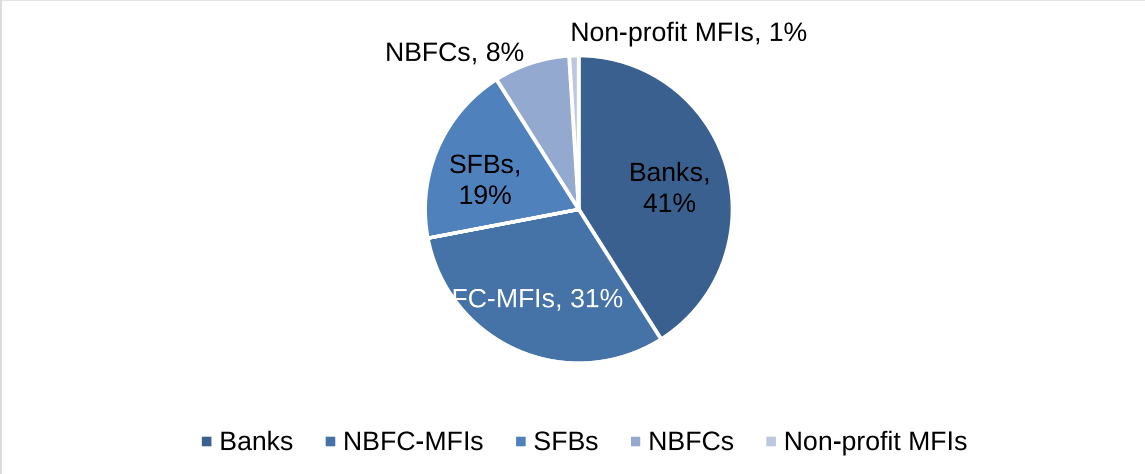
*NBFC-MFIs witnessed high growth over fiscal 2018 and 2019; growth in fiscal 2020 is lower owing to exclusion of BFIL*




*Note: Data includes data for Banks, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs. Up to FY20, Bharat Financial was included in NBFC-MFIs and in fiscal 2020 Bharat Financial is included in banks.*
*Source: MFIN, CRISIL Research*

Banks accounted for 41% of the MFI loans outstanding as of September 2020, followed by NBFC-MFIs who had a 31% market share. SFB and NBFC market share stood at 19% and 8% respectively as of September 2020.

*Player group-wise market share (September 2020 with GLP of ₹2,279 billion)*




*Note: Data includes data for Banks-JLG, SFBs, NBFC-MFIs, other NBFCs and non-profit MFIs.*
*Source: Bharat Microfinance Report (Q2FY21), CRISIL Research*

***Transition to Small Finance Banks for eight erstwhile players leaves market opportunity for MFIs***

As of September 16, 2015, the RBI had awarded small finance banks (SFBs) licenses to 10 applicants out of which 8 operated as NBFC-MFIs. These eight players included Janalakshmi Financial Services, Ujjivan, Equitas, RGVN Microfinance, Disha Microfinance, Utkarsh Microfinance, Suryoday Microfinance, ESAF Microfinance, and Fincare Microfinance. However, with new business models and an ability to offer other loan products, including MSME loans, affordable housing finance, gold loans, CV/non-CV loans and two-wheeler loans (among others), their share in the overall microfinance industry is expected to reduce in the future. According to the CRISIL report, although most players plan to diversify their portfolio and reduce the portion of microfinance loans, some players continue to grow their microfinance loan book. However, this growth is a bank-specific strategy. With a particular focus on microfinance operations, and greater regulatory clarity in operations, NBFC-MFI players have an opportunity to increase their presence.

CRISIL Research expects NBFC-MFIs to grow at a much faster rate vis--a-vis SFBs, on account of increasing focus of SFBs towards other product suite beyond the MFI loan portfolio and improving liquidity for NBFCs in the system. NBFC-MFIs are expected to grow at a faster pace than the industry at a CAGR of 17-18% over fiscal 2020 to fiscal 2025.

***MFIs also focusing on third-party products to provide customer centric services***

According to the CRISIL Report, MFIs have built a large distribution network across urban and rural areas in India, and MFIs are now leveraging this network to distribute financial and non-financial products of other institutions to their customers. CRISIL Research believe that while MFIs continue to focus on their core business of providing microcredit services, they will also seek to diversify their businesses by scaling up certain pilot projects involving fee-based services and secured lending. Such diversification may help MFIs retain customers who want to start small and medium enterprises ("**SMEs**"), have business needs such as retail business loans or two-wheeler loans, or would like to improve their lifestyle via home improvement loans. The objective of MFIs is to increase customer loyalty and provide economic benefits to customers and families, according to CRISIL.

*Micro insurance*

Pension and insurance schemes can protect low income people against specific risks. Expansion into additional services such as pension and insurance, government intervention with schemes such as National Pension Scheme, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima (PMJJBY) and Prime Minister's Jan Dhan Yojana (PMJDY), along with revised regulatory guidelines to expand the eligible target population have contributed to the growth of MFIs, according to CRISIL. As of January 6, 2021, 219.6 million enrolments were registered under PMSBY and 97.4 million under PMJJBY.

As of 2018, the insurance penetration in India was only 3.7% compared to the global average of 6.1%, according to Insurance Regulatory Development Authority of India (IRDAI). India's non-life insurance penetration was even lower at 0.97% compared to the global average of 2.78%. As per IRDAI, in Fiscal 2019, micro insurance gross direct premiums accounted for only 1.5% of the total gross direct premiums of life insurers in India; the same ratio was at only 1.46% for general insurers in India. CRISIL Research believes this provides huge potential for growth of micro insurance in India.

*Individual micro-lending*

According to the CRISIL Report, individual micro-lending by NBFC-MFIs (including SFBs) is aimed at penetrating new markets and improving financial inclusion of the underserved customer segment, while also providing better margins. Therefore, many MFIs have already started targeting such customers (Source: CRISIL Report). CRISIL Research provides that, pursuant to an RBI directive, individual lending cannot be more than 15% of the overall portfolio, and that the portfolio currently varies from 10-15% of total outstanding loans for most MFIs. Further, the maximum variance permitted for individual loans between the minimum and maximum interest rate cannot exceed 4%. Average interest paid on borrowings and charged by MFI is to be calculated on average monthly balances of outstanding borrowings and loan portfolios, respectively, according to CRISIL.

*Product financing*

| Products | Indicative list of players offering |
|---|---|
| Solar | Arohan Financial, Satin Creditcare, Muthoot Microfin |
| Water and Sanitation | Arohan Financial, CreditAccess Grameen, Ujjivan SFB, Satin Creditcare, Muthoot Microfin |
| Home Appliances | Arohan Financial, CreditAccess Grameen, Ujjivan SFB, Satin Creditcare |
| Cycle and Personal | Arohan Financial, Ujjivan SFB, Satin Credit Care |
| Mobile loans | Arohan Financial, Ujjivan SFB, Satin Creditcare, Muthoot Microfin |
| Home Improvement loans | Utkarsh SFB, CreditAccess Grameen, Asirvad Microfinance, Annapurna Financial, Ujjivan SFB |

CRISIL Research provides that microfinance companies lend for both consumption as well as productive purposes. As per an RBI regulation in April 2015, up to 50% of the aggregate amount of loans may be extended for other purposes/ non-income generating activities, such as housing repairs, education, medical and other emergencies. However, the aggregate amount of loans given to a borrower for income generation should constitute at least 50% of the total loans from the NBFC-MFI. According to the CRISIL Report, the measure is aimed at reducing lending towards non-income generating activities which can result in customers becoming trapped in a debt cycle. As per Bharat Microfinance Report 2020, the proportion of income generating loans to consumption loans was 93% to 7% in Fiscal 2020.

**Peer Comparison**

CRISIL Research has analysed the operational performance and key financial indicators of the top-10 microfinance NBFC-MFIs (accounting for 70% of India's NBFC-MFI portfolio), key NBFC microfinance companies focused and originated from the Eastern or North-Eastern parts of the country, as well as some SFBs that have considerable loan portfolio directed towards microfinance segment.

***As of September 2020, Arohan Financial was the largest player in Eastern India and the fifth largest NBFC-MFI in India***

Amongst NBFC-MFIs, CreditAccess Grameen Ltd, Satin Creditcare Network and Spandana Sphoorty Financial are the largest players in terms of gross loan portfolio (GLP) as of September 2020. Arohan Financial was the largest player among all East-based NBFC-MFIs and the fifth largest NBFC-MFI in India in terms of GLP as of September 2020.

Among the top 10 NBFC-MFIs, Arohan Financial posted the third highest CAGR of GLP between Fiscal 2017 and Fiscal 2020 following Samasta Microfinance and Spandana Sphoorty Financial. Samasta Microfinance has grown the fastest and registered a growth of 143% between Fiscal 2017 and Fiscal 2020, but on a lower base.

Among NBFCs in India's East and Northeast, Arohan Financial is the largest NBFC-MFI in terms of GLP, which was ₹48.5 billion as of Fiscal 2020, followed by Annapurna Microfinance, which had a GLP of ₹40.3 billion for the same fiscal.

| Parameters | Gross loan portfolio (GLP) as of Sep 2020 (₹billion) | Gross loan portfolio (GLP) as of FY20 (₹billion) | 3 year CAGR of GLP (FY17-FY20) | Year-on-year GLP growth as of FY20 | Loan amount disbursement (₹billion) FY20 | Presence in number of districts |
|---|---|---|---|---|---|---|
| **Top 10 NBFC-MFIs** | | | | | | |
| **CreditAccess Grameen Ltd.** | 92.1 | 99 | 48% | 38% | 104 | 230 |
| **Spandana Sphoorty Financial Ltd.** | 73.5 | 68.3 | 74% | 56% | 80 | 280 |
| **Satin Creditcare Network Ltd.** | 67.4 | 72.2 | 26% | 13% | 80 | 383 |
| **Asirvad Microfinance Private Limited** | 49.7 | 55 | 45% | 43% | 48 | 314 |
| **Arohan Financial Service Ltd.** | 48.5 | 48.5 | 68% | 20% | 50 | 232 |
| **Muthoot Microfin Ltd.** | 46.0 | 49.3 | 36% | 13% | 41 | 260 |
| **Annapurna Finance Pvt. Ltd.** | 38.9 | 40.3 | 48% | 34% | 40 | 293 |
| **Fusion Microfinance Private Ltd.** | 36.3 | 36.1 | 63% | 37% | 36 | 283 |
| **Samasta Microfinance Ltd.** | 34.9 | 34 | 143% | 49% | 31 | 228 |
| **Belstar Microfinance Private Ltd.** | 26.9 | 26.3 | 66% | 43% | 26 | 155 |
| **Banks and SFBs*** | | | | | | |
| **Bandhan Bank** | 497.8 | 462 | 29% | 20% | 199.5 | 548 |
| **Ujjivan SFB** | 138.9 | 141.5 | 30% | 28% | 132.2 | 244 |
| **Utkarsh SFB** | NA | 66.6 | 59% | 40% | NA | 173 |
| **ESAF SFB** | NA | 66.1 | 65% | 50% | 74.3 | NA |
| **Fincare SFB** | 52.4 | 53.4 | 58% | 51% | 49.6 | 177 |
| **Suryoday SFB** | NA | 35.3 | 63% | 32% | 30.9 | NA |
| **East based NBFC MFIs**** | | | | | | |
| **Arohan Financial Service Ltd.** | 48.5 | 48.5 | 68% | 20% | 50.4 | 232 |
| **Annapurna Finance Pvt. Ltd.** | 38.9 | 40.3 | 48% | 34% | 40.1 | 293 |
| **ASA International India Microfinance Ltd.** | 12.4 | 13.4 | 56% | 29% | 20.5 | 60 |
| **Village Financial Services Ltd.** | 9.6 | 10.9 | 39% | 3% | 13.3 | 78 |
| **Jagaran Microfin Private Ltd.** | 4.3 | 4.8 | 48% | 19% | 6.9 | 36 |
| **Sarala Development and Microfinance Pvt. Ltd.** | 2.5 | 2.6 | 16% | 5% | 4.1 | 29 |
| **SAIJA Finance Private Ltd.** | 2.5 | 3.1 | 7% | -41% | 3.2 | 60 |
| **Uttrayan Financial Services Pvt Limited^** | NA | 2.3 | 18% | 22% | 3.5 | 38 |
| **Adhikar Microfinance Pvt. Ltd.** | 1.7 | 1.9 | 17% | -24% | 1.7 | 26 |
| **Unacco Financial Services Pvt. Ltd.** | 1.0 | 1.1 | 30% | -3% | 1.6 | 30 |

*Notes:*
*(1) ^ Data represented is for FY19,*
*(2) *For SFBs, total loan advances have been considered as GLP and overall disbursement of the bank is considered*
*(3) **East/North-east based players are players originating from east or north-east*
*Source: MFIN, Company reports, CRISIL Research*

***Among top five Indian NBFC-MFIs, Arohan Financial's number of customers has increased at highest CAGR***

Among the top five NBFC-MFIs in India, as of September 2020, Arohan Financials' customer growth has been the highest at 49% CAGR between Fiscal 2018 and Fiscal 2020, followed by Spandana Sphoorty (at 33% CAGR) and Asirvad Microfinance (at 26% CAGR). Among East-based NBFC-MFIs, Arohan Financial had the highest customer growth over these years.

| Client Outreach | Clients (in lakhs) | | | Clients growth | | | |
|---|---|---|---|---|---|---|---|
| | FY20 | FY19 | FY18 | FY20 | FY19 | FY18 | 3-year CAGR |
| **Top 10 NBFC-MFIs** | | | | | | | |
| **CreditAccess Grameen Ltd.** | 29.1 | 24.7 | 18.5 | 18% | 34% | 23% | 25% |
| **Spandana Sphoorty Financial Ltd.** | 25.7 | 24.6 | 15.9 | 4% | 55% | 45% | 33% |
| **Satin Creditcare Network Ltd.** | 30.8 | 31.5 | 23.3 | -2% | 35% | 1% | 10% |
| **Asirvad Microfinance Private Limited** | 23.7 | 18.1 | 15 | 31% | 21% | NA | 26%^ |
| **Arohan Financial Service Ltd.** | 23.1 | 18.7 | 11.4 | 24% | 64% | 63% | 49% |
| **Muthoot Microfin Ltd.** | 18.8 | 15.9 | 12.1 | 18% | 31% | 51% | 33% |
| **Annapurna Finance Pvt. Ltd.** | 17.7 | 15.1 | 12.3 | 17% | 23% | 37% | 25% |
| **Fusion Microfinance Private Ltd.** | 18.7 | 15.5 | 10.2 | 21% | 52% | 46% | 39% |
| **Samasta Microfinance Ltd.** | 15.4 | 10.1 | 4.1 | 52% | 146% | 105% | 97% |
| **Belstar Microfinance Private Ltd.** | 12 | 6.8 | 4.9 | 76% | 39% | 63% | 59% |
| **Banks and SFBs*** | | | | | | | |
| **Bandhan Bank** | 111.4 | 94.9 | 77 | 17% | 23% | 13% | 18% |
| **Ujjivan SFB** | 43.5 | 40.2 | 37.1 | 8% | 8% | 4% | 7% |
| **Utkarsh SFB** | 26 | 20 | NA | 30% | NA | NA | NA |
| **ESAF SFB** | 28.6 | 21.11 | NA | 35% | NA | NA | NA |
| **Fincare SFB** | 25 | 16 | 10 | 56% | 60% | NA | NA |
| **Suryoday SFB** | 14 | 9.9 | 7.3 | 41% | 36% | -3% | 23% |
| **East based NBFC MFIs**** | | | | | | | |
| **Arohan Financial Service Ltd.** | 23.1 | 18.7 | 11.4 | 24% | 64% | 63% | 49% |
| **Annapurna Finance Pvt. Ltd.** | 17.7 | 15.1 | 12.3 | 17% | 23% | 37% | 25% |
| **ASA International India Microfinance Ltd.** | 7.4 | 5.9 | 0 | 25% | NA | NA | NA |
| **Village Financial Services Ltd.** | 4.8 | 4.8 | 3.5 | 0% | 37% | 75% | 34% |
| **Jagaran Microfin Private Ltd.** | 2.3 | 2.5 | 2.2 | -8% | 14% | 38% | 13% |
| **Sarala Development and Microfinance Pvt. Ltd.** | 1.7 | 1.7 | 0 | 0% | NA | NA | NA |
| **SAIJA Finance Private Ltd.** | 1.4 | 3.3 | 2.5 | -58% | 32% | 19% | -13% |
| **Uttrayan Financial Services Pvt Ltd^** | NA | NA | NA | NA | NA | NA | NA |
| **Adhikar Microfinance Pvt. Ltd.** | 1.2 | 1.5 | 1.2 | -20% | 25% | 20% | 6% |
| **Unacco Financial Services Pvt. Ltd.** | 0.7 | 0.7 | 0.5 | 0% | 40% | 0% | 12% |

*Notes:*
*(1) ^2-year CAGR*
*(2) *For Bandhan Bank, Utkarsh SFB and ESAF SFB, microloan borrowers are considered as customers, for Fincare SFB and Suryoday SFB, overall customer base is considered as customers and for Ujjivan SFB, overall borrower base is considered as customers*
*(3) **East/North-east based players are players originating from east or north-east*
*Source: MFIN, Company reports, CRISIL Research*

***Arohan Financial ranks third in terms of efficiency among top 10 and first among all East/North East-based NBFCs-MFIs***

Among the east/northeast-based NBFCs-MFIs, Arohan Financial had the highest customer per employee, customer per loan officer, customer per branch and number of loans disbursed per loan officer in Fiscal 2020.

| Reach and efficiency parameters (FY20) | No. of employees | No. of branches | Client per employee | Client per branch | Client per loan officer | No. of loans disbursed in FY20 per loan officer |
|---|---|---|---|---|---|---|
| **Top 10 NBFC-MFIs** | | | | | | |
| **CreditAccess Grameen Ltd.** | 10,824 | 929 | 269 | 3,132 | 377 | 673 |
| **Spandana Sphoorty Financial Ltd.** | 8,224 | 1,010 | 313 | 2,545 | 421 | 382 |
| **Satin Creditcare Network Ltd.** | 11,148 | 1,140 | 276 | 2,702 | 449 | 373 |
| **Asirvad Microfinance Private Limited** | 6,206 | 1,042 | 382 | 2,274 | 710 | 632 |
| **Arohan Financial Service Ltd.** | 6,272 | 712 | 368 | 3,244 | 573 | 586 |
| **Muthoot Microfin Ltd.** | 7,265 | 692 | 259 | 2,717 | 395 | 259 |
| **Annapurna Finance Pvt. Ltd.** | 5,947 | 718 | 298 | 2,465 | 499 | 318 |
| **Fusion Microfinance Private Ltd.** | 5,433 | 591 | 344 | 3,164 | 529 | 339 |
| **Samasta Microfinance Ltd.** | 5,764 | 561 | 267 | 2,745 | 415 | 304 |
| **Belstar Microfinance Private Ltd.** | 4,425 | 603 | 271 | 1,990 | 577 | 409 |
| **Banks and SFBs*** | | | | | | |
| **Bandhan Bank** | 39,750 | 1,018 | 280 | 10,943 | NA | NA |
| **Ujjivan SFB** | 17,841 | 575 | 244 | 7,565 | NA | NA |
| **Utkarsh SFB** | 8,831 | 507 | 294 | 5,128 | NA | NA |
| **ESAF SFB** | 3,337 | 454 | 858 | 6,306 | NA | NA |
| **Fincare SFB** | 7,363 | 711 | 340 | 3,516 | NA | NA |
| **Suryoday SFB** | 4,695 | 477 | 298 | 2,935 | NA | NA |
| **East based NBFC MFIs**** | | | | | | |
| **Arohan Financial Service Ltd.** | 6,272 | 712 | 368 | 3,244 | 573 | 586 |
| **Annapurna Finance Pvt. Ltd.** | 5,947 | 718 | 298 | 2,465 | 499 | 318 |
| **ASA International India Microfinance Ltd.** | 2,699 | 410 | 274 | 1,805 | 353 | 343 |
| **Village Financial Services Ltd.** | 1,465 | 245 | 328 | 1,959 | 527 | 450 |
| **Jagaran Microfin Private Ltd.** | 786 | 134 | 293 | 1,716 | 467 | 487 |
| **Sarala Development and Microfinance Pvt. Ltd.** | 452 | 86 | 376 | 1,977 | 458 | 431 |
| **SAIJA Finance Private Ltd.** | 973 | 101 | 144 | 1,386 | 266 | 190 |
| **Uttrayan Financial Services Pvt Limited^** | 438 | 87 | NA | NA | NA | NA |
| **Adhikar Microfinance Pvt. Ltd.** | 547 | 86 | 219 | 1,395 | 408 | 204 |
| **Unacco Financial Services Pvt. Ltd.** | 298 | 57 | 235 | 1,228 | 286 | 204 |

*Notes:*
*(1 ) ^ Data represented is for FY19*
*(2) *For Bandhan Bank, Utkarsh SFB and ESAF SFB, microloan borrowers are considered as customers, for Fincare SFB and Suryoday SFB, overall customer base is considered as customers and for Ujjivan SFB, overall borrower base is considered as customers*
*(3) **East/North-east based players are players originating from east or north-east*
*Source: MFIN, Company reports, CRISIL Research*

***Among the top 10 NBFC-MFIs, Arohan Financial had the second lowest average disbursement ticket size***

Annapurna Finance had the highest average ticket size of ₹35,508, which was above the industry average of ₹22,070 as of Fiscal 2020. Arohan Financial has the second lowest average disbursement ticket size of ₹21,373. Arohan Financial also has the second lowest average portfolio outstanding at ₹15,951.

| Productivity metrics (FY20) | GLP/Branch (₹million) | GLP/Employee (₹million) | GLP/Loan officer (₹million) | Average ticket size (₹) | Average portfolio outstanding per borrower (₹) |
|---|---|---|---|---|---|
| **Top 10 NBFC-MFIs** | | | | | |
| **CreditAccess Grameen Ltd.** | 107 | 9 | 12.83 | 20,000 | 17,920 |
| **Spandana Sphoorty Financial Ltd.** | 68 | 8 | 11.19 | 34,308 | 22,300 |
| **Satin Creditcare Network Ltd.** | 63 | 6 | 10.52 | 31,486 | 19,968 |
| **Asirvad Microfinance Private Limited** | 53 | 9 | 16.49 | 22,628 | 14,570 |
| **Arohan Financial Service Ltd.** | 68 | 8 | 12.05 | 21,373 | 15,951 |
| **Muthoot Microfin Ltd.** | 71 | 7 | 10.37 | 33,164 | 21,833 |
| **Annapurna Finance Pvt. Ltd.** | 56 | 7 | 11.35 | 35,508 | 22,480 |
| **Fusion Microfinance Private Ltd.** | 61 | 7 | 10.20 | 29,801 | 18,977 |
| **Samasta Microfinance Ltd.** | 61 | 6 | 9.16 | 27,279 | 18,653 |
| **Belstar Microfinance Private Ltd.** | 44 | 6 | 12.66 | 30,747 | 21,062 |
| **Banks and SFBs*** | | | | | |
| **Bandhan Bank** | 454 | 12 | NA | NA | NA |
| **Ujjivan SFB** | 246 | 8 | NA | 35,440# | NA |
| **Utkarsh SFB** | 131 | 8 | NA | 21,252 | NA |
| **ESAF SFB** | 146 | 20 | NA | NA | NA |
| **Fincare SFB** | 75 | 7 | NA | 29,665 | NA |
| **Suryoday SFB** | 74 | 8 | NA | 30,364 | NA |
| **East based NBFC MFIs**** | | | | | |
| **Arohan Financial Service Ltd.** | 68 | 8 | 12.05 | 21,373 | 15,951 |
| **Annapurna Finance Pvt. Ltd.** | 56 | 7 | 11.35 | 35,508 | 22,480 |
| **ASA International India Microfinance Ltd.** | 33 | 5 | 6.37 | 28,663 | 18,034 |
| **Village Financial Services Ltd.** | 44 | 7 | 11.93 | 32,219 | 22,515 |
| **Jagaran Microfin Private Ltd.** | 35 | 6 | 9.63 | 28,975 | 18,413 |
| **Sarala Development and Microfinance Pvt. Ltd.** | 30 | 6 | 6.93 | 25,088 | 15,362 |
| **SAIJA Finance Private Ltd.** | 30 | 3 | 5.79 | 31,564 | 20,055 |
| **Uttrayan Financial Services Pvt Limited^** | 26 | 52 | NA | 26,505 | 16,357 |
| **Adhikar Microfinance Pvt. Ltd.** | 22 | 3 | 6.29 | 29,960 | 15,543 |

| Productivity metrics (FY20) | GLP/Branch (₹million) | GLP/Employee (₹million) | GLP/Loan officer (₹million) | Average ticket size (₹) | Average portfolio outstanding per borrower (₹) |
|---|---|---|---|---|---|
| **Unacco Financial Services Pvt. Ltd.** | 19 | 4 | 4.49 | 29,729 | 16,048 |

*Notes:*
*(1) ^ Data represented is for FY19,*
*(2) *For SFBs, total loan advances have been considered as GLP*
*(3)#Average ticket size of group micro loans is considered*
*(4) **East/North-east based players are players originating from east or north-east*
*Source: MFIN, Company reports, CRISIL Research*

***Arohan Financial has a diversified portfolio***

Arohan Financial has a high concentration of 86% of its portfolio in India's top 5 states according to GLP. Arohan Financial is also considered to have a diversified portfolio, with 27% of its portfolio in its top state (West Bengal), compared to CreditAccess Grameen, which has 48% of the portfolio in its top state (Karnataka). However, Satin Creditcare and Asirvad Microfinance have the widest and most diversified presence with portfolios in 23 states.

| Geographical presence of top 10 NBFC-MFIs | No. of states | No. of districts | Share of rural customers | Portfolio Concentration in top 5 states | Major states |
|---|---|---|---|---|---|
| **CreditAccess Grameen Ltd.** | 14 | 230 | 86% | 97% | Karnataka (48%)<br>Maharashtra (27%)<br>Tamil Nadu (11%)<br>Madhya Pradesh (9%)<br>Chhattisgarh (2%) |
| **Spandana Sphoorty Financial Ltd.** | 18 | 280 | 95% | 69% | Odisha (17%)<br>Madhya Pradesh (17%)<br>Maharashtra (13%)<br>Karnataka (13%)<br>Andhra Pradesh (9%) |
| **Satin Creditcare Network Ltd.** | 23 | 383 | 76% | 50% | Bihar,<br>Karnataka,<br>Tamil Nadu,<br>Maharashtra<br>Odisha |
| **Asirvad Microfinance Private Limited** | 23 | 314 | NA | 59% | Tamil Nadu (21%)<br>West Bengal (11%)<br>Bihar (10%)<br>Karnataka (9%)<br>Kerala (6%) |
| **Arohan Financial Service Ltd.** | 17 | 232 | NA | 86% | West Bengal (27%)<br>Assam (19%)<br>Bihar (19%)<br>Odisha (11%)<br>Uttar Pradesh (10%) |
| **Muthoot Microfin Ltd.** | 17 | 260 | NA | 57%^ | Kerala,<br>Tamil Nadu |
| **Annapurna Finance Pvt. Ltd.** | 18 | 293 | 85% | 66%# | Odisha (37%)<br>Madhya Pradesh (14%) |

| Geographical presence of top 10 NBFC-MFIs | No. of states | No. of districts | Share of rural customers | Portfolio Concentration in top 5 states | Major states |
|---|---|---|---|---|---|
| | | | | | Maharashtra (9%)<br>Chhattisgarh (6%) |
| **Fusion Microfinance Private Ltd.** | 18 | 283 | NA | 68% | Bihar (19%)<br>Uttar Pradesh (17%)<br>Odisha (14%)<br>Madhya Pradesh (10%)<br>Punjab (9%) |
| **Samasta Microfinance Ltd.** | 17 | 228 | NA | NA | NA |
| **Belstar Microfinance Private Ltd.** | 18 | 155 | 78% | 51%* | Tamil Nadu |

*Note: ^Share of portfolio in two states, *Share of portfolio in one state, #Share of portfolio in 4 states, Number in bracket accounts for share of state in company's MFI portfolio*
*Source: MFIN, Company reports, CRISIL Research*

***Arohan Financial is most cost-efficient among East and North East-based NBFC-MFIs***

Among India's top 10 NBFC-MFIs, Arohan Financial has had the third lowest operating expense ratio, and among the east/northeast-based NBFC-MFIs, Arohan Financial had lowest operating expense ratio. Among the top five NBFC-MFIs, Arohan Financial is the only NBFC-MFI that has reduced its operating expenses consistently from 6.1% to 5% between Fiscal 2018 to Fiscal 2020.

In terms of cost to income ratio, Arohan Financial had the third lowest ratio, which was 41.1% in Fiscal 2020. The return on assets (RoA) of 2.8% posted by Arohan Financial was the third highest among the East and North-East based NBFCs.

| Profitability Parameters | Year | Yields on advances | Cost of borrowing | Net Interest Margin (NIM) | Opex ratio | Credit Costs | Other income as % of average Assets | ROA | ROE | Cost to income ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| **Top 10 NBFC-MFIs** | | | | | | | | | | |
| **CreditAccess Grameen Ltd.** | **3-year avg** | **21.0%** | **9.9%** | **12.3%** | **4.6%** | **1.2%** | **0.3%** | **4.6%** | **16.9%** | **36.7%** |
| | FY20 | 20.4% | 9.0% | 11.7% | 4.3% | 2.6% | 0.3% | 3.6% | 13.0% | 35.9% |
| | FY19 | 20.5% | 9.6% | 13.2% | 4.7% | 1.2% | 0.3% | 5.1% | 16.9% | 35.1% |
| | FY18 | 22.1% | 11.2% | 12.0% | 4.8% | -0.3% | 0.3% | 5.0% | 20.7% | 39.2% |
| **Spandana Sphoorty Financial Ltd.** | **3-year avg** | **22.1%** | **11.0%** | **12.3%** | **3.4%** | **1.7%** | **2.3%** | **5.9%** | **15.2%** | **24.9%** |
| | FY20 | 24.8% | 11.9% | 14.9% | 4.0% | 5.0% | 5.5% | 6.5% | 15.6% | 19.7% |
| | FY19 | 23.0% | 12.0% | 13.0% | 3.4% | 0.9% | 1.1% | 6.3% | 16.5% | 24.6% |
| | FY18 | 18.4% | 9.2% | 9.1% | 2.9% | -0.9% | 0.4% | 5.0% | 13.5% | 30.4% |
| **Satin Creditcare Network Ltd.** | **3-year avg** | **22.5%** | **11.5%** | **7.8%** | **6.8%** | **1.8%** | **2.7%** | **2.2%** | **14.4%** | **64.4%** |
| | FY20 | 21.1% | 10.8% | 7.3% | 8.9% | 3.4% | 4.8% | 2.2% | 11.9% | 73.4% |
| | FY19 | 23.9% | 12.3% | 8.3% | 6.6% | 1.2% | 3.0% | 3.0% | 19.0% | 58.3% |
| | FY18 | 22.5% | 11.5% | 7.7% | 5.0% | 0.8% | 0.4% | 1.5% | 12.2% | 61.6% |
| **Asirvad Microfinance Private Limited** | **3-year avg** | **20.5%** | **9.8%** | **9.3%** | **6.0%** | **2.4%** | **2.6%** | **2.9%** | **16.7%** | **50.7%** |
| | FY20 | 22.7% | 10.3% | 9.9% | 6.4% | 1.8% | 3.7% | 4.6% | 25.5% | 47.2% |
| | FY19 | 21.4% | 10.3% | 9.8% | 6.1% | 0.8% | 2.9% | 4.4% | 27.9% | 47.7% |
| | FY18 | 17.3% | 8.9% | 8.2% | 5.4% | 4.6% | 1.3% | -0.3% | -3.3% | 57.2% |
| **Arohan Financial Service Ltd.** | **3-year avg** | **20.0%** | **10.1%** | **10.1%** | **5.7%** | **2.5%** | **2.1%** | **2.9%** | **15.7%** | **46.8%** |
| | FY20 | 22.0% | 10.6% | 10.5% | 5.0% | 3.5% | 1.7% | 2.8% | 15.3% | 41.1% |
| | FY19 | 18.6% | 10.4% | 10.7% | 5.9% | 1.3% | 2.3% | 4.1% | 23.6% | 45.6% |
| | FY18* | 19.3% | 9.2% | 9.2% | 6.1% | 2.7% | 2.2% | 1.7% | 8.2% | 53.8% |
| **Muthoot Microfin Ltd.** | **3-year avg** | **20.0%** | **10.6%** | **8.7%** | **6.7%** | **2.9%** | **6.8%** | **2.1%** | **9.3%** | **43.2%** |
| | FY20 | 19.0% | 10.8% | 8.1% | 7.1% | 6.9% | 6.8% | 0.5% | 2.0% | 47.5% |

| Profitability Parameters | Year | Yields on advances | Cost of borrowing | Net Interest Margin (NIM) | Opex ratio | Credit Costs | Other income as % of average Assets | ROA | ROE | Cost to income ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY19 | 21.6% | 10.4% | 9.4% | 6.7% | 0.9% | 7.6% | 6.6% | 31.2% | 39.5% |
| | FY18 | 19.3% | 10.5% | 8.6% | 6.2% | 0.8% | 6.0% | -0.7% | -5.2% | 42.5% |
| **Annapurna Finance Pvt. Ltd.** | **3-year avg** | **23.1%** | **10.9%** | **8.4%** | **6.2%** | **1.6%** | **1.6%** | **1.6%** | **10.4%** | **62.2%** |
| | FY20 | 22.8% | 11.3% | 8.1% | 6.1% | 1.3% | 1.7% | 2.0% | 12.0% | 62.0% |
| | FY19 | 21.2% | 10.2% | 8.3% | 6.7% | 0.6% | 2.5% | 2.3% | 14.5% | 62.1% |
| | FY18*^ | 25.3% | 11.2% | 8.8% | 5.9% | 2.8% | 0.6% | 0.5% | 4.6% | 62.5% |
| **Fusion Microfinance Private Ltd.** | **3-year avg** | **22.3%** | **11.1%** | **7.1%** | **5.4%** | **3.0%** | **1.9%** | **0.4%** | **0.8%** | **60.9%** |
| | FY20 | 22.0% | 11.4% | 8.4% | 5.1% | 2.4% | 1.6% | 1.8% | 7.6% | 50.8% |
| | FY19 | 23.8% | 11.2% | 7.8% | 5.5% | 0.7% | 1.0% | 1.8% | 11.2% | 63.2% |
| | FY18* | 21.2% | 10.7% | 5.2% | 5.6% | 5.9% | 3.0% | -2.5% | -16.4% | 68.7% |
| **Samasta Microfinance Ltd.** | **3-year avg** | **22.7%** | **10.1%** | **12.5%** | **8.9%** | **1.0%** | **3.2%** | **3.3%** | **21.0%** | **57.7%** |
| | FY20 | 24.7% | 10.2% | 14.5% | 8.8% | 2.0% | 3.1% | 4.7% | 27.7% | 49.8% |
| | FY19 | 24.0% | 11.0% | 13.4% | 9.4% | 1.2% | 3.2% | 4.0% | 28.1% | 56.3% |
| | FY18 | 19.3% | 9.0% | 9.6% | 8.6% | -0.1% | 3.3% | 1.3% | 7.2% | 66.9% |
| **Belstar Microfinance Private Ltd.** | **3-year avg** | **24.3%** | **10.6%** | **11.5%** | **6.1%** | **1.1%** | **1.1%** | **3.7%** | **24.8%** | **48.3%** |
| | FY20 | 24.2% | 10.3% | 12.5% | 6.8% | 1.0% | 1.6% | 4.3% | 22.0% | 48.2% |
| | FY19 | 24.5% | 10.6% | 11.6% | 5.7% | 1.1% | 1.3% | 4.3% | 27.7% | 44.2% |
| | FY18 | 24.2% | 10.8% | 10.3% | 5.7% | 1.3% | 0.5% | 2.6% | 24.8% | 52.5% |
| **SFBs and Banks** | | | | | | | | | | |
| **Bandhan Bank** | **3-year avg** | **15.6%** | **6.5%** | **8.5%** | **3.5%** | **2.8%** | **2.0%** | **3.9%** | **20.4%** | **32.8%** |
| | FY20 | 14.0% | 7.8% | 8.5% | 3.3% | 1.9% | 2.1% | 4.1% | 22.9% | 30.8% |
| | FY19 | 16.5% | 5.5% | 8.9% | 3.6% | 3.6% | 2.1% | 3.9% | 19.1% | 32.6% |
| | FY18 | 16.4% | 6.1% | 8.1% | 3.5% | 2.9% | 1.9% | 3.6% | 19.2% | 35.0% |
| **Ujjivan SFB** | **3-year avg** | **20.3%** | **8.1%** | **9.8%** | **8.0%** | **2.1%** | **1.7%** | **1.3%** | **8.5%** | **70.3%** |
| | FY20 | 21.7% | 8.1% | 10.2% | 8.2% | 1.8% | 2.0% | 2.2% | 14.0% | 67.4% |
| | FY19 | 19.3% | 7.6% | 9.5% | 8.6% | 0.9% | 1.8% | 1.7% | 11.0% | 76.5% |
| | FY18 | 19.9% | 8.6% | 9.6% | 7.3% | 3.5% | 1.2% | 0.1% | 0.4% | 67.1% |
| **Utkarsh SFB** | **3-year avg** | **20.4%** | **8.2%** | **8.4%** | **6.1%** | **2.5%** | **1.2%** | **0.8%** | **6.4%** | **56.4%** |
| | FY20 | 20.8% | 8.2% | 8.6% | 5.6% | 1.2% | 1.2% | 2.4% | 20.8% | 57.6% |
| | FY19 | 20.8% | 8.3% | 9.2% | 6.1% | 2.5% | 1.1% | 1.7% | 15.9% | 53.0% |
| | FY18 | 19.7% | 8.0% | 7.4% | 6.5% | 3.9% | 1.2% | -1.8% | -17.6% | 58.6% |
| **ESAF SFB** | **3-year avg** | **23.1%** | **9.1%** | **8.9%** | **7.6%** | **1.8%** | **2.0%** | **1.5%** | **14.0%** | **70.4%** |
| | FY20 | 22.3% | 8.7% | 9.6% | 7.3% | 1.6% | 1.6% | 2.3% | 19.2% | 64.9% |
| | FY19 | 23.7% | 9.0% | 9.7% | 7.7% | 2.4% | 1.9% | 1.5% | 14.6% | 66.4% |
| | FY18 | 23.2% | 9.5% | 7.3% | 7.9% | 1.3% | 2.6% | 0.7% | 8.3% | 79.8% |
| **Fincare SFB** | **3-year avg** | **24.9%** | **9.4%** | **11.3%** | **9.0%** | **4.5%** | **2.3%** | **0.0%** | **4.4%** | **66.4%** |
| | FY20 | 24.9% | 9.5% | 11.0% | 7.6% | 3.4% | 2.6% | 2.5% | 18.3% | 56.0% |
| | FY19 | 23.6% | 8.9% | 11.7% | 9.2% | 1.5% | 2.2% | 3.2% | 20.3% | 66.4% |
| | FY18 | 26.1% | 9.8% | 11.2% | 10.3% | 8.7% | 2.1% | -5.6% | -25.3% | 76.8% |
| **Suryoday SFB** | **3-year avg** | **22.4%** | **9.0%** | **10.3%** | **6.5%** | **3.8%** | **2.1%** | **1.9%** | **8.5%** | **53.3%** |
| | FY20 | 22.5% | 8.1% | 10.7% | 6.0% | 4.3% | 1.9% | 2.4% | 11.4% | 47.1% |
| | FY19 | 23.0% | 9.1% | 11.4% | 6.5% | 4.2% | 2.3% | 2.9% | 12.2% | 47.7% |
| | FY18 | 21.6% | 9.8% | 8.7% | 7.0% | 2.9% | 2.0% | 0.5% | 1.9% | 65.1% |
| *****East focused NBFC MFIs** | | | | | | | | | | |
| **Arohan Financial Service Ltd.** | **3-year avg** | **20.0%** | **10.1%** | **10.1%** | **5.7%** | **2.5%** | **2.1%** | **2.9%** | **15.7%** | **46.8%** |
| | FY20 | 22.0% | 10.6% | 10.5% | 5.0% | 3.5% | 1.7% | 2.8% | 15.3% | 41.1% |
| | FY19 | 18.6% | 10.4% | 10.7% | 5.9% | 1.3% | 2.3% | 4.1% | 23.6% | 45.6% |
| | FY18 | 19.3% | 9.2% | 9.2% | 6.1% | 2.7% | 2.2% | 1.7% | 8.2% | 53.8% |
| **Annapurna Finance Pvt. Ltd.** | **3-year avg** | **23.1%** | **10.9%** | **8.4%** | **6.2%** | **1.6%** | **1.6%** | **1.6%** | **10.4%** | **62.2%** |
| | FY20 | 22.8% | 11.3% | 8.1% | 6.1% | 1.3% | 1.7% | 2.0% | 12.0% | 62.0% |
| | FY19 | 21.2% | 10.2% | 8.3% | 6.7% | 0.6% | 2.5% | 2.3% | 14.5% | 62.1% |
| | FY18*^ | 25.3% | 11.2% | 8.8% | 5.9% | 2.8% | 0.6% | 0.5% | 4.6% | 62.5% |
| | **3-year avg** | **19.5%** | **13.0%** | **6.9%** | **5.5%** | **0.3%** | **3.7%** | **2.8%** | **22.3%** | **52.1%** |

| Profitability Parameters | Year | Yields on advances | Cost of borrowing | Net Interest Margin (NIM) | Opex ratio | Credit Costs | Other income as % of average Assets | ROA | ROE | Cost to income ratio |
|---|---|---|---|---|---|---|---|---|---|---|
| Village Financial Services Ltd. | FY20* | 20.1% | 13.9% | 5.5% | 4.7% | 0.4% | 5.3% | 3.5% | 24.4% | 43.4% |
| | FY19* | 22.9% | 13.8% | 8.4% | 6.1% | 0.2% | 3.0% | 3.4% | 28.1% | 53.1% |
| | FY18* | 15.6% | 11.4% | 6.9% | 5.7% | 0.4% | 2.7% | 1.6% | 14.4% | 59.9% |
| | **3-year avg** | **23.8%** | **13.3%** | **9.2%** | **7.5%** | **2.6%** | **1.6%** | **0.4%** | **3.0%** | **71.1%** |
| SAIJA Finance Private Ltd. | FY20 | 25.6% | 14.1% | 10.4% | 7.8% | 2.3% | 0.6% | 0.5% | 3.5% | 70.2% |
| | FY19 | 28.1% | 13.6% | 12.2% | 7.4% | 2.3% | 0.6% | 2.0% | 16.0% | 57.7% |
| | FY18* | 17.6% | 12.2% | 5.0% | 7.3% | 3.2% | 3.5% | -1.4% | -10.4% | 85.4% |
| Uttrayan Financial Services Pvt Limited | **2-year avg** | **24.3%** | **13.0%** | **8.3%** | **6.6%** | **1.1%** | **5.2%** | **3.4%** | **28.8%** | **49.0%** |
| | FY19* | 23.5% | 13.3% | 7.9% | 6.2% | 0.6% | 4.0% | 3.0% | 26.2% | 52.0% |
| | FY18* | 25.1% | 12.6% | 8.7% | 6.9% | 1.5% | 6.3% | 3.8% | 31.4% | 46.0% |
| Sarala Development and Microfinance Pvt. Ltd. | **2-year avg** | **18.7%** | **11.4%** | **7.2%** | **5.3%** | **3.2%** | **4.0%** | **1.8%** | **10.4%** | **48.0%** |
| | FY19 | 18.2% | 11.1% | 6.9% | 5.2% | 1.1% | 4.0% | 3.2% | 18.9% | 48.1% |
| | FY18 | 19.1% | 11.7% | 7.4% | 5.4% | 5.2% | 3.9% | 0.3% | 1.8% | 47.9% |
| Adhikar Microfinance Pvt. Ltd. | **2-year avg** | **23.1%** | **15.1%** | **5.6%** | **9.0%** | **0.1%** | **7.0%** | **2.5%** | **24.9%** | **71.0%** |
| | FY19 | 23.4% | 16.0% | 5.0% | 9.4% | -0.3% | 7.1% | 2.0% | 21.1% | 77.4% |
| | FY18 | 22.8% | 14.1% | 6.2% | 8.5% | 0.5% | 6.9% | 2.9% | 28.7% | 64.5% |
| Unacco Financial Services Pvt. Ltd. | **2-year avg** | **20.8%** | **13.8%** | **9.7%** | **5.9%** | **0.4%** | **1.6%** | **3.5%** | **13.8%** | **52.8%** |
| | FY19 | 21.5% | 12.7% | 9.2% | 5.6% | 0.4% | 1.5% | 3.3% | 15.0% | 52.9% |
| | FY18 | 20.0% | 14.8% | 10.1% | 6.2% | 0.3% | 1.7% | 3.6% | 12.5% | 52.6% |

*Notes:*
*(1) *Calculation are done based on IGAAP reporting*
*(2)^Due to unavailability of notes to financial statements, all calculations are done based on numbers directly from financial statements*
*(3) **East/North-east based players are players originating from east or north-east*
*Source: Company reports, CRISIL Research*

### *Arohan has second lowest average (3-year) credit loss ratio amongst Top 10 NBFC-MFIs*

In terms of credit loss ratio, Arohan financial has the second lowest three-year average ratio of 1.3% following BelstarMicrofinance with a three-year average ratio of 0.6. Spandana Sphoorty Financial, on the other hand, has the highest three-year average ratio of 8.3% followed by Satin Creditcare Network with a three-year average ratio of 3.4%.

| Credit loss ratio | 3-year avg. | FY20 | FY19 | FY18 |
|---|---|---|---|---|
| **CreditAccess Grameen Ltd.** | 2.0% | 0.6% | 1.1% | 4.2% |
| **Spandana Sphoorty Financial Ltd.** | 8.3% | 10.6% | 14.2% | 0.0% |
| **Satin Creditcare Network Ltd.** | 3.4% | 2.4% | 3.2% | 4.5% |
| **Asirvad Microfinance Private Limited** | 3.2% | 0.4% | 1.9% | 7.2% |
| **Arohan Financial Service Ltd.** | 1.3% | 0.7% | 0.9% | 2.3%* |
| **Muthoot Microfin Ltd.** | 1.8% | 4.3% | 0.7% | 0.5% |
| **Annapurna Finance Pvt. Ltd.^** | NA | NA | NA | NA |
| **Fusion Microfinance Private Ltd.** | 2.7% | 1.2% | 1.5% | 5.5%* |
| **Samasta Microfinance Ltd.** | 1.4% | 0.6% | 0.7% | 3.0% |
| **Belstar Microfinance Private Ltd.** | 0.6% | 0.7% | 0.4% | 0.6% |

*Notes:*
*(1) *Calculation are done based on IGAAP reporting*
*(2)^Notes to financial statements are not available*
*Source: Company reports, CRISIL Research*

In response to the impact of the COVID-19 pandemic, some NBFCs-MFIs have made provisions in Fiscal 2020. The aggregate special provision accounted for 2.5-3% of the March 2020 loan book. That figure is significantly lower than the credit losses seen during demonetisation, which was 3-13% .

The below table sets out a comparison of credit costs due to provision related to COVID-19 and overall credit cost. NBFCs-MFIs are expected to account for increased provisions due to COVID-19 over coming fiscals.

| FY20 | Credit costs due to provisions towards COVID-19 | Overall credit costs |
|---|---|---|
| **CreditAccess Grameen Ltd.** | 0.90% | 2.60% |
| **Spandana Sphoorty Financial Ltd.** | 2.40% | 5.00% |
| **Asirvad Microfinance Private Limited** | 1.10% | 1.80% |
| **Muthoot Microfin Ltd.** | 1.50% | 6.90% |
| **Annapurna Finance Pvt. Ltd.** | 0.90% | 1.30% |
| **Fusion Microfinance Private Ltd.** | 1.30% | 2.40% |

*Source: Company reports, CRISIL Research*

***Arohan Financial had the fourth lowest average (3-year) GNPA ratio amongst the top 10 NBFC-MFIs***

Samasta Microfinance had the lowest three-year average GNPA ratio of 0.97% as of March 2020 followed by Belstar Microfinance (with a ratio of 1.0%), CreditAccess Grameen (with a ratio of 1.01%) and Arohan Financial Services (with a ratio of 1.4%). Spandana Sphoorty had the highest three-year average GNPA ratio of 11.43% among the top 10 NBFC-MFIs and SAIJA Finance had the highest thee-year average GNPA ratio of 3.76% among the east/ north-east based players.

| *Asset quality indicators* | GNPA ratio | | | |
|---|---|---|---|---|
| | 3-year avg. | FY20 | FY19 | FY18 |
| **Top 10 NBFC-MFIs** | | | | |
| **CreditAccess Grameen Ltd.** | 1.01% | 1.60% | 0.61% | 0.82% |
| **Spandana Sphoorty Financial Ltd.** | 11.43% | 0.40% | 8.00% | 25.90% |
| **Satin Creditcare Network Ltd.** | 3.42% | 2.93% | 2.89% | 4.44% |
| **Asirvad Microfinance Private Limited** | 1.55% | 1.83% | 0.48% | 2.33% |
| **Arohan Financial Service Ltd.** | 1.40% | 2.25% | 0.66% | 1.29% |
| **Muthoot Microfin Ltd.** | 3.60% | 5.70% | 2.00% | 3.10% |
| **Annapurna Finance Pvt. Ltd.** | 1.63% | 1.40% | 1.40% | 2.10% |
| **Fusion Microfinance Private Ltd.** | 2.22% | 1.55% | 1.12% | 3.98%* |
| **Samasta Microfinance Ltd.** | 0.97% | 1.50% | 0.40% | 1.00% |
| **Belstar Microfinance Private Ltd.** | 1.00% | 1.10% | 1.10% | 0.80%* |
| **SFBs and Banks*** | | | | |
| **Bandhan Bank** | 1.59% | 1.48% | 2.04% | 1.25% |
| **Ujjivan SFB** | 1.87% | 1.00% | 0.90% | 3.70% |
| **Utkarsh SFB** | 1.32% | 0.71% | 1.39% | 1.85% |
| **ESAF SFB** | 2.31% | 1.53% | 1.61% | 3.79% |
| **Fincare SFB** | 1.09% | 0.90% | 1.30% | 1.06% |
| **Suryoday SFB** | 2.70% | 2.79% | 1.80% | 3.50% |
| *****East focused NBFC MFIs** | | | | |
| **Arohan Financial Service Ltd.** | 1.40% | 2.25% | 0.66% | 1.29% |
| **Annapurna Finance Pvt. Ltd.** | 1.63% | 1.40% | 1.40% | 2.10% |
| **ASA International India Microfinance Ltd.** | 1.21% | 2.22% | 0.49% | 0.91% |
| **Village Financial Services Ltd.** | 0.63% | 0.86% | 0.55% | 0.48% |
| **Jagaran Microfin Private Ltd.** | 0.54% | 0.52% | 0.23% | 0.86%* |
| **Sarala Development and Microfinance Pvt. Ltd.** | 1.57% | 1.18% | 0.80% | 2.73% |
| **SAIJA Finance Private Ltd.** | 3.76% | 4.37% | 3.28% | 3.62%* |
| **Uttrayan Financial Services Pvt Limited^** | 0.52% | 0.42% | 0.46% | 0.68% |
| **Adhikar Microfinance Pvt. Ltd.** | NA | NA | NA | 0.25% |

| *Asset quality indicators* | GNPA ratio | | | |
|---|---|---|---|---|
| | 3-year avg. | FY20 | FY19 | FY18 |
| **Unacco Financial Services Pvt. Ltd.** | NA | NA | NA | NA |

*Notes:*
*(1) ^ Data represented is for FY19,*
*(2)* GNPA is as per IGAAP reporting*
*(3) **East/North-east based players are players originating from east or north-east*
*Source: Company reports, CRISIL Research*

***Arohan Financial had the lowest Net NPA ratio among the top 10 NBFC-MFIs***

Arohan Financial had a net NPA ratio of 0% over the last three years which is the lowest among the top 10 NBFC-MFIs. Asirvad Microfinance also had a low net NNPA ratio between Fiscal 2018 and Fiscal 2020 with an average net NPA of 0.08%. Muthoot Microfin and Satin Creditcare Network had high three-year Net NPA ratio averages of 2.6% and 1.88%, respectively.

| NNPA Ratio | 3-year avg. | FY20 | FY19 | FY18 |
|---|---|---|---|---|
| **CreditAccess Grameen Ltd.** | 0.27%* | 0.37% | 0.17% | NA |
| **Spandana Sphoorty Financial Ltd.** | 0.09% | 0.07% | 0.02% | 0.17% |
| **Satin Creditcare Network Ltd.** | 1.88% | 1.77% | 2.36% | 1.51% |
| **Asirvad Microfinance Private Limited** | 0.08% | 0.00% | 0.00% | 0.23% |
| **Arohan Financial Services Ltd.** | 0.00% | 0.00% | 0.00% | 0.00% |
| **Muthoot Microfin Ltd.** | 2.60% | 4.05% | 1.21% | 2.53% |
| **Annapurna Finance Pvt. Ltd.** | NA | NA | NA | NA |
| **Fusion Microfinance Private Ltd.** | 0.37% | 0.39% | 0.56% | 0.16% |
| **Samasta Microfinance Ltd.** | NA | NA | NA | NA |
| **Belstar Microfinance Private Ltd.** | NA | NA | NA | NA |

*Note: NNPA ratio is net NPAs to net advances as reported by the company, *Average is only for fiscal 2020 and 2019*
*Source: Company reports, CRISIL Research*

***Arohan Financial had the third-lowest average interest rates among top 10 NBFC-MFIs and lowest among East/North East-based NBFC-MFIs***

Based on data from MFIN, Arohan Financial had the third-lowest weighted average interest rate of 20.57% as of September 2020. Most NBFC-MFIs had high average interest rates of 21-24% per year on a declining balance basis. However, these interest rates are much lower than those charged by village moneylenders, which are generally between 35-45%. All the east-focused NBFC-MFIs, except Arohan Financial and Annapurna, has an average interest rate of over 23%.

| NBFC-MFIs | Average interest rate |
|---|---|
| **Top 10 NBFC-MFIs** | |
| **CreditAccess Grameen Ltd.** | 19.91% |
| **Satin Creditcare Network Ltd.** | 22.35% |
| **Spandana Sphoorty Financial Ltd.** | 21.05% |
| **Asirvad Microfinance Private Limited** | 21.54% |
| **Muthoot Microfin Ltd.** | 21.05% |
| **Arohan Financial Service Ltd.** | 20.75% |
| **Annapurna Finance Pvt. Ltd.** | 21.26% |
| **Fusion Microfinance Private Ltd.** | 21.83% |
| **Samasta Microfinance Ltd.** | 23.52% |
| **Belstar Microfinance Private Ltd.** | 20.63% |
| ****East focused NBFC MFIs** | |
| **Annapurna Finance Pvt. Ltd.** | 21.26% |
| **Arohan Financial Service Ltd.** | 20.75% |

| NBFC-MFIs | Average interest rate |
|---|---|
| **Village Financial Services Ltd.** | 23.95% |
| **ASA International India Microfinance Ltd.** | 23.25% |
| **SAIJA Finance Private Ltd.** | 23.68% |
| **Jagaran Microfin Private Ltd.** | 23.50% |
| **Uttrayan Financial Services Pvt Limited** | NA |
| **Sarala Development and Microfinance Pvt. Ltd.** | 23.00% |
| **Adhikar Microfinance Pvt. Ltd.** | 23.68% |
| **Unacco Financial Services Pvt. Ltd.** | 23.27% |

*Notes:*
*(1) Data for interest rates is as of September 2020*
*(2) **East/North-east based players are players originating from east or north-east*
*Source: MFIN, CRISIL Research*

## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 22 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" on page 24. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is derived from our Restated Financial Information for Fiscal 2018, 2019, 2020 and for the six months ended September 30, 2020 included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" beginning on page 202.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

### Overview

We are a leading NBFC-MFI with operations in financially under-penetrated Low Income States of India. We provide income generating loans and other financial inclusion related products to customers who have limited or no access to financial services. As of September 30, 2020, our Gross Loan Portfolio ("GLP") was ₹48.57 billion. We were the largest NBFC-MFI in Eastern India and the fifth largest NBFC-MFI in India based on Gross Loan Portfolio as of September 30, 2020. Between Fiscal 2017 to Fiscal 2020, we had the second highest GLP CAGR of 68.00% among the top five NBFC-MFIs in India, as well as the highest customer growth among the top five NBFC-MFIs at 49.00% CAGR between Fiscal 2018 to Fiscal 2020 (Source: CRISIL Report). As of September 30, 2020, 76.78% of our microfinance portfolio was in non-urban areas of India and women constituted more than 97.00% of our total customers.

We are registered with and our business is regulated by the RBI as an NBFC-MFI. We commenced microfinance operations in 2006. As of September 30, 2020, we served approximately 2.21 million borrowers in 17 states. These included 12 of the 14 Low Income States in India (as defined in the CRISIL Report). As of that date, our microfinance business' branch network consisted of 710 branches in 11 states and our MSME lending business' branch network consisted of 10 branches in eight states. We offer a broad range of products to financially underserved customers. Our financial products are classified into credit and insurance products. Our credit products include income generating loans and other loan products for various household purposes. Our insurance products include life and health insurance covers issued and underwritten by certain Indian insurance companies with whom we have entered into tie-ups. We also offer term loans to small microfinance institutions ("**MFIs**").

We are focussed on optimising our customer sourcing channels, maintaining well-established loan origination, credit underwriting and loan management processes, as well as adopting and integrating technology into our business to improve lending outcomes and operational efficiency. Our organic growth approach involves setting up our own branches, onboarding employees, and providing credit to customers through our branch networks. In addition, our inorganic growth approach involves establishing partnerships with other MFIs pursuant to which they act as our business correspondents in sourcing and collections (i.e., sourcing new customers and collecting loan repayments from customers on our behalf) in line with our processes and policies. As of September 30, 2020, 3.31% of our GLP was derived from our sourcing and collections portfolio, as well as from term loans issued to our MFI partners.

Our Promoters, Aavishkaar Venture Management Services Private Limited ("**AVMS**") and Intellectual Capital Advisory Services Private Limited ("**I-Cap**") are part of the Aavishkaar Group. The Aavishkaar Group has advised and nurtured businesses with social impact in India and abroad and in early stages of investment and has also advised a large number of organisations on inclusive business strategies and has provided significant amounts of venture capital funding to social impact businesses. As of September 30, 2020, the Aavishkaar Group had an AUM of approximately US$1.00 billion across Asia. As of the date of this Draft Red Herring Prospectus, our institutional investors also included Tano India Private Equity Fund II, Maj Invest Financial Inclusion Fund II K/S, Michael &

Susan Dell Foundation, TR Capital III Mauritius, ASK Financial Holding Private Limited and Kiran Vyapar Limited.

We were certified as a "Great Place to Work" and were ranked 86th among the best companies to work for in India by the Great Place to Work Institute India, in 2020. In the same year, we were in the top 25 companies among the banking, financial services and insurance industry, and among the top three NBFC-MFIs to be certified as a Great Place to Work. We were awarded the "Microfinance Organization of the Year" award by Access Assist at the Inclusive Finance India Awards 2018. We were also awarded the "Microfinance Institution of the Year" award in 2010 in the "Small and Medium Category" by Access Assist.

The following table sets forth certain key financial and operational information for our Company for the years/period indicated:

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Gross Disbursements(1) (₹ in million) | 8,300.31 | 49,957.39 | 46,771.09 | 26,935.87 |
| Total Income(2) (₹ in million) | 5,073.93 | 9,345.06 | 6,515.93 | 3,278.71 |
| Net Interest Income(3) (₹ in million) | 2,532.07 | 4,773.46 | 3,220.80 | 1,852.85 |
| Pre-provision operating profit before tax (4) (₹ in million) | 1,448.57 | 3,234.65 | 2,139.80 | 957.66 |
| Profit After Tax (5) (₹ in million) | 625.64 | 1,268.01 | 1,276.40 | 309.75 |
| Total Comprehensive Income (6) (₹ in million) | 513.66 | 1,351.06 | 1,249.37 | 306.28 |
| Net Interest Margin (7) (%) | 11.11 | 11.89 | 11.49 | 12.49 |
| Operating expenses/ Average AUM (8) (%) | 5.13 | 5.14 | 5.88 | 6.78 |
| Operating Cost to Total Income Ratio (%) (9) | 24.61 | 24.49 | 28.06 | 32.93 |
| Return on Average AUM (%) (10) | 2.57 | 2.85 | 4.11 | 1.95 |
| Return on Average Net Worth (%) (11) | 12.62 | 15.28 | 23.66 | 8.57 |
| Impairment on financial instruments (₹ in million) (12) | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Impairment on financial instruments / Average Loan to Customers (%) (13) | 2.78 | 3.88 | 1.31 | 3.26 |
| Gross NPAs/Loans to customers outstanding (%) (14) | 2.43 | 2.47 | 0.73 | 1.44 |
| Net NPAs/Loans to customers outstanding (%) (15) | 0.00 | 0.00 | 0.00 | 0.44 |

*Figures disclosed in the above table, except "Total Income", "Profit After Tax", and "Total Comprehensive Income" are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.*

*Metrics or ratios not defined here have the same definition as in the section "Selected Statistical Information" on page 316.*

*Notes:*

(1) *Gross Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant year/period.*

(2) *Total Income represents the aggregate of Revenue from Operations and other income. Revenue from Operations represents revenue from operations as per the Restated Financial Information. Other income represents other income as per the Restated Financial Information.*

(3) *Net Interest Income represents Interest on loans in the relevant year/period as reduced by Interest Expenses (excluding other interest expenses) in such year/period as per the Restated Financial Information.*

(4) *Pre-provision operating profit before tax represents profit before tax after adding back impairment on financial instruments as per the Restated Financial Information.*

(5) *Profit After Tax represents profit after tax for the relevant year/period as per the Restated Financial Information.*

(6) *Total Comprehensive Income represents total comprehensive income for the relevant year/period as per the Restated Financial Information.*

(7) *Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average loans to customers for such year/period. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

(8) *Operating expenses/ Average AUM (%) represents operating expenses for the relevant year/period as a percentage of Average AUM for such year/period. Operating expenses is total expenses less Finance cost and Impairment on financial instruments for the relevant year/period as per the Restated Financial Information.*

(9) *Operating Cost to Total Income Ratio (%) represents operating expenses as a percentage of Total Income for the relevant year/period.*

(10) *Return on Average AUM (%) is calculated as Profit After Tax for the relevant year/period as a percentage of Average AUM for such year/period.*

(11) *Return on Average Net Worth (%) is calculated as Profit After Tax for the relevant year/period as a percentage of Average Net Worth for such year/period.*

(12) *Impairment on financial instruments for the relevant year/period represents such expenses as per Restated Financial Information.*

(13) *Impairment on financial instruments/ Average loans to customers (%) represents impairment on financial instruments for the relevant year/period as a percentage of Average loans to customers for such year/period.*

(14) *Gross NPAs/Loans to customer outstanding (%) represents Gross NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

(15) *Net NPAs/Loans to customers outstanding (%) represents Net NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

The following table sets forth certain key financial and operational information as of the dates indicated:

| Particulars | As of | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| Number of active customers(1) | 2,207,037 | 2,305,034 | 1,865,266 | 1,137,868 |
| Number of active loan accounts(2) | 2,253,336 | 2,358,168 | 1,922,939 | 1,171,576 |
| AUM (₹ in million) (3) | 48,567.80 | 48,539.34 | 40,448.83 | 21,712.32 |
| Average loan outstanding/MFI customer (₹) | 20,761 | 19,647 | 19,745 | 18,083 |
| Total Borrowings(4) (₹ in million) | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |
| PAR>30(5) (₹ in million) | 2,422.65 | 2,289.31 | 393.73 | 402.45 |
| PAR>90(6) (₹ in million ) | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| Net Worth or Total equity(7) (₹ in million) | 10,152.66 | 9,626.31 | 6,971.57 | 3,818.63 |
| Tier I Capital (as a % of Total Risk Weighted Assets) | 21.01 | 19.93 | 18.41 | 17.37 |
| Tier II Capital (as a % of Total Risk Weighted Assets) | 4.77 | 4.87 | 5.19 | 7.25 |
| Total Capital (as a % of Total Risk Weighted Assets) | 25.78 | 24.80 | 23.60 | 24.62 |

*Figures disclosed in the above table, except "Net Worth", "AUM" and "Total Borrowings" are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.*

*Metrics or ratios not defined here have the same definition as in the section "Selected Statistical Information" on page 316.*

*Notes:*

(1) *Number of active customers represents the total number of active customers of our Company as of the last day of the relevant year/period.*

(2) *Number of active loan accounts represents the total number of active loan accounts of our Company as of the last day of the relevant year/period.*

(3) *AUM as of the last day of the relevant year/period represents aggregate of principal outstanding including principal overdue if any for all loans to customers held by the Company and assets transferred by way of securitisation, assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*

(4) *Total Borrowings as of the last day of the relevant year/period represents aggregate of Borrowings including Debt securities, subordinate liabilities, borrowing other than debt securities as per Restated Financial Information.*

(5) *PAR>30 represents the summation of stage 2 and stage 3 assets. Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.*

(6) *PAR>90 represents the stage 3 assets as of the last day of the relevant year/period.*

(7) *Net Worth as of the last day of the relevant year/period represents net worth which includes paid up share capital and all reserves and surplus and securities premium account including ESOP reserves as per the Restated Financial Information.*

As of September 30, 2020, we also had 10 MSME lending branches representing our MSME lending business with GLP of ₹1.81 billion, which represents 3.72% of our total GLP. As part of our efforts to focus on our core business offerings, we have divested part of our MSME lending business (to an entity forming part of the Aavishkaar Group) and plan to gradually exit that business. For further details, see "*History and Certain Corporate Matters*" beginning on page 169.

From Fiscal 2018 to Fiscal 2020, our disbursements, AUM, Total Income and Total Comprehensive Income grew at a CAGR of 36.19%, 49.52%, 68.83%, and 110.03%, respectively.

**Business Strengths**

We consider our business strengths to be the following:

***Largest NBFC-MFI in Eastern India and fifth largest NBFC-MFI in India with a focus on Low Income States***

As of September 30, 2020, we were the largest NBFC-MFI in Eastern India and the fifth largest NBFC-MFI in India based on GLP (Source: CRISIL Report). According to the CRISIL Report, the top 10 NBFC-MFIs in India contributed to more than 70.00% of the NBFC-MFI portfolio in Fiscal 2020. Among the top 10 NBFC-MFIs, we had the third highest GLP CAGR between Fiscal 2017 and Fiscal 2020 (Source: CRISIL Report). Among the Eastern India-based NBFC-MFIs, we had the highest growth in customers between Fiscal 2018 and 2020 (Source: CRISIL Report).

As of Fiscal 2020, 11 of the 14 Low Income States in India had microfinance penetration of less than 30%, and therefore, these 11 Low Income States have a huge gap in credit demand and supply, and provide relatively greater scope for the growth of microfinance businesses (Source: CRISIL Report). As of September 30, 2020, our microfinance business was present in 13 states, including 12 of the 14 Low Income States in India. As of Fiscal 2020, we also had the second lowest average disbursement size of ₹21,373.00 among the top 10 NBFC-MFIs (Source: CRISIL Report). We believe this positions us well in a market with significant room for future growth.

We believe that our expansion across and presence in multiple Low Income States in India have helped us reduce our operational and credit costs. Additionally, by utilising our inorganic partnerships with small MFIs we have leveraged their operational efficiency and customer relationships in relatively remote areas of India to expand our product offerings by sourcing new customers and collecting loan repayments. Small MFIs have also provided us with access to a sizeable potential customer base of low-income earners and to new markets. For further information, see "-- *Our Inorganic Portfolio*" on page 150.

We have received several awards and certifications affirming our market strength. We were awarded the "Microfinance Organization of the Year" award by Access Assist at the Inclusive Finance India Awards 2018, the SKOCH Order-of-Merit for qualifying among the top 100 projects in India for financial inclusion in 2016, SKOCH Order-of-Merit for "IT Transformation, Mobility and CRM" in 2017, and the SKOCH Order-of-Merit in 2018 for qualifying among the top ranking banking and finance projects in India for "Financial Inclusion, Microcredit and Rural Expansion", "Strategic Alliance Initiative" and "IT Strategic Transformation". We were also awarded the Institute for Competitiveness Strategy Awards by Times Network in 2019, and were recognised at the Institute of Company Secretaries of India's 20th National Awards for Excellence in Corporate Governance 2020, where we received the award for the Best Governed Company in the Unlisted Segment – Emerging Category. We achieved the highest-rated "MFI 1" grade from CARE Advisory Research and Training Limited, a wholly owned subsidiary of CARE Ratings Limited, in 2020, and an SP1 social performance grade from ICRA Limited in 2020, which indicates that our infrastructure and processes are consistent with a high likelihood of operating in the best interests of our customers and that it is amongst our highest priorities. We have had SMART Campaign Client Protection Principles certification since 2015. We have been recognised as a "Responsible Lender" under the "Code for Responsible Lending in Microcredit" ("**CRL**") and had a CRL score of 99% for the quarter ending March 31, 2020. This reflects our commitment to uphold the highest standards in customer protection.

***Seasoned business model incorporating our well-established risk management framework, loan approval processes and recovery drives***

We have a seasoned business model incorporating our well-developed approval processes and controls and the implementation of our well-established risk management frameworks, which we developed following a risk analysis of our Company performed by a global consultancy firm in 2014. We believe we have sound customer due diligence, credit appraisal, and loan origination, evaluation and sanction processes. We have a co-borrower (typically the spouse) based loan application and we have implemented a comprehensive credit approach ("**CB360 approach**") to determine the indebtedness of the customer. This involves us checking each customer's indebtedness levels with reference to the customer's current or previous microfinance loans or other retail loans (excluding education and medical emergency loans) to understand a customer's existing loan obligations and overall ability to repay. We intend to enhance the CB360 approach by including checks on the co-borrower's indebtedness as well. Our field staff also assess the customer's cash flow, reputation and credibility by speaking to residents of the same area as the customer. As part of the on-boarding process, our customers are required to undertake training to ensure that they understand their repayment responsibilities as well as the loan terms and conditions. For further details, see "-- *Joint Liability Group Lending Business Processes – Customer Due Diligence, Credit Appraisal, Loan Origination, Evaluation and Sanction Processing*" on page 150.

We continue to focus on portfolio at risk ("**PAR**") recovery drives to ensure we manage and maintain the quality of our assets and loan portfolio. In Fiscal 2018, 2019, 2020 and for the six months ending September 30, 2020 our PAR>30% (Stage 2 and Stage 3) was 1.95%, 1.11%, 5.05%, and 5.23% respectively. In the same periods our PAR>90% (Stage 3) was 1.44%, 0.73%, 2.47%, and 2.43% respectively. The increase in PAR>30% from 1.95% in Fiscal 2018 to 5.05% in Fiscal 2020 was due to local unrest in Assam, which impacted microfinance activities generally. In particular, the local unrest and the imposition of curfews in Assam adversely impacted microfinance activities such as field visits, meetings with customers, conducting collections, disbursing loans and collecting repayments (Source: CRISIL Report). We instituted a new cadre of field staff, called the Recovery Customer Service Representative ("**Recovery CSR**"), whose primary role is to connect with customers who are in default of their repayments by 90 days or more, in February 2018. (PAR>30 (%) represents the summation of stage 2 and stage 3 assets as of the last day of the relevant year/period as a percentage of Loans as per Restated Financial Information PAR>90 (%) represents the stage 3 assets as of the last day of the relevant year/period as a percentage of Loans as per Restated Financial Information).

Risk management plays a key role in our business and we believe we have implemented an effective risk management process. In 2018, we were awarded the MFIN Microfinance Award for implementing outstanding initiatives in the category of "Risk and Resilience Framework". We have implemented risk tools, techniques and data analytics to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our business strategy. Our risk management framework identifies, monitors and manages various types of risks inherent in our business operations, including risks associated with credit, liquidity, operations and other emerging risks. Our proprietary risk models, namely "Credit Risk Model", "SCoPE", "Operations Risk Model" and "BRisk", have been developed entirely in-house to assess performance for each of our branches, identifying and highlighting the key operational risks specific to each one of them. This allows prompt and timely preventive and corrective actions at the branch level, based on specific variables and factors. Our risk function reports directly to the Risk Management Committee of the Board. For further information, see "-- *Business Units – Risk Management*" on page 152.

We maintain a well-established internal control framework and an independent internal audit function, which reports directly to the Audit Committee of the Board. Our internal audit department monitors our adherence to internal controls and regulatory requirements and provides input and recommendations to strengthen our governance, control and risk management frameworks. It also undertakes an independent review to establish whether the business is operating in accordance with our internal policies and standards for managing operational risk, as well as statutory requirements. For further information, see "-- *Business Units – Internal Audit*" on page 153.

Over the years we have been prudent in provisioning and have therefore maintained a zero Net NPA for Fiscal 2019 and Fiscal 2020. During that period we had the lowest Net NPA ratio among the top 10 NBFC-MFIs in India (Source: CRISIL Report). We also had the second lowest three-year average credit loss ratio from Fiscal 2018 to Fiscal 2020 among the top 10 NBFC-MFIs (Source: CRISIL report).

***Customer centric approach with diverse product offerings***

We offer a range of financial inclusion products to low-income individuals who are under-served by formal financing institutions. We have designed our lending products to meet our customers' needs based on loan size and repayment abilities. We offer a wide range of loans, from as small as a ₹10,000.00 entry level business loan to as large as a ₹250.00 million term loan to small MFIs. For further information, see "-- *Our Products – Core Loan Products*" on page 148.

In addition to our core loan products, in order to build customer relationships we also cross-sell secondary loan products to our customers via a technology platform called "ApnaBazaar", on which various products are made available to our field staff on mobile or tablet devices. We provide secondary loans for various purposes including the purchase of solar lamps, agricultural products, home and kitchen appliances, consumer durables and bicycles in association with various third party vendors. For further information, see "-- *Our Products – Secondary Loan Products*" on page 149.

We also offer life and health insurance policy products that are issued and underwritten by certain Indian insurance companies with whom we have entered into tie-ups. We partnered with Bajaj Allianz Life Insurance Company Limited in 2015, HDFC Life Insurance Company Limited in 2019 and Kotak Mahindra Life Insurance Company Limited in 2020 for them to underwrite group term life insurance policies. We also partnered with Future Generali

India Insurance Company Limited in 2015 for them to provide health insurance and hospital cash benefits to our customers, and with Aditya Birla Health Insurance Company Limited in 2020 to provide a COVID-19 related insurance policy to our customers in addition to regular health insurance. For further information, see "-- *Our Products – Insurance Products*" on page 149.

We also provide term loans ranging from ₹10.00 million to ₹250.00 million to small MFIs for the purpose of onward lending to microfinance customers of these MFI partners. For further information, see "-- *Our Products – Loans to Small MFIs*" on page 150.

***Advanced and scalable technology-enabled infrastructure***

As part of our business, we are required to serve our wide network of customers through numerous transactions. Therefore, we have used technology to advance and scale our infrastructure, strengthen our financing initiatives, and derive greater operational, cost and management efficiencies across our business functions. We believe that our use of technology has been innovative. This is evidenced by our inclusion in the SKOCH Order-of-Merit for "IT Transformation, Mobility and CRM" in 2017, and the SKOCH Order-of-Merit for qualifying among the top ranking banking and finance projects in India for "IT Strategic Transformation" in 2018. We also received an award for being a Digitally Advanced NBFC at the India NBFC Summit and Awards in 2019.

We have implemented various technology-based tools and platforms, including "Gravity", an Android and web-based application for loan origination that helps to record operational transactions conducted in the field on a real-time basis, in 2016, and "Profile", a core banking system from FIS (a global Fortune 500 company) to manage our lending business, increase customer handling numbers and strengthen our back-end systems, in 2017. During the COVID-19 pandemic, "Profile" has helped us to manage various government responses including the payment moratorium, interest subvention and compound interest relief. We are the only MFI in India using "Profile" as a loan management solution.

We also run data analytics on internal customer data and external data provided to us by CRIF High Mark, an RBI approved Credit Bureau in India, for our operations. We use CRIF High Mark's "Prismatic" data analytics for our area selection process when expanding into new geographies. Since 2017, we have used "Perdix", a centralised digital audit platform, for our internal audit, and are the first MFI in Eastern India to use its audit software. "Perdix" provides access to audit schedules, input screens and the entire audit database through a web-based platform including auditable data such as cash management process, fixed assets and loan documents. In 2019, we implemented "Diligent", a comprehensive corporate governance software which manages all our board related activities in a paperless, transparent and timely manner. This has led to reduced usage of and dependence on physical documents, ultimately increasing the security and reducing turn-around-time as well as costs. Our digitisation of compliance and corporate governance was recognised at the Institute of Company Secretaries of India's 20$^{th}$ National Awards for Excellence in Corporate Governance 2020, where we received the award for the Best Governed Company in the Unlisted Segment – Emerging Category.

Our field management portal "Sanjaya", our cross-sell portal "ApnaBazaar" and our "MeraArohan" product suite are examples of how our business is technology enabled. For further information, see *"--Business Units— Information Technology*" on page 154.

We have sought to build our technology platform into a business tool that helps us to maintain consistent levels of customer service and enhance our operational efficiency and scale. With the help of our IT interventions and automation efforts, we have been able to reduce our operating expenses ratio (measured as operating expense / average annual AUM) from 6.78% in Fiscal 2018 to 5.14% in Fiscal 2020. We have also reduced our loan disbursal turn-around-time from more than 15 days in Fiscal 2015 (before we implemented "Gravity") to less than a week in Fiscal 2019 (after implementing "Gravity" and our 100% cashless disbursement system, among other initiatives). We also improved our employee efficiency (measured by calculating the number of customers per loan officers sourcing microfinance and MSME loans) from 501 in Fiscal 2018 to 579 in Fiscal 2020.

For further information, see "-- *Business Units – Information Technology*" on page 154.

***Diverse borrowing relationships and access to multiple sources of capital***

We have secured funding from a variety of sources including term loans, working capital facilities, revolving facilities, proceeds from loans assigned or the securitisation of loans, external commercial borrowings, issuance of non-convertible debentures, and subordinated debt borrowings from banks and other domestic and foreign financial institutions to meet our funding requirements. As of December 31, 2020, we had over 40 lenders**.**

We also benefit from the RBI's priority sector lending ("**PSL**") policy in India under which commercial banks need to ring-fence 40.00% of the bank's quarterly net assets towards meeting PSL obligations in sectors including microcredit. The RBI's PSL policy is aimed at facilitating financial inclusion in India (Source: CRISIL Report).

In addition, we have asset liability mismatch strategies in place. We primarily borrow on a longer term basis than the average tenure of our assets. Our average asset tenure is 21 months while the average term of any borrowing agreement is 32 months, such that our cumulative asset liability position is positive. Further, we do not take any recourse against short term instruments such as commercial papers. This strategy is designed to strengthen our cash flow position, mitigate liquidity risk, and avoid negative asset liability mismatch in our books. For further information, see "*-- Business Units – Treasury and Accounts*" on page 155.

As of September 30, 2020, 69.15% of our total borrowings were from banks and 30.85% from other financial institutions. We raised ₹32,106.08 million in Fiscal 2020 and notwithstanding the challenging financing environment, we raised ₹23,267.78 million in the six months ended September 30, 2020. We increased our Tier-II Capital from ₹1,499.20 million as of March 31, 2018 to ₹1,829.50 million as of March 31, 2019 and to ₹2,146.18 million as of March 31, 2020, and our Tier-II Capital amounted to ₹2,140.98 million as of September 30, 2020. In Fiscal 2019, we raised our first external commercial borrowings from the International Finance Corporation for ₹990.00 million. In the six months ended September 30, 2020, we raised ₹6,480.42 million from NCD issuances. For further information, see "*Financial Statements*" beginning on page 202.

Our credit rating for long term bank facilities/non-convertible debentures is rated A- (stable outlook) by both CARE Ratings Limited and ICRA Limited. CARE upgraded our long term bank rating to A- in July 2016, which has been reaffirmed each year thereafter. ICRA assigned us a credit rating of A- in July 2020. We believe that our relationships with our lenders along with our credit ratings have led to lowering of our average effective cost of borrowing from 12.45% in Fiscal 2018 to 10.94% in Fiscal 2019 and 10.86% in Fiscal 2020. Further, our average effective cost of borrowing was reduced to 10.70% as of September 30, 2020. In turn, this has meant that we were able to offer the third lowest average interest rate among the top 10 NBFC-MFIs and the lowest average interest rate among Eastern and North Eastern-based NBFC-MFIs as of September 2020 (Source: CRISIL Report). Our lending rates for our qualified microfinance portfolio have decreased from 22.99% during Fiscal 2018, to 20.75% as of September 30, 2020. As per the Master Directions, NBFCs are required to have a minimum CRAR of 15%, and our Company maintained a CRAR of 25.78% as of September 30, 2020. For details of grading and credit ratings received by us, see "*History and Certain Corporate Matters*" beginning on page 169.

***Our Promoter ownership and experienced Board and management teams***

Our Promoters, AVMS and I-Cap, collectively hold 34.32% of the issued, subscribed and paid-up share capital of our Company. Our Promoters are part of the Aavishkaar Group, the entities of which collectively have over 18 years of experience in advising and nurturing businesses with social impact in India and abroad. The entities forming part of the Aavishkaar Group have advised a large number of organisations on inclusive business strategies and have provided a significant amount of venture capital funding to social impact businesses.

The Company strives to adhere to high standards of corporate governance and has put in place policies and procedures to support transparency, strong business ethics and a well-established compliance framework. The Company's Board is chaired by an independent director, with three additional independent directors also on the Board. The independent directors meet separately with the Company's statutory auditors from time to time.

Our management consists of professionals who have experience in microfinance, consumer finance, investment banking, retail banking, consulting and insurance. We believe that our management has an in-depth understanding of the industry and our products. Our management is also incentivised by being beneficiaries of ESOP plans. Our Managing Director has extensive experience in the MFI sector. He has chaired the governing board of Microfinance Institutions Network ("**MFIN")**, the self-regulatory organisation for NBFC-MFIs recognised by the RBI, since 2019, having first joined MFIN's board in 2013. He was also the President of MFIN in 2015-16. Our Chief Financial Officer was conferred the "Best CFO - BFSI (Large sized enterprises)" award for 2020 by the All India Association of Industries in 2021. Our Company Secretary was awarded the Governance Professional of the Year Award at the Institute of Company Secretaries of India's 20th National Awards for Excellence in Corporate

Governance 2020, where we also received the award for the Best Governed Company in the Unlisted Segment – Emerging Category.

Our Company's management teams include an Executive Committee, consisting of direct reports to the Managing Director, a senior management team and a separate senior management group, which focus on delivering our business objectives. Other management committees are responsible for key business functions such as portfolio quality review, credit, assets and liabilities, banking and debt finance, human resources, diversity and staff governance. These teams and committees have been created to ensure our management processes are institutionalised.

Our senior management also has experience in acquiring and successfully integrating smaller businesses. In 2012, we acquired Intellecash Microfinance Network Company Private Limited's ("**Intellecash**") microfinance lending portfolio in Bihar. Further, in March 2018, we acquired Intellecash, which at that time was an MSME lending business. These acquisitions involved the integration and consolidation of branches, employees and customers with our business and systems.

For further information, see "—*Business Units - Human Resources*" on page 156.

**Business Strategies**

Our business strategies include the following:

***Focus on growing our business in financially underpenetrated Low Income States***

We intend to continue expanding our footprint by establishing new branches in Low Income States in which we are already present, as well as by expanding our footprint into other contiguous low income or financially underpenetrated states such as Rajasthan, Uttarakhand, Punjab and Haryana. We plan to focus on low income households who have limited or no access to formal banking and finance channels, predominantly spread across non- urban markets in India.

We believe that there is a gap in supply and demand for microfinance in Low Income States of India and that a large part of the gap is serviced by informal sources, which represents an attractive business opportunity for us. According to the CRISIL Report, the average MFI penetration in India is 21.00%. CRISIL Research expects growth in the MFI portfolio to come from states with relatively low MFI penetration, as well as from states with moderate penetration. We believe that our operating strength and focus on the states in which we already operate will allow us to penetrate deeper into Low Income States and capture a significant share of the untapped demand for microfinance in India.

We have also entered into inorganic partnerships with small MFIs to build customer relationships and gain access to new customers. These partnerships offer lower operating costs and additional loss guarantees. As part of our focus on growing our business in financially underpenetrated Low Income States, we intend to continue to direct funds through our existing and new inorganic partnerships. We also intend to continue to consider purchasing loan portfolios originated by small MFIs through assignment transactions, enabling them to reduce their risk weighted assets thereby increasing their capital adequacy ratio and liquidity. We may also offer on-lending facilities with the assurance of buying back the assets created, provided that these meet our internal benchmarks. For further information, see "-- *Our Inorganic Portfolio*" on page 150.

The Company also started its "Hum Hain Naa" balance transfer product which leverages our lower microfinance pricing to source customers in branches where dominance of other MFIs is high, in order to gain market share.

Overall, the MFI industry loan portfolio is expected to grow at a CAGR of 15.00-16.00% between Fiscal 2020 and Fiscal 2025 (Source: CRISIL Report). We plan to drive our growth correspondingly by increasing our overall customers.

***Increase customer touchpoints by continuing to cross-sell product suite***

We offer certain non-credit products and services through our tie-ups with third parties to meet our customers' changing needs. While we intend to continue to focus on our core business of providing microfinance, we also plan to continue to diversify our business by offering new financial and non-financial products. This will allow us to increase our touchpoints with our customers while also allowing us to help our customers improve their standard of living. We expect that this will not only generate additional sources of income for us but also diversify our operational risk by providing new revenue streams. For further information, see "-- *Our Products*" on page 147.

We use our scheduled meetings with our customers to highlight new products. Our customers have requirements for both financial inclusion products and non-financial products including household appliances, and we consider that increasing our customers' access to a range of both financial and non-financial products helps the overall credit relationship. In addition to the current "ApnaBazaar" platform, we also plan to provide a mobile platform to our customers which will enable them to purchase products suitable to their needs using their smartphones. Customers will also have access to a pre-approved credit line from us and will be able to check their order status and track delivery of goods directly via their mobile phone applications.

We seek to continuously innovate our cross-selling approach to provide enhanced service and business growth opportunities and we aim to introduce new and improved variants of our products in response to changing market demands and customer preferences.

***Continue to improve customer experience and optimise our operational expenses by developing technology infrastructure***

In the past few years, we have invested in our IT systems to introduce a range of automated and digitised technology platforms and tools to strengthen our customer centric approach and drive greater operational cost and management efficiencies for our business.

In 2017, we migrated to "Profile", a core banking system from FIS, a Fortune 500 company. In 2020, we introduced "MeraArohan", an automated lending solution built on an advanced technology platform, designed to completely digitise the loan lifecycle from end-to-end. We aim to further automate our collections tracking using this solution. We will continue to enter into third-party tie-ups to foster technology assistance for scaling up disbursals, providing effective service and reducing turn-around time of decision-making. We have introduced "Nirnay", a credit scoring model, in partnership with CRIF's digital decisioning platform, "StrategyOne". "Nirnay" is customisable and supports streamlining lending processes and controlling credit risk.

As a part of our mobility strategy, most of our applications are mobile friendly and we will continue to further digitalise and automate a number of our back-office functions. Our Company also intends to tie-up with third party vendors for executing digital loan documents and e-signing thereof. We believe this will help us in further streamlining the loan document execution process. We intend to also continue to introduce and integrate new information technology systems across the Company to ensure that our technology remains advanced and our business remains scalable, operationally efficient and with effective internal control measures in place.

For further information, see "-- *Business Units – Information Technology*" on page 154.

***Sustain and develop our talent base***

As of September 30, 2020, we had 6,395 employees, of which 78.67% constitute our customer service representatives branch staff and area managers, who regularly interact with our customers. We believe that they best represent our brand to our customers. With almost 78.00% of our field staff in Fiscal 2020 being first-time professionals, we offer customer relationship training to our field staff to ensure that they are prepared and able to respond to our customers' needs. We were awarded a "Client Protection Certification" by the Smart Campaign in 2015 for taking adequate care to implement Client Protection Principles, which was reaffirmed in 2019.

We intend to continue to create an employee-friendly and value-driven culture within our organisation to recruit and retain talent. We also emphasise employee training to promote the continuous growth and development of our employees and our organisation. We will continue to adopt a structured approach to support and mentor our employees. To support employee career growth, we have introduced a "Hi-Potential" program to create leaders internally as a part of our succession planning endeavours.

We believe our compensation structure is competitive. It includes performance pay for both enabling functions and field staffs. Additionally, our management are incentivised by being beneficiaries of ESOP plans which aim to reward key employees for their association, dedication and contribution to the goals of the Company along with a range of other incentives and employee engagement programs. The Company intends to use the ESOP plans to attract, retain and motivate key talent within the Company, as the case may be, by way of rewarding their high performance and motivating them to contribute to overall corporate growth and profitability.

We believe well trained and motivated employees are key to successful relationships with our customers and lead to greater customer loyalty. We intend to continue to strengthen our human resources policies with focus on employee satisfaction.

For further information, see "--*Business Units - Human Resources*" on page 156.

***Enhance customer acquisition and experience through our innovative product/service offerings***

We are focused on driving innovation and differentiation in our products and processes. To capitalise on our ability to raise debt and to offer microfinance loans at attractive rates, we recently launched our balance transfer product, "Hum Hain Naa", so that customers could benefit from better pricing and a monthly repayment model.

Following the COVID-19 pandemic and the ensuing payment moratorium, we are offering additional innovative products designed to address the needs of both regular and stressed customers. We have recently introduced "Sahbhaagi", a centre reward program, which seeks to recognise regular centre attendance and timely repayment with benefits to center members and also centre coordinators for their efforts in ensuring attendance and repayment.

We also believe that the microfinance model needs to differentiate between "new to credit" and "used to credit" customers based on clear criteria such as length of lending relationship, attendance at centre meetings and repayment history. We intend to offer a model called "Khaas" to "used to credit" customers which will require fewer in-person interactions. Through the "Khaas" model our customers are likely to have virtual centre meetings, fully digitised loan renewal processes, cashless repayments and special benefits such as lower interest rates and better reward programs. The intention is to reward the past behaviour of these customers and to provide them with a streamlined loan experience.

***Pursue strategic acquisitions***

Our Promoters and management have prior experience in negotiating and executing successful mergers and acquisitions. In 2012, we acquired erstwhile Intellecash's microfinance lending portfolio in Bihar. Further, in March 2018, we acquired erstwhile Intellecash, which at that time was an MSME lending business that provided working capital and business loans to MSMEs through a merchant cash advance and automated clearing house repayment facility.

There are a total of 170 entities operating as NBFC-MFIs (including SFBs) in India (Source: CRISIL Report). Given that multiple MFIs, of various sizes, are operating in India, we believe consolidation opportunities may be available given the difficulty of raising capital and debt among small MFIs. We will be open to value accretive acquisitions of other MFIs of small or comparable size to ours.

**Our Operational Model**

Our business operations are focused on low-income households that have limited or no access to formal financial institutions. Our goal is to provide these households with support for their financial needs. Our target customers are women with an annual household income of ₹200,000.00 or less in urban areas and ₹125,000.00 or less in non-urban areas. We predominantly provide our core financial loans to groups consisting of three to five women. Groups are organised into centres. A centre typically has between eight and 30 members in total.

We offer collateral free loans to customers who are willing to borrow in a group and agree to accept joint liability for the group's loans, which we refer to as the joint liability group model ("**JLG model**"). Under our JLG model, loans are provided to individual customers but the group guarantees the repayment of loans. This means that if a customer is unable to repay her loan, other members of the same JLG are responsible for making such repayment on her behalf, which in turn reduces our credit risk. Our JLG model enables our customers, who typically do not have sufficient collateral, to gain access to formal credit. Our JLG model also provides a community support system for our customers, regardless of their financial circumstances. In addition, JLGs comprising customers from non-urban areas of India tend to be cohesive, which results in fewer delinquencies due to these customers residing in the same community and more reliably standing as guarantors for each other.

Our JLG model allows us to have better operational control and efficiency, reduces our credit risk, and lowers our transaction costs as we are essentially transacting with a group, rather than each individual customer.

**Our Branch Network**

As of September 30, 2020, we served approximately 2.21 million borrowers in 17 states. These included 12 of the 14 Low Income States in India (as defined in the CRISIL Report). As of that date, our microfinance business' branch network consisted of 710 branches in 11 states and our MSME lending business' branch network consisted of 10 branches in eight states. As part of our efforts to focus on our core business, we have divested part of our MSME lending business (to an entity forming part of the Aavishkaar Group) and plan to gradually exit that business. For further details, see "*History and Certain Corporate Matters*" beginning on page 169.

The following table sets forth the number of our branches in each state as of the dates indicated:

| State | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Assam(2) | 109 | 108 | 98 | 75 |
| Bihar | 127 | 125 | 100 | 64 |
| Chhattisgarh | 26 | 26 | 27 | 10 |
| Jharkhand | 37 | 36 | 30 | 29 |
| Karnataka(1) | 1 | 1 | 1 | 1 |
| Madhya Pradesh(2) | 49 | 48 | 25 | 0 |
| Maharashtra(1) | 3 | 3 | 3 | 2 |
| Manipur | 1 | 1 | 0 | 0 |
| Meghalaya | 2 | 2 | 2 | 2 |
| Odisha(2) | 103 | 103 | 87 | 82 |
| Telangana(1) | 1 | 1 | 1 | 0 |
| Tripura | 12 | 12 | 12 | 8 |
| Uttar Pradesh(2) | 91 | 87 | 76 | 61 |
| West Bengal(2) | 158 | 158 | 131 | 101 |
| **Total(3)** | **720** | **711** | **593** | **435** |

*Note:*

(1) *These states serve only the MSME lending business, part of which we have divested.*

(2) *Includes branches related to both the microfinance and MSME lending businesses.*

(3) *The list does not include the states of Rajasthan, Haryana and Gujarat, where we do not have branches, but have active customers.*

The following table sets forth the number of districts we covered in each state, as of September 30, 2020:

| State | Number of districts covered |
|---|---|
| Assam | 26 |
| Bihar | 35 |
| Chhattisgarh | 15 |
| Gujarat | 1 |
| Haryana | 2 |
| Jharkhand | 16 |
| Karnataka | 1 |
| Madhya Pradesh | 31 |
| Maharashtra | 3 |
| Manipur | 1 |
| Meghalaya | 2 |
| Odisha | 28 |
| Rajasthan | 1 |
| Telangana | 1 |
| Tripura | 8 |
| Uttar Pradesh | 38 |
| West Bengal | 21 |
| **Total** | **230** |

The following table sets forth the state-wise breakdown of our active customers in each state as of the dates indicated:

| State | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Assam[(2)] | 447,503 | 465,861 | 404,691 | 255,135 |
| Bihar | 425,800 | 449,640 | 316,660 | 181,646 |
| Chhattisgarh | 32,010 | 35,830 | 26,673 | 12,103 |
| Haryana | 158 | 158 | 0 | 0 |
| Gujarat[(1)] | 1 | 1 | 0 | 0 |
| Jharkhand | 118,660 | 120,576 | 96,855 | 60,469 |
| Karnataka[(1)] | 224 | 268 | 175 | 4 |
| Madhya Pradesh[(2)] | 60,137 | 61,129 | 15,925 | 0 |
| Maharashtra[(1)] | 647 | 846 | 940 | 576 |
| Manipur | 1,961 | 1,958 | 0 | 0 |
| Meghalaya | 5,374 | 5,425 | 3,598 | 3,398 |
| Odisha[(2)] | 261,507 | 274,448 | 273,426 | 197,916 |
| Rajasthan | 91 | 92 | 0 | 0 |
| Tripura | 25,610 | 27,090 | 26,859 | 12,522 |
| Telangana[(1)] | 232 | 259 | 30 | 0 |
| Uttar Pradesh[(2)] | 257,527 | 266,058 | 196,250 | 58,693 |
| West Bengal[(2)] | 569,595 | 595,395 | 503,184 | 355,406 |
| **Total** | **2,207,037** | **2,305,034** | **1,865,266** | **1,137,868** |

*Note:*

(1) *These states serve only the MSME lending business, part of which we have divested.*

(2) *Includes branches related to both the microfinance and MSME lending businesses.*

The following table sets forth our state-wise portfolio distribution (i.e. the ratio of our AUM from the respective state to our AUM, expressed as a percentage) as of the dates indicated:

| State | AUM by state in (%) As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Assam[(2)] | 19.73 | 19.25 | 21.38 | 22.32 |
| Bihar | 18.29 | 19.24 | 15.81 | 14.65 |
| Chhattisgarh | 1.09 | 1.05 | 1.22 | 1.00 |
| Gujarat[(1)] | 0.00 | 0.00 | 0.00 | 0.00 |
| Haryana | 0.01 | 0.01 | 0.00 | 0.00 |
| Jharkhand | 5.08 | 4.90 | 4.69 | 4.88 |
| Karnataka[(1)] | 0.64 | 0.76 | 0.83 | 0.01 |
| Madhya Pradesh[(2)] | 2.28 | 2.24 | 0.79 | 0.00 |
| Maharashtra[(1)] | 1.43 | 1.69 | 2.63 | 3.06 |
| Manipur | 0.07 | 0.07 | 0.00 | 0.00 |
| Meghalaya | 0.24 | 0.23 | 0.19 | 0.25 |
| Odisha[(2)] | 11.91 | 11.47 | 13.41 | 17.04 |
| Rajasthan | 0.00 | 0.00 | 0.00 | 0.00 |
| Tripura | 0.96 | 1.02 | 1.18 | 0.96 |
| Telangana[(1)] | 0.77 | 0.85 | 0.06 | 0.00 |
| Uttar Pradesh[(2)] | 10.27 | 10.25 | 8.99 | 6.08 |
| West Bengal[(2)] | 27.23 | 26.96 | 28.81 | 29.77 |

*Note:*

(1) *These states serve only the MSME lending business, part of which we have divested.*

(2) *Includes branches related to both the microfinance and MSME lending businesses.*

### Our Products

Our range of financial products is designed to cater to the diverse needs of our customers. As of September 30, 2020 our financial products for our customers and their terms are as shown below:

| Product Category | Name of Loan / Product | Maximum Amount of Loan / Credit Limit / Insurance Coverage | Interest Rate (%) | Term (Months / weeks) |
|---|---|---|---|---|
| Core | Saral | ₹75,000.00 | 20.75 | 12 - 24 months |
| | Bazaar | ₹50,000.00 | 25.00 | 12 - 24 months |

| Product Category | Name of Loan / Product | Maximum Amount of Loan / Credit Limit / Insurance Coverage | Interest Rate (%) | Term (Months / weeks) |
|---|---|---|---|---|
| Secondary | Tatkal | ₹18,000.00 | 20.75 | 12 months |
| | Sanitation | ₹15,100.00 | 22.00 | 12 - 24 months |
| | Cross-sell products | ₹20,000.00 | 20.75 | 3-18 months |
| Insurance (offered through tie-ups with certain Indian insurance companies) | Term Life Insurance | Coverage is equal to loan amount disbursed to customer | NA | Loan Term + 2 months |
| | Health Insurance (including COVID-19 policies) | ₹500.00/ ₹1,000.00/ ₹1,500.00 per day for normal hospitalisation up to 30 days and ₹1,000.00/ ₹2,000.00/ ₹3,000.00 day for ICU hospitalisation up to 20 days in a year Riders include Critical Illness benefit of ₹50,000.00 and Personal Accident benefit of ₹100,000.00 | NA | 12/24 months |
| | | ₹25,000.00 base policy cash benefit for hospitalisation due to COVID-19 | NA | 12 months |
| Loans to Small MFIs | Term Loans | ₹250.00 million | Variable | 12-36 months |

***Core Loan Products***

We have designed our lending products to meet our customers' needs based on loan size and repayment abilities. Our core loan products include the "Saral" loan and "Bazaar" loan. These are offered to customers who intend to establish a new source of income generation or expand an existing source.

The following table sets forth details of our AUM and gross disbursements for our core loan products, for the periods indicated:

***(₹ in million)***

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| AUM(1) | 44,953.78 | 44,327.51 | 35,644.43 | 19,694.13 |
| Gross Disbursements(2) | 8,100.03 | 46,032.71 | 41,082.13 | 24,297.74 |

*Notes:*

*(1) AUM as of the last day of the relevant year/period represents aggregate of principal outstanding including principal overdue, if any, for all loans to customers held by the Company and assets transferred by way of securitisation, assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*

*(2) Gross Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant year/period.*

*"Saral" loan*

The "Saral" loan, our principal core loan product, caters to women who are residing in low-income areas and are generally involved in trade and services. For Saral loans, we predominantly provide loans to groups consisting of three to five women, and the group's loans are disbursed using our JLG model. Groups are formed by identifying customers who are residing in close proximity, have similar socio-economic backgrounds, are not blood relations, and are between the ages of 18 and 55 years. Only one loan is permitted per family and a member must have been residing in the same location for at least two years. The Saral loan amounts range from ₹10,000.00 to ₹75,000.00 (including Saral Plus, Saral Plus Plus and Saral Prime) and have a term of 12 to 24 months. Once a customer has repaid a loan, provided that a minimum of 10 repayments were made under the given loan and the customer has a good attendance record at centre meetings, the customer becomes eligible for "Saral Plus" or "Saral Plus Plus", which provides access to a larger loan amount for a longer term under a joint liability center ("**JLC**"), which consists of all the women in that customer's centre. When the loan amount increases above the "Saral Plus" loan range of ₹15,000.00 to ₹50,000.00, the individual is required to be guaranteed by a JLC (rather than a JLG). This is to ensure that peer liability is distributed among a larger credit pool. We also provide "Saral Prime" Loans to repeat customers with a good repayment record and whose credit requirements are higher, with the objective of retaining these customers. We charge is a small premium for these loans over our regular Saral loans.

*"Bazaar" loan*

Our other core loan product is the "Bazaar" loan. These are group loan products offered to address the working capital needs of small businesses, operating out of authorised market places or clusters of shops organised under a traders' association. For Bazaar loans, groups of three to five stall owners in the marketplace are formed. It is compulsory for the group members to have businesses within the same market and to be located close to each other. The loan appraisal and sanction process for Bazaar loans is similar to that of Saral loans. Bazaar loan borrowers are predominantly men involved in small trading and micro-enterprises. The Bazaar loan amounts generally range from ₹15,000.00 to ₹50,000.00 and have a term of 12 to 24 months. Once a customer has repaid a loan, provided that a minimum of 10 repayments were made under the given loan and the customer has a good attendance record at centre meetings, the customer becomes eligible for "Bazaar Plus", which provides access to a larger loan amount for a longer term under a JLC.

Our Bazaar product extends the group lending mechanism to predominately male customers in a retail market and addresses a segment which is deprived of formal sources of credit. The Bazaar product is priced higher than our flagship Saral product to ensure appropriate risk adjusted returns. The product uses the same branch infrastructure but has specialised Bazaar customer service representatives.

A key difference between our Saral loan and Bazaar loan products is the frequency of loan repayment. Our Bazaar loan customers generally have daily earnings derived from sales of their goods/services in a market place on a day-to-day basis, with the profit immediately invested back into their business. Our Bazaar loan customers therefore prefer fortnightly repayment periods, rather than monthly repayment periods as is the case with Saral loans, in order to better manage their cash flow.

***Secondary Loan Products***

In addition to the above-mentioned core loan products, we offer a range of secondary loan products for other daily purposes such as loans for sanitation needs and for utility products including solar lamps, agricultural products, consumer durables, kitchen appliances, bicycles and other household items.

The following table sets forth details of our AUM and gross disbursements for our secondary loan products, for the periods indicated:

***(₹ in million)***

| Particulars | As of | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| AUM[(1)] | 196.40 | 230.63 | 252.50 | 155.45 |
| Gross Disbursements[(2)] | 10.55 | 330.00 | 341.44 | 215.10 |

*Notes:*

[(1)] *AUM as of the last day of the relevant year/period represents aggregate of principal outstanding including principal overdue, if any, for all loans to customers held by the Company and assets transferred by way of securitisation, assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*

[(2)] *Gross Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant year/period.*

***Insurance Products***

We provide life and health insurance policy products that are issued and underwritten by certain Indian insurance companies with whom we have entered into tie-ups.

*Group Term Life Insurance*

We have offered our customers group term life insurance policies issued and underwritten by Bajaj Allianz Life Insurance Company Limited since 2015, by HDFC Life Insurance Company Limited since 2019 and by Kotak Mahindra Life Insurance Company Limited since 2020. In the event of death of the policy holder, the nominee obtains a sum insured under the policy minus any amount outstanding under the loan agreement. It is mandatory for our customers to obtain insurance coverage for the loan amount.

*General Insurance*

We have offered our customers various health insurance policies issued and underwritten by Future Generali India Insurance Company Limited since 2015. Under these policies our customers are entitled to receive hospital cash benefit, which is cash compensation for each continuous and completed period of 24 hours of hospitalisation at any registered hospital due to critical illness, sickness, or accidental injury, for a maximum of 30 days per annum. In the event of accidental death, the nominee receives an additional amount of ₹100,000.00. We also offer COVID-19 insurance through a partnership with Aditya Birla Health Insurance Company Limited in order to meet the demand from our customers for COVID-19 related insurance coverage. This policy offers a flat cash benefit of ₹25,000.00 (base policy) for a COVID-19 diagnosis.

### *Loans to Small MFIs*

We also provide term loans of amounts ranging from ₹10.00 million to ₹250.00 million to small MFIs operating in remote parts of Low Income States or financially underpenetrated states. The small MFIs are selected based on their operational and financial due diligence and approval of our Credit Committee. These term loans are provided only for the purpose of onward lending to microfinance customers of these small MFIs.

### *MSME Lending Products*

Our MSME loan products are designed to offer short-term working capital to MSME entities. Repayment is through card swipes on point-of-sale terminals, cheques, bank debits from an automated clearing house or other electronic transfers. The loan amounts vary from ₹100,000.00 to ₹10.00 million, with an average disbursement amount per MSME entity of ₹1.84 million as of Fiscal 2020, and the loan term varies from six to 24 months. We have divested part of our MSME lending business (to an entity forming part of the Aavishkaar Group) and plan to gradually exit that business. For further details, see *"History and Certain Corporate Matters*" beginning on page 169.

## Our Inorganic Portfolio

Our inorganic portfolio comprises of our loans sourced through our partnerships with small MFIs. These partnerships include the provision of term loans, and sourcing and collection arrangements. Under the terms of these arrangements, for which the small MFIs receive a service fee, they act as our business correspondents by sourcing new customers and undertaking certain on-boarding processes, such as completing customer verification, conducting compulsory group training and group recognition tests, in line with our processes and policies. Similarly, the small MFIs assist us with repayment and collection activities and deposit collected amounts into our account. Since inception, our inorganic portfolio has maintained PAR>30 of less than 0.20%. As of September 30, 2020, we had entered into contractual arrangements with 24 small MFIs, which contributed to 3.31% of our AUM.

The following table sets forth PAR>30 for our inorganic portfolio as of the dates indicated:

| Particulars | As of | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| Term loans to small MFIs (%) | 0.00 | 0.00 | 0.00 | 0.00 |
| Sourcing and collections portfolio (%) | 0.13 | 0.12 | 0.17 | 0.13 |

In exchange for access to our inorganic partners' local operational strength and deeper customer relationships, we provide them with access to our capital to strengthen their operations so that they can in turn better serve their customers.

## Joint Liability Group Lending Business Processes

### *Customer Due Diligence, Credit Appraisal, Loan Origination, Evaluation and Sanction Processing*

Our branches enrol individual customers, who satisfy the target criteria, to form JLGs. The typical size of a JLG is a group of three to five people. Once a potential JLG is identified, we provide the particular group with a brief introduction to our Company and the group's responsibilities if a JLG were to be formally formed. Our field staff will also conduct a pre-training meeting with the group to:

- assess their eligibility for JLG formation;
- finalise a centre location; and
- assess the proximity of the centre to the location of each customer's house.

After completing a pre-training meeting, our customer service representative identifies a convenient time to conduct the verification process. The first objective of the verification process is to assess the customer's ability to repay a loan by analysing the customer's household income, expenses and current indebtedness. The second objective of the verification process is to ensure that the customer understands our products and the loan terms and conditions so that the customer can identify a suitable product based on his/her particular financial needs.

Once a product has been selected, the customer service representative will commence the loan application process. Our field staff are equipped with smart phones for real-time authentication of a customer's KYC documents, mobile number and Credit Bureau reports. We have implemented a comprehensive CB360 approach to credit checks in order to determine the indebtedness of the customer. This involves us checking each customer's indebtedness levels pertaining to customer's existing or past microfinance loans or any other retail loans (excluding education and medical emergency loans). The CB360 approach enables us to understand a customer's existing loan obligations and overall ability to repay. We intend to enhance the CB360 approach by including checks on co-borrower's indebtedness as well. Once all the relevant customer information has been entered into our online platform, a loan application is created in "Gravity", our loan origination system. Field staff also assess a customer's reputation and credibility before disbursement of the loan amount.

Upon successful completion of the field staff's verification process, the field staff will conduct compulsory group training ("**CGT**") for the JLG. This training is conducted in two phases on two different days (CGT-1 and CGT-2) to ensure maximum retention by customers. We believe that this training is instrumental in developing group solidarity and enhancing credit discipline. After completing the CGT process, the branch head then undertakes a cross-verification process of customers, including a visit to the customer's business premises or house, as applicable. Thereafter, the group is recommended for a group recognition test by the relevant branch head to assess the suitability of a JLG to borrow from us. At the group recognition test, the branch head asks potential customers questions about our lending policies, about other members of their group, and the JLG's responsibilities and duties. These questions are designed to test the customer's knowledge and understanding of their individual and group responsibilities. Based on the results of the group recognition test, the branch head decides whether to approve the JLG or not.

After evaluation, the branch quality head uploads the loan application from the loan origination system to the "Central Hub", which creates the loan application in the loan management system. The branch head prepares the following documents in connection with the loan:

- pro-note (system generated);
- loan agreement and loan sanction form (system generated);
- customer information and application form (system generated);
- loan card (system generated); and
- centre attendance register (carried by the group to the branch on the day of disbursement).

These processes are largely similar for our other loan products as well.

***Disbursement Processes***

Once the branch head approves the loan, the members of JLG have to visit the branch to execute the loan documents together. The branch head will then complete the disbursement formalities for the loans to the customers. All the members of a JLG receive disbursements by way of electronic fund transfers. As of September 30, 2020, all our disbursements were cashless and paid directly into customers' bank accounts.

We have partnered with PayTM Payments Bank Limited ("**PayTM**"), to enable our customers to open bank accounts, using eKYC (biometric fingerprint scans), into which loan amounts can be disbursed directly by us without any role of PayTM in the availment or disbursement of loans. This also helps to ensure that the disbursement is made into a bona fide account and reduces the chance that a loan amount is paid into a wrong, or a fraudulent, account. To avoid making disbursements into a wrong, or a fraudulent, account, we have also integrated a "penny-drop" test to check the authenticity and accuracy of customer's bank details. The "penny-drop" test involves the transfer of ₹1.00 to the customer's nominated account before the full loan amount is disbursed into that account.

***Centre Meetings and Repayment Process***

The main purpose of centre meetings is to collect and record repayments from customers. At the centre meetings we also interact with customers and enquire about their financial condition, learn about local developments in the area, re-enforce joint liability, educate our customers about our other products and services, and, in case of non-repayment, highlight to our customers the negative impact of overdue accounts on the JLG.

For "Saral" loans, we conduct centre meetings as set out in our operational guidelines on a monthly basis. For "Bazaar" loans, we conduct centre meetings on a fortnightly or monthly basis. A centre meeting is generally scheduled on a fixed day of a month, so that all customers within a particular centre are able to meet at a pre-determined place at a given time to repay their loan. The dates of each centre meeting are specified on each customer's loan card, which is handed to the customer after disbursement of the loan.

We have also enabled digital repayment facilities for our customers, whereby our customers can repay their loans using any digital wallet. This is facilitated by payment gateways provided by PayU Payments Private Limited ("**PayU**") and One97 Communications Limited ("**PayTM**"). We make use of the Bharat Bill Payment System ("**BBPS**") through tie-ups with PayU and Axis Bank, and of Aadhaar Enabled Payment System ("**AEPS**") through PayU. Customers can also make repayments using their debit cards via Ezetap Mobile Solutions Private Limited's "Ezetap" digital payment system.

In Fiscal 2018, we instituted a new cadre of field staff, called the Recovery CSR, whose primary role is to connect with Stage 3 customers, that is customers who are in default of their repayment by 90 days or more. The Recovery CSRs are responsible for helping such customers understand the negative impact of non-repayment and default under the terms of their loan on their Credit Bureau record, as well as on their eligibility to be approved for another loan whether from us or another financial institution.

**Business Units**

***Business Operations***

Our operations team is led by six zonal business heads, each zone representing one or two contiguous states. Each zonal business head has three to six regional head reports and each regional head has four to seven area manager reports. Each area manager is responsible for four to six branches led by branch heads. We consider that our field staff, consisting of area managers and branch employees, best represent our brand to our customers.

***Internal Control and Quality***

In Fiscal 2020, we established an Internal Control & Quality ("**IC&Q**") department that is responsible for maintaining the quality of our assets, ensuring compliance with our policies and procedures, as well as verifying that all documents submitted by our customers are correct and adhere to our credit policies. The IC&Q is also responsible for improving our operations at the branch level, including strengthening the asset origination process, improving customer attendance at centre meetings, increasing the percentage of loan repayments made by our customers, improving the quality of our customer service, and improving overall compliance and adherence with our internal policies and procedures, as well as other statutory requirements. To achieve this, we have set-up dedicated cadres of zonal quality heads, regional quality heads and branch quality heads at the respective operating levels.

The IC&Q is also responsible for monitoring and improving our internal control, fraud detection, and remedial action processes, as well as communicating our policies and procedures to our employees, ensuring their adherence to the same, and implementing strategic initiatives across the organisation. We believe the IC&Q vertical has assisted our business to reduce the number of loan applications that are rejected by conducting first level checks of documents submitted by potential customers, improving our internal control policies, procedures and processes, and strengthening the overall operations of our branches.

***Risk Management***

Risk management plays a key role in integrating improved and effective practices and frameworks into our business operations, which is a continuous endeavour for us. In 2018, we were awarded the MFIN Microfinance Award for implementing outstanding initiatives in the category of "Risk and Resilience Framework".

Our risk management framework identifies, monitors and manages various types of risks inherent in our business operations, including risks associated with credit, liquidity, operations and other emerging risks. The risk management team is responsible for developing risk thresholds and policies, which are then implemented by the business. Our risk management team will flag when a branch has deviated from our internal risk management framework and has not adhered to our internal risk policies and procedures. The risk team will also identify and analyse the root cause of the deviation and subsequently, in conjunction with the business team at the relevant branch, implement new measures to avoid such deviation from reoccurring.

Our Board of Directors oversee the Risk Management Committee. Our non-executive independent director chairs the Risk Management Committee of the Board. Our Chief Risk Officer is also a permanent member of our Executive Committee, Asset Liability Management Committee, Credit Committee and the Portfolio Review Committee, and reports to the same non-executive independent director. Our Risk Management Committee convenes on a quarterly basis, to enable regular risk assessment and optimisation of risk-based decision-making.

Over the past years, we also implemented risk tools and techniques and data analytics, such as static pools, vintage curves, roll rates, geo-risk maps, and risk models, to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our overall business strategy.

Our proprietary risk models, namely, "Credit Risk Model", "SCoPE", "Operations Risk Model" and "BRisk", which we developed entirely in-house, have aided our harnessing of the benefits of structured risk management. These models and algorithms assess performance for each of our branches, identifying and highlighting the key operational risks specific to each one of them. This allows prompt and timely preventive and corrective actions at the branch level based on specific variables and factors.

One of our latest risk management initiatives is the introduction of "Nirnay", our credit scoring model in partnership with CRIF's digital decisioning platform, "StrategyOne", which is an application scorecard for customer onboarding and is a customisable tool that can streamline lending processes and assist with controlling credit risk. "Nirnay" is being piloted in 2021 to facilitate objective credit decisioning using data from our own records and also Credit Bureau data at the time of onboarding a customer. Our enterprise risk management project is another initiative that is under development, using the Committee of Sponsoring Organisations of the Treadway Commission framework, with expected adoption in 2022.

***Internal Audit***

We maintain a well-established internal control framework. To ensure independence from our operations, our internal audit function reports directly to the Audit Committee of the Board. The Board reviews the adequacy and effectiveness of our internal audit team, including its structure, annual audit plan, and resourcing to ensure audit reviews remain effective and independent. For further details, see "*Our Management – Committees of the Board*" on page 183.

Our internal audit department monitors our adherence to internal controls and provides input and recommendations to strengthen our risk management framework. It also undertakes an independent review to establish whether the business is operating in accordance with our internal policies and standards for managing operational risk, as well as statutory requirements. As an independent function under the supervision of the Audit Committee of the Board, our internal audit department adopts a risk based supervision approach according to the recommended guidelines of RBI. The internal audit function is guided by a comprehensive audit charter and policy, which is reviewed and approved by the Audit Committee of the Board, led by our non-executive independent director.

Our internal audit team monitors and reports on our operational processes and systems. We seek to mitigate operational risks by conducting regular checks at our branches, and regional, zonal and head offices. We have aligned our internal financial control systems with the requirements stipulated in the Companies Act, 2013, based on globally accepted risk-based frameworks and other rules and guidelines issued by RBI.

All business functions are audited on a regular basis. For field operations, two types of audits are conducted, including a regular audit and a snap audit. A regular audit is a comprehensive audit, which covers adherence to policy and procedures, while a snap audit involves an audit of only critical or high-risk elements of such business functions. For branches, a regular or snap audit is conducted once every quarter of each Fiscal year.

Our internal audit team consisted of 145 members as of September 30, 2020. The team is composed of qualified individuals who are members of the Institute of Chartered Accountants of India, hold Master of Business Administration degrees, or have Certified Information Systems Auditor certifications. We ensure that our internal audit team members have adequate audit and management reporting training. Our internal audit department was awarded the ISO 9001:2015 certification in 2020 by the British Standards Institution, for operating a quality management system which complies with the requirements of the certification for conducting Internal Audit for Operations and all other Support Functions**.**

Since Fiscal 2017, we have used "Perdix", a digital audit platform, for our internal audit. "Perdix" enables our audit team to plan periodical audits for various entities within the group. "Perdix" provides access to audit schedules, input screens and the entire audit database, including auditable data such as cash management processes, fixed assets and loan documents, via a web-based platform. "Perdix" also offers the functionality to automatically distribute and calculate branch audit scores based on the pre-set weightage and severity, which is how we measure adherence to internal policies and procedures, as well as statutory compliance by our branches. Additionally, our internal audit team uses data analytics, which enables offsite generation of exception reports, MIS, and various other analytical reports for use by our audit team as well as management. As a fully automated technology-based audit tool, "Perdix" is specifically aimed at improving the efficiencies of a business' internal audit function. "Perdix" is a web-based system that captures the audit findings in a structured and periodic manner. We have adopted a paperless, end-to-end technology driven audit management system and are the first MFI based in Eastern India to use "Perdix's" audit software.

***Credit***

In 2020, we appointed an independent Chief Risk Officer and separated the credit function from our risk and credit department to establish an independent unit. Our credit unit is responsible for implementing the credit policy across our microfinance business, as well as our MSME lending business, and for monitoring and managing credit costs within budget. The unit exercises credit oversight over all our businesses. Additional credit checks are in place through algorithms in the loan origination system. Our inorganic portfolio also has a detailed credit policy comprising of a detailed due diligence process undertaken by the credit department before recommending a partnership proposal to the Credit Committee. The credit function also works with the product team to develop and pilot new product variants.

***Central Operations and Customer Insights***

Our central operations team is responsible for product management and diversification, process management, cashless collections, central processing unit, policy, customer service and experience. The product management team designs and manages products as per customer needs. The team also focuses on implementing our cashless initiatives across all areas of operations to the branch level, through partnerships with various third parties. Policies for field staff incentives and score-cards are also reviewed by this department.

The customer insights team also forms a part of the central operations department. The customer insights team is the custodian of customer grievance redressal mechanisms to ensure compliance with MFIN and RBI guidelines for the same. When a customer has a complaint or query, the same is addressed by the relevant customer service representative or the branch head. If the complaint cannot be resolved, the customer has the option of escalating the same by contacting our toll free number at the customer care helpdesk. To avoid any language barrier issues, each customer's call is redirected based on location. If the complaint remains unresolved, our customer may further escalate the matter to the Grievance Redressal Officer. Workflow-based routing of cases has been integrated so that all customer queries and concerns are linked to an appropriate workflow, enabling prompt follow-up action. The customer care team also conducts outbound calls to assess customer satisfaction levels and also to get an insight into their needs from a credit and cross-sell perspective.

***Information Technology***

We believe that our use of technology in the microfinance industry in India is innovative. This is evidenced by our inclusion in the SKOCH Order-of-Merit for "IT Transformation, Mobility and CRM" in 2017 and the SKOCH Order-of-Merit for qualifying among the top ranking banking and finance projects in India for "IT Strategic Transformation" in December 2018. With the assistance of selected technology vendors, we have built our technology platform into a business tool that helps us to maintain consistent levels of customer service, enhance our operational efficiency and create sustainable advantages for our organisation.

We have also integrated our IT system and infrastructure into our loan lifecycle, a summary of which is set out below:

- Branch area selection using analytics from CRIF High Mark. We also use this tool to analyse various business factors such as portfolio, quality and competition.

- Loan origination using "Gravity", which facilitates real time Credit Bureau checks for customer indebtedness, automatic maximum loan size advice, upload of KYC documents by scanning the physical document.
- Group recognition tests with customers held by branch head through "Gravity".
- Cross verification of a customer's application by branch head through "Gravity".
- Data validation by branch quality head through loan origination system.
- Quality check of customer documentation through our "Central Hub".
- "Penny drop" test to verify the active status of a bank account and authentication of the same.
- Cashless transfer of the loan amount into a customer's bank account. As of September 30, 2020, all disbursements were cashless.
- Loan utilisation check by a customer service representative through "Gravity".
- Automatic loan management using "Profile".
- Records of repayments and customer attendance at centre meetings through MeraArohan.
- Digital repayment using facilities from PayTM, PayU, Axis Bank and Ezetap. We have also partnered with Airtel Payments Bank Limited and Spice Money Limited so that our customers can repay their loans in cash at such merchant outlets.

Other technology platforms and applications which support our business operations and functions are:

- "Sanjaya" to monitor the field staff activities with geotagging and time stamps.
- "Perdix" by Internal Audit team for audit management.
- "Adrenalin" for different HR functions such as attendance, payroll, performance management, recruitment and hiring.
- "Diligent" for board related activities.
- "Trackwizz" for AML related activities.
- "ApnaBazaar" for cross-selling products.

With our "Mobile-First" approach our field staff are equipped with a mobile or tablet device. We have also implemented "Bring Your Own Device" guidelines to enable them to use their own mobile devices. Additionally, all our branches are connected through high-speed internet to enable real-time authentication of customers, KYC validation and Credit Bureau checks. This has reduced the time spent on processing loan applications. Our customer care unit is equipped with a customer relationship management ("**CRM**") system to better serve customers.

As of September 30, 2020, all disbursements were cashless and paid directly into customers' accounts. In the current Fiscal, we implemented cashless repayment facilities for our customers. We have created a data warehouse and are using business intelligence analytics to generate data rich dashboards and reports for consumption by our field management. We believe that continued adoption of digital service delivery mechanisms will enable us to be more efficient and undertake more reliable data analytics, resulting in target customer profiling and customised products to deliver greater customer satisfaction.

In 2020, we developed a platform to integrate and connect our loan sourcing and loan management systems and automate the flow of information from the field to our "Central Hub", thereby significantly reducing turnaround time for loan processing and loan account creation for disbursals. We implemented automated credit assessment and anti-money laundering checks on our customers. Artificial intelligence and machine learning algorithms are also being implemented to check the genuineness of KYC documents.

Our adoption and implementation of information technology is guided by a Board committee, known as the IT Strategy Committee.

***Treasury and Accounts***

Our treasury department is responsible for managing our capital requirements, in order to maintain a healthy capital adequacy ratio, and for restricting financial leverage to an acceptable level. Further, our treasury department ensures that our liability is appropriately managed to sustain the projected business growth while maintaining a positive asset liability gap, and diversifies our fund raising resources while reducing cost of borrowing and managing interest rate risk. In order to achieve this, our Asset Liability Management Committee meets periodically to assess our asset and liability profile and resource pipeline to determine the Company's liquidity position. The summary of decisions is submitted to our Board. Our treasury department is responsible for investing surplus funds to optimise return on investment in accordance with the criteria set forth in our investment policy.

Our accounts department is responsible for the financial control function ensuring transactions within the prescribed limits and in compliance with the approvals. It prepares financial statements to report the true and fair view of the financial position of the Company, ensures timely and accurate management of statutory financial reporting and provides key information to the management along with furnishing required data to regulators.

***Legal, Compliance and Secretarial***

Our compliance team is responsible for overall compliance including regulatory filings of requisite documents. The secretarial team is responsible for arranging the Board, Board Committees and shareholders' meetings. The legal team is responsible for both corporate legal affairs and litigation/disputes and also helps in recovery of dues from customers, as needed.

***Strategic Initiatives***

The strategic initiatives team focuses on designing and implementing key strategic initiatives for our Company. The team performs regular industry study of peers and competitors and helps to explore potential areas of company's growth and expansion. The team also benchmarks our performance and practices against industry best practices for continuous improvement and growth.

***Corporate Communications***

The corporate communications team is responsible for all internal and external communications of the Company. The team also manages and grows our presence on various social media platforms and manages our external relationships and brand.

***Human Resources***

As of September 30, 2020, we had 6,395 employees. We primarily recruit our non-field staff at the graduate level and we focus on providing proper and adequate training to our new employees. After gaining sufficient experience and skills, our staff members are promoted internally on to more senior roles with greater responsibilities.

The following table provides a breakdown of our employees by function as of the dates indicated:

| **Particulars** | **As of** | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| Customer Service Representatives | 4,135 | 4,028 | 3,227 | 2,256 |
| Other field staff (Branch Heads, Area Managers) | 896 | 899 | 718 | 523 |
| Regional & Zonal Officers | 36 | 34 | 37 | 51 |
| Internal Control & Quality | 745 | 744 | 291 | 163 |
| Accounts & Finance | 35 | 35 | 33 | 26 |
| IT & Central Hub | 56 | 55 | 48 | 39 |
| Legal & Compliance | 7 | 7 | 7 | 7 |
| Central Operations & Alliances(1) | 50 | 81 | 91 | 32 |
| Risk | 6 | 7 | 5 | 4 |
| Internal Audit | 145 | 140 | 107 | 73 |
| HR & Corporate Social Responsibility | 61 | 55 | 48 | 42 |
| Administration | 64 | 63 | 52 | 42 |
| Training(1) | 35 | 0 | 0 | 0 |
| Corporate & Strategic Initiatives | 6 | 6 | 7 | 9 |
| Corporate Communications | 1 | 1 | 1 | 1 |
| MSME | 114 | 117 | 91 | 42 |
| Others | 3 | 0 | 2 | 8 |
| **Total** | **6,395** | **6,272** | **4,765** | **3,318** |

*Note:*

(1) *In the current Fiscal, the Training team separated from the Central Operations & Alliances team.*

We conduct periodic reviews of our employees' job performance and determine salaries and discretionary bonuses based on such reviews and general market conditions. We believe that we have a good working relationship with our employees. As of September 30, 2020 we had not experienced any material employee disputes. Our employees are not subject to any collective bargaining agreements and are not represented by any labour unions.

Our promotion guidelines seek to apply fair, unbiased and transparent promotion criteria in order to provide equal opportunities to all employees across locations and departments, correlated with appropriate career planning. Our compensation structure includes performance pay for both operational functions and field staff incentives and we believe that it is competitive.

As part of a differentiated pay structure for different categories of employees, we provide ESOP benefits from mid-level management through the implementation of the ESOP Schemes for our employees. These aim to reward the key employees of the Company for their association, dedication and contribution to the goals of the Company along with a range of incentives and employee engagement programs. The Company intends to use its ESOP Schemes to attract, retain and motivate key talent within the Company.

In addition, we have an in-house training department that focuses on functional learning and aims to provide our employees with training on different functions and roles within our business. Programmes such as our First Time Manager program and Capability Building Training have been introduced for the field through standardised training processes, study materials and product based trainings in areas of microfinance credit policies, non-credit and cross-sell policies and portfolio management. The key initiatives under facilitator led training are refresher training, capacity building training, area managers' boot camp and specific interventions for improving productivity. We launched a learning management system to boost self- learning. We also have an "Arohan Certified Trainers" program for developing potential trainers for our Company. The certified trainers then train the larger employee base and specifically our field staff.

To support and promote our employees' career growth, we have introduced the "Hi-Potential" program to identify and build leaders internally as a part of our overall succession planning.

In the last quarter of Fiscal 2018, we implemented "Adrenalin", a human resources management system, which enables automated payroll, attendance, reimbursement, compensation, talent management, performance management, staff governance and talent attraction and retention. Through the "Adrenalin" platform, we are able to conduct all of our hiring processes, including interviews, assessments, and selection processes, virtually.

Since the majority of our customers are female, we also intend for a majority of our field staff to be female. We are undertaking gender diversity initiatives to increase the number of female employees Our Diversity Committee conducts programs to introduce women friendly policies and processes with an aim to hire and retain an increasing number of female employees. We have opened branches that employ only female staff members in several states. We have increased our gender diversity from 4.95% in April 2019 to 7.92% in December 2020.

Our focus on employee engagement, retention and development has led to a lower attrition rate in Fiscal 2020 of 39.83% as compared to 59.00% for the NBFC-MFI industry as of the same date (Source: MFIN Micrometer).

**Competition**

We believe our key competitors are other MFIs, banks (including SFBs) and state-sponsored programs in India. Our competitors may acquire or merge with each other, as has been the case in the recent past. When two established microfinance entities merge, the resultant entity is likely to have larger economies of scale, better synergies and reach to a greater number of customers. This would increase competition for us in our areas of operations.

In addition, many of our potential customers in the Low Income States do not have access to any form of formal institutional lending. Therefore, they rely on loans from informal sources, such as moneylenders, landlords, local shopkeepers or local traders who may offer loans at much higher interest rates. According to the CRISIL Report, in Fiscal 2017, 40.00% of loans were borrowed from non-institutional investors or informal channels, such as relatives or friends, money lenders, or local landlords. Unregulated market participants present another source of competition as they target the same areas and customer base as we do.

## Grading and Credit Ratings

For details of grading and credit ratings received by us, see "*Business Strengths – Diverse borrowing relationships and access to multiple sources of capital*" and "*History and Certain Corporate Matters*" on pages 141 and 169, respectively.

## Properties

Our registered and corporate office is located at PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India, which is a leased premise. The lease was entered into on December 9, 2016 (with effect from February 5, 2015) and expires on February 4, 2024.

As of September 30, 2020, all of the properties used for our operations throughout India were held on a leave-and-license or leasehold basis. As of that date, we served approximately 2.21 million borrowers in 17 states. These included 12 of the 14 Low Income States in India (as defined in the CRISIL Report). As of that date, our microfinance business' branch network consisted of 710 branches in 11 states and our MSME lending business' branch network consisted of 10 branches in eight states.

## Intellectual Property

For a list of intellectual property owned and registered by us, see "*Government and Other Approvals*" beginning on page 335.

## Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for fire, fidelity, accidents, burglary and money. We also have a directors' and officers' liability policy. Our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Our insurance coverage may not adequately protect us against losses and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position*" on page 40.

## Certifications and Awards

For details of our awards, see "*History and Certain Corporate Matters*" beginning on page 169.

## Precautionary Measures Adopted in Response to the COVID-19 Pandemic

We adopted precautionary measures in response to the COVID-19 pandemic to address our employees' and also our customers' safety. To create awareness of social distancing, use of face masks and overall safety and hygiene practices among our field employees and our customers, we introduced guidelines covering COVID-19 symptoms, sanitation measures, travel advisories, and social distancing know-how. We also implemented hygiene measures, including providing sanitisers, masks and gloves at all of our branches. In addition, during initial lockdowns in India, we quickly transitioned to virtual centre meetings instead of physical centre meetings with our customers. We moved to a work from home policy for our offices and also provided additional COVID-19 medical insurance for our employees.

We strongly encouraged the use of cashless collection and repayments. To achieve this, we partnered with PayTM and launched a digital repayment model in April 2020. We have also enabled digital repayment facilities for our customers, whereby our customers can repay their loans using any digital wallets through facilities provided by "PayU", "PayTM" and Axis Bank, which make use of "BBPS" or "AEPS", or by using their debit cards via "Ezetap".

In response to the RBI's announcement of certain regulatory measures, including among others, a payment moratorium, we introduced a moratorium policy to enable our customer service representatives to provide all of our customers with information regarding the RBI payment moratorium, especially in respect of interest accruals. We also recalibrated our credit policy to address the financial needs of customers who made regular repayments prior to the imposition of the moratorium and who also continued to make repayments during the moratorium period.

For further information, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 280.

**Corporate Social Responsibility and Environmental Efforts**

We have adopted a Corporate Social Responsibility ("**CSR**") policy and established a CSR Committee in compliance with the requirements of the Companies Act, 2013 and the rules thereunder. Our CSR Committee is responsible for monitoring our CSR initiatives.

Our CSR initiatives focus on skill development and education, eco-sustainability, women's health and empowerment, disaster relief and community participation. We also run a financial literacy program, which is designed to educate our customers with respect to financial planning, cash flow and budgeting, savings, debt, insurance, investment and banking via in-person training, as well as general awareness campaigns.

One of our key CSR achievements is the implementation of integrated water and sanitation plants in different locations across five states. These plants provide potable drinking water through dispensers. There are also integrated sanitation units which utilise the extra water from these plants. The sewage created in the sanitation units are linked to biogas plants which generate energy to power lighting in the community and the solid waste is used as organic manure.

Our CSR efforts have been recognised by the award of CSR Practice of the Year by the India International CSR Conclave in May 2017 and the CSR Project of the Year in Water by the India International CSR Conclave in May 2018.

We also focus on creating lasting social impact by increasing financial inclusion among marginally served communities. Our growth strategy is based on increasing outreach in the most financially excluded states of India with a focus on best practices towards customer relationships, transparency on pricing and communication, and respectful treatment of customers, who are primarily women residing in non-urban areas of India. Our efforts have been recognised by receiving:

- the "Client Protection Certification" awarded by the Smart Campaign in 2015 and reaffirmed in 2019;
- an SP1 social performance grade awarded by ICRA Limited in 2020, which indicates that our infrastructure and processes are consistent with a high likelihood of operating in the best interests of our customers and that it is amongst our highest priorities; and
- the "Microfinance Organization of the Year" award by Access Assist at the Inclusive Finance India Awards 2018 and the "Microfinance Institution of the Year" award in 2010 in the "Small and Medium Category" by Access Assist.

Further, through carbon negative product sales, we have sought to reduce our carbon emissions. We were awarded an "Excellence in Clean Energy Finance" certificate by MicroEnergy Credits in 2018, for recognition as a project participant in the United Nations Framework Convention on Climate Change Program of Activities for distributing clean energy products. We were also recognised by the Indian Chamber of Commerce Special Jury for Environment Sustainability in 2019 in the Large Enterprise category.

## KEY REGULATIONS AND POLICIES

*The following description is a summary of certain key regulations and policies in India which are applicable to the operations of our Company. The information detailed in this section has been obtained from publications available in the public domain. The description of the regulations disclosed below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The information in this section is based on the current provisions of applicable laws in India that are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

Our Company is registered as an NBFC-MFI with the RBI. Our Company is an NBFC-ND-SI, in terms of the guidelines issued by the RBI. We offer various products to suit the specific financial requirements of our customers. See "*Our Business*" beginning on page 136.

For details of material regulatory approvals obtained by us, see "*Government and Other Approvals*" beginning on page 335.

### 1. Key Regulations Applicable to Our Company

***The Reserve Bank of India Act, as amended (the "RBI Act")***

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A company categorized as an NBFC is required to have a net owned fund of ₹2.5 million or such other amount, not exceeding ₹1,000 million, as the RBI may, by notification in the official gazette specify from time to time. Further, NBFCs are required to obtain a certificate of registration from the RBI prior to commencement of the business as an NBFC.

Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. No appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

***Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended (the "Master Directions")***

*Applicability*

The Master Directions are applicable to the following categories of NBFCs ("**Applicable NBFCs**")*:*

(i) NBFC–MFIs registered with the RBI under the provisions of the RBI Act and having an asset size of ₹5,000 million and above;

(ii) NBFC-ND-SIs registered with the RBI under the provisions of the RBI Act;

(iii) Deposit taking NBFCs registered with the RBI under the provisions of the RBI Act;

(iv) NBFC-Factors (as defined in the Master Directions) and registered under Section 3 of the Factoring Regulation Act, 2011, as amended, having an asset size of ₹5,000 million and above;

(v) Infrastructure Debt Fund – Non-Banking Financial Company (as defined in the Master Directions) registered with the RBI under the provisions of RBI Act; and

(vi) NBFC – Infrastructure Finance Company (as defined in the Master Directions) registered with the RBI under the provisions of the RBI Act, having an asset size of ₹5,000 million and above.

An NBFC-ND-SI has been defined under the Master Directions to mean an NBFC not accepting or holding public deposits and having total assets of ₹5,000 million and above as shown in the last audited balance sheet. An NBFC-MFI has been defined under the Master Directions to mean a non-deposit taking NBFC (other than a company formed and registered under Section 25 of the Companies Act, 1956) that fulfills the following conditions:

(i) a minimum net owned fund of ₹50 million (for NBFC-MFI's registered in the North Eastern regions of India, this requirement is ₹ 20 million); and

(ii) not less than 85% of its net assets (defined under the Master Directions as total assets other than cash and bank balances and money market instruments) originated on or after January 1, 2012, are in the nature of 'qualifying assets' (only the assets originated on or after January 1, 2012 shall have to comply with the 'qualifying assets' criteria), where 'qualifying assets' are loans that satisfy the following criteria:

   (a) loan disbursed by an NBFC-MFI to a borrower with a rural household annual income not exceeding ₹125,000 or urban and semi-urban household income not exceeding ₹200,000;

   (b) loan amount does not exceed ₹75,000 in the first cycle and ₹125,000 in subsequent cycles;

   (c) total indebtedness of the borrower does not exceed ₹125,000, provided that loan, if any, availed towards meeting education and medical expenses shall be excluded while arriving at the total indebtedness of a borrower;

   (d) tenure of the loan should not be less than 24 months for loan amount in excess of ₹30,000 with prepayment without penalty;

   (e) loan should be extended without collateral;

   (f) aggregate amount of loans, given for income generation, is not less than 50% of the total loans given by NBFC-MFIs; and

   (g) loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower.

*Multiple lending, Over-borrowing and Ghost Borrowers*

(i) NBFC-MFIs can lend to individual borrowers who are not members of a JLG, SHG or to borrowers that are members of a JLG or SHG.

(ii) A borrower cannot be a member of more than one SHG or JLG.

(iii) Not more than two NBFC-MFIs can lend to the same borrower.

(iv) There must be a minimum moratorium period between the grant of the loan and the due date for the repayment of the first installment. The moratorium period shall not be less than the frequency of repayment.

(v) Recovery of loan given in violation of the regulations should be deferred until all prior existing loans are fully repaid.

*Corporate Governance*

Constitution of Committees

All Applicable NBFCs are required to constitute the committees disclosed below:

(i) Audit Committee: An NBFC is required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC as required under Section

177 of the Companies Act, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013.

(ii) Nomination Committee: NBFCs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.

(iii) Risk Management Committee: NBFCs are required to constitute a risk management committee to manage the integrated risk.

(iv) Asset Liability Management Committee: NBFCs are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the Master Directions.

Fit and Proper Criteria

Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the Applicable NBFCs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the Regional Office of the Department of Non-Banking Supervision of the RBI where the Applicable NBFC is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors.

Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

(i) progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and

(ii) conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC continuously for more than three years. Further, such NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

*Acquisition or Transfer of Control*

Applicable NBFCs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation.

*Prudential Norms*

All NBFC-MFIs are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets. The total of Tier II Capital at any point of time, shall not exceed 100% of Tier I capital.

*Asset Classification and Provisioning Norms*

All NBFC-MFIs are required to adopt the asset classification and provisioning norms as set forth below:

(i) a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and

(ii) a "non-performing asset" means an asset for which interest or principal payment has remained overdue for a period of 90 days or more.

For non-performing assets meeting "Qualifying Assets" criteria, provisioning norms are set forth below:

(i) the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of (a) 1% of the outstanding loan portfolio; or (b) 50% of the aggregate loan installments overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments overdue for 180 days or more; and

(ii) if advance covered by the Credit Risk Guarantee Fund Trust for Low Income Housing guarantee becomes non-performing, no provision need be made towards the guaranteed portion. The amount outstanding in excess of the guaranteed portion shall be provided for as per provisioning norms applicable to all Applicable NBFCs under the Master Directions.

NBFC-MFIs are also required to comply with other asset classification and provisioning norms governing other Applicable NBFCs to the extent such norms are not contradictory to the norms disclosed hereinabove.

*Transparency in Interest Rates*

To ensure fair practice in lending, NBFC-MFIs are permitted to have only three components in the pricing of loans: (a) the interest charge, (b) the processing charge and (c) the insurance premium (which includes the administrative charges in respect thereof).

Further, NBFC-MFIs are not permitted to charge penalty on delayed payments or to collect any security deposit/margin from their borrowers. NBFC-MFIs are required to have a standard form of loan agreement (preferably in vernacular language) approved by their respective board of directors, and provide borrowers with a loan card disclosing prescribed information, including, a) effective rate of interest; b) all other terms and conditions attached to the loan; c) information which adequately identifies the borrower and acknowledgements by the NBFC-MFI of all repayments including installments received and final discharge; and d) grievance redressal system. All disclosures in the loan card shall be in vernacular language. Further, the effective rate of interest charged by the NBFC-MFIs are required to be prominently displayed in all offices and websites of, and all literature issued by, such NBFC-MFIs.

*Ensuring Compliance with Conditionalities*

The responsibility for compliance with applicable regulations lies primarily with the NBFC-MFIs themselves.

Every NBFC-MFI is required to be a member of all credit information companies ("**CICs**") established under the Credit Information Companies (Regulation) Act, 2005, as amended, provide timely and accurate data to CICs and use the data available with them to ensure compliance with the conditions regarding membership of SHG/JLG, level of indebtedness and sources of borrowing.

All NBFC-MFIs are required to become member of at least one self-regulatory organization recognized by the RBI ("**SROs**") and are also required to comply with the code of conduct prescribed by such SRO.

*Regulation of Excessive Interest Charged by NBFCs*

(i) The board of directors of each Applicable NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall 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 shall also be made available on the website of the Applicable NBFCs or published in the relevant newspapers. The information published in the website or otherwise published shall 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.

(iv) The margin cap, cap on the difference between the amount charged to the borrower and the cost of funds to an NBFC-MFI, shall not exceed 10% for NBFC-MFIs with loan portfolios exceeding ₹1,000 million and 12% for other NBFC-MFIs.

(v) The interest rates charged by an NBFC-MFI to its borrowers will be the lower of the following:

(a) the cost of funds plus margin as indicated at (iv) hereinabove; or

(b) the average base rate of the five largest commercial banks by assets (as advised by the RBI for the relevant quarter) multiplied by 2.75.

(vi) NBFC-MFIs shall ensure that the average interest rate on loans sanctioned during a quarter does not exceed the average borrowing cost during the preceding quarter plus the margin, within the prescribed cap. The maximum variance permitted for individual loans between the minimum and maximum interest rate is 4%.

(vii) The average interest paid on borrowings and charged by the NBFC-MFI shall be calculated on average monthly balances of outstanding borrowings and loan portfolio, respectively.

(viii) Processing charges shall not be more than 1% of gross loan amount. Processing charges need not be included in the margin cap or the interest cap.

(ix) NBFC-MFIs shall recover only the actual cost of insurance for group, or livestock, life, health for borrower and spouse. Administrative charges, where recovered, shall be as per applicable IRDA guidelines.

*Fair Practices Code*

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, *inter alia*, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans, and requires the board of directors of Applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the Applicable NBFCs.

***Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")***

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("**KYC**") policy, duly approved by its board of directors, which has four elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. Regulated entities are required to ensure compliance with the KYC policy through identifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance with KYC and anti-money laundering policies and procedures, including legal and regulatory requirements; concurrent/internal audit system for compliance to verify compliance with KYC and anti-money laundering; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity.

***Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Monitoring of Frauds Directions")***

The Monitoring of Frauds Directions are applicable to all deposit taking NBFCs and NBFC-ND-SIs, and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud ₹ 10 million and above. In cases where the amount of fraud is less than ₹10 million, reports shall be sent to the regional office of the Department of Non-Banking Supervision of the RBI, under whose jurisdiction the registered office of the related entity falls. The amounts involved in frauds reported by the entity shall be disclosed in its balance sheet for the year of such reporting. The Monitoring of Frauds Directions also requires submission of a copy of quarterly reports on frauds outstanding to the regional office of the RBI within 15 days of the end of each quarter to which it relates, in the format prescribed.

***Master Direction – Non–Banking Financial Company Returns (Reserve Bank) Directions, 2016, dated September 29, 2016 ("Returns Master Direction")***

The Returns Master Direction lists detailed instructions in relation to submission of returns prescribed by the RBI for various categories of NBFCs, including their periodicity, reporting time, due date, purpose and the purpose of filing such returns.

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

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology ("**IT**") audit and other processes to best practices for the NBFC sector. Systemically important NBFCs (i.e., NBFCs with an asset size of above ₹5,000 million) are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions require all systemically important NBFCs to undertake IT governance through formation of an IT strategy committee and formulation of a board approved IT policy. They also require systemically important NBFCs to conduct an information system audit at least once in a year.

***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017 ("Outsourcing Directions")***

The Outsourcing Directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities.

***Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks (the "RBIA Guidelines")***

The RBIA for non-deposit taking NBFCs with an asset size of INR 5000 crore and above (the "**Applicable NBFCs**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, Applicable NBFCs are required to implement the RBIA framework by March 31, 2022. The RBIA Guidelines, *inter alia,* are intended to enhance the efficacy of internal audit systems and contribute to the overall improvement of governance, risk management and control processes followed by the Applicable NBFCs. Under the RBIA Guidelines, the board of directors of the Applicable NBFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. It's also mandated that the policy be reviewed periodically, and that the internal audit function not be outsourced. Further, the RBIA Guidelines also require that the risk assessment of business and other functions of Applicable NBFCs should be conducted at least on an annual basis.

## 2. Restrictions in Foreign Ownership applicable to our Company

***The Consolidated FDI Policy Circular of 2020 (No. 5(2)/2020) dated October 15, 2020, as amended ("FDI Policy") issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT")***

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 3.8.3.1 of the FDI Policy. Pursuant to the FDI Policy, FDI of up to 100% is permitted under the automatic route in our Company.

Foreign investment in securities issued by Indian companies, such as us, is also regulated by the RBI, including through the FEMA.

## 3. Covid-19 Regulatory Framework

In view of the outbreak of the COVID-19 pandemic, the RBI has issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

Pursuant to its circular dated March 16, 2020, the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI, pursuant to its circular dated March 27, 2020, announced certain regulatory measures, including, *inter alia*, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") to borrowers. Under the circular, such measures will not be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**Prudential Framework**") and availing of such measures, by itself, shall not result in asset classification downgrade. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs have been instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also states that wherever the exposure of a lending institution to a borrower is ₹50 million or above as on March 1, 2020, the lending institution shall develop an MIS on the reliefs provided to its borrowers which shall, *inter alia,* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Pursuant to its circular dated May 23, 2020, the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, i.e., from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions accordingly, may put in place a board approved policy to implement the above measures.

Further, the RBI through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions. The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**"). Under the COVID-19 Resolution Framework, lending institutions are required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility are extended only to borrowers bearing stress on account of the COVID-19 pandemic.

The RBI, pursuant to its circular dated September 7, 2020 on "Resolution Framework for COVID-19-related Stress – Financial Parameters", set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of resolution framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans shall take into account the pre-COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions are free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

**Draft Regulatory Framework for NBFCs**

On December 9, 2020, the RBI issued a draft circular (the "**Draft Dividend Circular**") requesting public comments thereon. The Draft Dividend Circular proposes certain requirements in relation to:

(i) eligibility criteria for declaration of dividend, including minimum thresholds for capital adequacy and leverage ratio, and limit on NPAs;
(ii) NBFCs should comply with the provisions of Section 45 IC of the RBI Act, 1934 and prevailing regulations/guidelines issued by the RBI;
(iii) proposed dividend should be payable only out of the current year's profit;
(iv) the RBI should not have placed any explicit restrictions on the NBFC on declaration of dividend;
(v) restrictions upon quantum of dividend payable; and
(vi) reporting.

If the Draft Dividend Circular comes into effect, it shall be applicable to dividends declared for Financial Year 2021 onwards.

The RBI further released a Discussion Paper dated January 22, 2021 on 'Revised Regulatory Framework for NBFCs – A Scale Based Approach' (the "**NBFC Discussion Paper**"), and has requested public comments thereon. Under the NBFC Discussion Paper, the regulatory framework for NBFCs is proposed to be based on a four-layered structure, wherein different categories of NBFCs, based on certain identified parameters (size, leverage, interconnectedness, complexity, and supervisory inputs) would be subject to proportionately higher regulation. The NBFC Discussion Paper contemplates the following layers of NBFCs:

(i) **Base Layer ("NBFC-BL"):** Proposed to consist of NBFCs currently classified as non-systemically important NBFCs, along with NBFCs that are Type I NBFCs, Non-Operative Financial Holding Companies, peer to peer lending platforms and account aggregators. NBFC-BLs shall largely continue to be subject to regulations currently applicable to non-deposit taking NBFCs.

(ii) **Middle Layer ("NBFC-ML"):** Proposed to consist of all non-deposit taking NBFCs classified currently as NBFC-ND-SI and all deposit-taking NBFCs, excluding NBFCs in the Upper Layer. Further, NBFCs that are housing finance companies, infrastructure finance companies, infrastructure debt funds, standalone primary dealers and core investment companies, irrespective of their asset size, will be populated in this layer. NBFC-MLs shall largely continue to be subject to regulations currently applicable to NBFC-ND-SIs and deposit-taking NBFCs, as well as regulations applicable to NBFC-BLs as well. Certain measures under the proposed regulatory framework in relation to NBFC-MLs include:

- aligning credit concentration norms for NBFCs with those applicable to banks, by merging the currently applicable lending and investment concentration limits into a single exposure limit of 25% for single borrower and 40% for group of borrowers anchored to the NBFC's Tier 1 capital;
- introducing a requirement for NBFCs to have a policy approved by their respective boards of directors on internal capital adequacy assessment process;
- prescribing limit on initial public offer financing of ₹10 million per individual;
- regulatory restrictions on lending by NBFCs; and
- mandatory requirement for appointment of a functionally independent chief compliance officer.

(iii) **Upper Layer ("NBFC-UL"):** Proposed to consist of only those NBFCs which are specifically identified as systemically significant among NBFCs, based on specified parameters. The top 10 NBFCs by asset size would be included in this layer, and the applicable threshold for classification would be determined pursuant to parametric analysis. NBFC-ULs would be subject to regulations applicable to NBFC-MLs as well.

(iv) **Top Layer**: Proposed to consist of NBFCs judged to be extreme in supervisory risk perception by the RBI. NBFCs in this layer will be subject to higher capital charge, including capital conservation buffers and there will be enhanced and more intensive supervisory engagement with such NBFCs.

In addition to the above, the Discussion Paper also provides for other listing, corporate governance and disclosure requirements for each layer of NBFCs. The NBFC Discussion Paper does not provide the details of the proposed regulations, and only discusses proposed revisions in the existing regulatory framework.

***The Assam Micro Finance Institutions (Regulation of Money Lending) Bill, 2020 (the "Assam Bill")***

The Assam Bill was passed by the Assam Legislative Assembly on December 30, 2020 which aims to regulate activities of MFIs or money lending agencies or organizations operating in the state (the "**Money Lenders**"). Under the Assam Bill the Money Lenders are required to register themselves within 30 days from the commencement of the Act, once passed. No Money Lenders will be permitted to grant or recover any loans without obtaining registration with the registering authority. Once granted, the registration shall only be valid for a period of two years, and a renewal application will be required to be submitted 60 days prior to expiration of the initial term of registration. Under the Assam Bill the registering authority has been granted the powers to cancel the license of a Money Lender, either suo moto or upon receipt of a complaint. Further, it requires strict compliance with the RBI norms for all collection and recovery practices. The Assam Guidelines also provide that in the event of a natural calamity, such as floods or other period of distress, all micro-credit activities must be reduced and a moratorium of three months on the interest payment should be given. Under the Assam Bill it is important to make sure that no borrower be a member of more than one SHG or JLG, and not more than two Money Lenders should lend to a borrower at the same time. Under the Assam Bill, no further lending can be completed without the approval of a registering authority, further it sets out a strict penalty for the Money Lenders, were they to deploy agents for recovery or use any other form of coercive recovery. In addition to the above, the Assam Bill also provides for other measures to be adopted and adhered to by the Money Lenders including, *inter alia*, submission of monthly statements with the registering authority; establishing a fair practice code covering certain aspects as prescribed in the Assam Bill; and penalties which include both fine and imprisonment.

## 4. Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, labour laws, various tax related legislations and other applicable statutes for its day-to-day operations.

# HISTORY AND CERTAIN CORPORATE MATTERS

## Brief History of Our Company

Our Company was incorporated on September 27, 1991 at Kolkata, West Bengal, India as 'ANG Resources Private Limited', a private limited company under the Companies Act, 1956. Our Company was then converted into a public limited company under the Companies Act, 1956, and consequently, the name of our Company was changed to 'ANG Resources Limited' and a fresh certificate of incorporation dated October 20, 1995 was issued by the RoC. Subsequently, due to business and commercial reasons, the name of our Company was changed to 'Arohan Financial Services Limited' and a fresh certificate of incorporation dated March 25, 2008 was issued by the RoC. Thereafter, our Company was converted into a private limited company under the Companies Act, 1956 and the name of our Company was changed to 'Arohan Financial Services Private Limited' and a fresh certificate of incorporation dated September 28, 2010 was issued by the RoC. Our Company was then converted into a public limited company under the Companies Act, and the name of our Company was changed to 'Arohan Financial Services Limited'. A fresh certificate of incorporation dated May 25, 2018 was issued by the RoC.

For details on our Company's registration with the RBI as an NBFC-MFI, see "*Government and Other Approvals*" beginning on page 335.

Our Company has 40 Shareholders as on the date of filing of this Draft Red Herring Prospectus. See "*Capital Structure*" beginning on page 68.

## Changes in Registered Office

The Registered and Corporate Office of our Company is currently situated at PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India.

There has been no change in the registered office of our Company since its incorporation other than as disclosed below.

| Date of change of registered office | Address of registered office | Reasons for change |
|---|---|---|
| April 1, 2006 | Changed from 8, Lyons Range, 5th Floor, Kolkata 700 001, West Bengal, India to 716, Jogendra Gardens, Kasba, Kolkata 700 078, West Bengal, India | Administrative convenience and efficiency. |
| May 25, 2009 | Changed from 716, Jogendra Gardens, Kasba, Kolkata 700 078, West Bengal, India to 195/1, Rajdanga, Chakrabortypara, Kasba, Kolkata 700 107, West Bengal, India | Administrative convenience and efficiency. |
| February 2, 2015 | Changed from 195/1, Rajdanga, Chakrabortypara, Kasba, Kolkata 700 107, West Bengal, India to PTI Building, 4th Floor, DP 9, Sector 5, Salt Lake, Kolkata 700 091, West Bengal, India | Administrative convenience and efficiency. |

## Main Objects of Our Company

The main objects of our Company contained in its Memorandum of Association are as disclosed below.

1. "*To carry on the business of providing a full range of financial services as may develop from time to time to low income or economically disadvantaged clients, organized in the form of individuals, groups of individuals including self-help groups, societies, merchants, traders, industries, commercial establishments, financial institutions, co-operative societies, non-governmental organizations, private, charitable and related entities. These services include all types of loans, hire purchase, leasing, discounting, mortgages, deposits, saving, investments, mutual funds, insurance, money transfer, venture capital remittances, credit facilities, and any other services, which may arise in the future, subject to the approval of the Reserve Bank of India and all other appropriate authorities.*

2. *To carry on the business of a Finance Company (not being a banking Company within the meaning of the Banking Regulations Act, 1949) and to provide or assist in providing financial assistance to all sections of society.*

3. *To carry on and undertake the business of insurance, including life insurance and general insurance as intermediary or agent of other insurance companies, subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and the Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance business.*

4. *To carry on and undertake the business of research, consultancy, advisory services, technical assistance and training in the fields of: livelihood promotion, development finance, financial services, inter alia, loans, investments, leasing, hire purchase, housing finance, asset management, project finance, venture capital, mutual funds, insurance, money transfer, commodity futures and derivatives; social venture and investment funds; directly, or as intermediary for other companies or organizations.*

5. *To act as an issue house Registrars and Share Transfer Agents, promoters, financiers, underwriters, managers to issue, broker, agent for private sector and public sector shares, securities, bonds, debentures, units etc and to act as financial advisors, consultant, technical consultants or management consultants in various fields. To manage investment portfolio, mutual funds, syndicates in shares, stocks, securities, finance and real estates and to finance consumer loans and advance and to carry on every type of leasing business including property, equipment leasing, hire purchase financing and any other connected activities which may appear necessary or convenient for leasing business of the Company.*"

The objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

**Amendments to the Memorandum of Association**

The amendments to the Memorandum of Association of our Company in the 10 years immediately preceding the date of this Draft Red Herring Prospectus are as detailed below.

| Date of Shareholders' Resolution | Nature of Amendment |
|---|---|
| July 31, 2012 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company to ₹350,000,000 divided into 35,000,000 Equity Shares. |
| September 19, 2013 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company to ₹450,000,000 divided into 45,000,000 Equity Shares. |
| March 10, 2015 | Clause V of the Memorandum of Association was amended to reflect an increase in and reclassification of the authorized share capital of our Company to ₹704,237,900 divided into 52,070,470 Equity Shares and 9,176,660 CCPS. |
| December 15, 2016 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company to ₹903,533,200 divided into 72,000,000 Equity Shares and 9,176,660 CCPS. |
| March 8, 2017 | Clause V of the Memorandum of Association was amended to reflect reclassification of the authorized share capital of our Company to ₹903,533,200 divided into 90,353,320 Equity Shares. |
| March 28, 2018 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company to ₹1,124,533,200 divided into 112,453,320 Equity Shares pursuant to the Scheme. |
| May 15, 2018 | Our Company was converted from a private limited company to a public limited company and consequently, the name of our Company was changed to 'Arohan Financial Services Limited' and Clause I of the Memorandum of Association was amended to reflect the change in name. |
| January 22, 2021 | Clause V of the Memorandum of Association was amended to reflect an increase in the authorized share capital of our Company to ₹1,600,000,000 divided into 160,000,000 Equity Shares. |

**Major Events**

The table below sets forth some of the major events in the history of our Company.

| Calendar Year | Event |
|---|---|
| 2006 | • Commenced microfinance operations and disbursed its first microfinance loan in Kolkata |
| 2007 | • Number of customers reached 10,000 |
| 2008 | • Launch of 'Bazaar' loan product |
| 2010 | • Number of customers crossed 100,000<br>• Commenced operations in Assam<br>• Launch of 'Pragati' loan product |

| Calendar Year | Event |
|---|---|
| 2011 | • Number of customers crossed 200,000 |
| 2012 | • Acquisition of controlling interest in our Company by Intellecash and AVMS<br>• Acquisition of Intellecash's microfinance portfolio in Bihar |
| 2014 | • Endorsement of status as an NBFC-MFI by the RBI<br>• Commenced operations in Jharkhand |
| 2015 | • Commenced operations in Odisha<br>• Number of operational branches reached 180<br>• Achieved AUM of over ₹5,000 million |
| 2016 | • Launched mobility solution which captures operational transactions on a real time basis through a mobile application<br>• Commenced operations in Meghalaya and Chhattisgarh<br>• Launched sanitation, mobile and bicycle loans<br>• Undertook first cashless disbursement<br>• Overall score of 8 out of 10 indicating "High Level of Adherence" in Code of Conduct Assessment Report conducted by ICRA Management Consulting Services Limited |
| 2017 | • Launch of "*Arohan e-Bazaar*" mobile application and "*Bazaar 2.0*" product<br>• Gross loan portfolio reached ₹10,000 million<br>• Completion of implementation of "PROFILE"<br>• Commenced operations in Tripura and Uttar Pradesh<br>• Undertook first disbursement through PayTM payments bank<br>• Launch of "Perdix", a centralized digital audit platform for internal audit |
| 2018 | • Inorganic business portfolio reached ₹1,000 million<br>• Number of customers reached 1,000,000<br>• Intellecash merged with and into our Company pursuant to the Scheme<br>• Commenced operations in Madhya Pradesh<br>• Launched Adrenalin, the HRMS portal<br>• Raised ₹990 million of external commercial borrowing from IFC |
| 2019 | • Number of customers reached 2,000,000<br>• Launched the ApnaBazaar application for cross-selling of products<br>• Securitization deal of non-qualifying assets completed<br>• Commenced operations in Manipur<br>• Implementation of Diligent – a board management software |
| 2020 | • Enabled digital repayment using digital wallets such as PayTM and PayU which make use of Aadhaar Pay Enabled Software platform, Bharat Bill Payment System platform, UPI and debit card<br>• CARE MFI 1 grading from CARE<br>• Social performance grading of the highest-rating SP1 from ICRA<br>• Dual Credit Rating of A- with stable outlook from CARE & ICRA<br>• On boarded Trackwizz, an anti-money laundering and compliance software |

**Key awards, accreditations, certifications and recognitions received by our Company**

The table below sets forth certain key awards, accreditations, certifications and recognitions received by our Company:

| Calendar Year | Event |
|---|---|
| 2010 | • 'Microfinance Organisation of the Year 2010 (Small & Medium)' award at Inclusive Finance India Awards 2010<br>• 'Certificate of Recognition' for being a global pioneer in the microfinance industry by participating in the India Transparent Pricing Initiative implemented by MicroFinance Transparency<br>• 'Srijan MFI Transparency Award 2010' at Srijan Financial Inclusion Forum 2010 organized by I-Cap<br>• 'Institution of the Year 2010 (Small and Medium MFI)' by Microfinance India |
| 2015 | • 'Client Protection Certification' from The Smart Campaign |
| 2016 | • 'SKOCH Order-of-Merit' for qualifying among the top 100 projects in India for financial inclusion |
| 2017 | • 'SKOCH Order-of-Merit' for IT transformation, mobility and CRM<br>• 'SKOCH Order-of-Merit' for qualifying among the top 80 technology projects in India for IT transformation/mobility/CRM<br>• 'CSR Practice of the Year' award at the CSR Excellence Awards 2017 |
| 2018 | • 'CSR Project of the Year in Water' award at the India International CSR Conclave 2018<br>• Recognition for Implementing Outstanding Initiatives in 'Risk and Resilience Framework' at the MFIN Microfinance Awards 2018<br>• Inclusive Finance India Awards 2018 - "Microfinance Organisation of the Year" by Access Assist<br>• SKOCH Order-of-Merit for qualifying amongst the top ranking Banking & Finance projects in India for "Strategic Alliance Initiative", "Financial Inclusion, Microcredit and Rural Expansion" and "IT Strategic Transformation"<br>• Association of Micro Finance Institutions-West Bengal Awards for "Best Coverage in East India", "Best Credit Plus activities" and "Client Centric Initiatives" |

| Calendar Year | Event |
|---|---|
| | • "Excellence in Clean Energy Finance" certificate by MicroEnergy Credits, as a project participant in the United Nations Framework Convention on Climate Change Program of Activities for Distributing Clean Energy Products<br>• COCA Assessment score of C1 (top grade) indicating "Excellent Performance on COCA Dimensions" |
| 2019 | • Digitally Advanced NBFC Award, 2019 at the India NBFC Summit and Awards<br>• Institute for Competitiveness Strategy Awards by Times Network<br>• Indian Chamber of Commerce Special Jury for Environment Sustainability in 2019 in the Large Enterprise category<br>• Certified as Great Place to Work by the Great Place to Work®□ Institute<br>• 'Client Protection Certification' from The Smart Campaign |
| 2020 | • 'Best Governed Company - Unlisted Segment – Emerging Category' award at the 20th ICSI National Awards for Excellence in Corporate Governance, 2020<br>• COCA Assessment score of C1 (top grade) indicating "Excellent Performance on COCA Dimensions"<br>• Internal Audit Department certified with ISO 9001:2015 by the British Standards Institution for operating a Quality Management System which complies with the requirements of the certification for conducting Internal Audit for Operations and all other Support Functions<br>• Recognized as Responsible Lender for adopting and adhering to the Code for Responsible Lending (CRL) in micro-credit with a CRL score of 99%<br>• Ranked among India's 25 Best Workplaces in BFSI 2020<br>• Ranked 86th among India's Best Companies to Work for by the Great Place to Work®□ Institute |

**Other Details Regarding Our Company**

*Significant Financial and Strategic Partners*

Our Company does not have any significant financial and strategic partners as on the date of this Draft Red Herring Prospectus.

*Defaults or Rescheduling of Borrowings from Financial Institutions/Banks*

No payment defaults or rescheduling have occurred in relation to any borrowings availed by our Company from any financial institutions or banks, nor have any such borrowings or loans been converted into Equity Shares.

*Time and Cost Overruns*

Our Company has not implemented any projects since its incorporation and has accordingly not experienced any time or cost overrun in relation thereto.

*Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants*

For the details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation and location of our branches, to the extent applicable, see "*Our Business*" beginning on page 136.

**Holding Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any holding company.

**Subsidiaries, Associates and Joint Ventures**

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries, associates or joint ventures.

**Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets**

Except as disclosed below, our Company has not acquired or divested any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets in the 10 years immediately preceding the date of this Draft Red Herring Prospectus.

*Scheme of arrangement with Intellecash*

The National Company Law Tribunal, Mumbai by its order dated March 9, 2018 and the National Company Law Tribunal, Kolkata by its order dated March 26, 2018 approved the Scheme, with effect from the appointed date, April 1, 2017.

The rationale of the Scheme was to achieve certain benefits for our Company, including, *inter alia*: (a) economies of scale; (b) retention of clients; (c) diversification of product offerings; (d) financial strength; and (e) optimization of non-qualifying asset space.

Pursuant to the Scheme, the entire business and undertaking of Intellecash, including, *inter alia*, all its properties, assets, rights, liabilities, licenses, investments, interests, incentives, contracts, intellectual property, proceedings, employees and obligations, as on April 1, 2017, were transferred to and vested in our Company as a going concern and Intellecash was dissolved without the process of winding up. Accordingly, the following steps were undertaken: (i) 18,067,494 Equity Shares held by Intellecash in our Company were cancelled and extinguished; (ii) 11,230,546 equity shares of face value of ₹10 each of Intellecash (constituting the entire equity share capital of Intellecash) were cancelled and extinguished; and (iii) the authorized share capital of Intellecash was combined with and added to the authorized share capital of our Company, pursuant to which, the authorized share capital of our Company was increased to ₹1,124,533,200 divided into 112,453,320 Equity Shares.

As consideration for the transfer of the entire business and undertaking of Intellecash to our Company, 23,970,479 Equity Shares were allotted to the erstwhile equity shareholders of Intellecash, in the ratio of 213.44 Equity Shares for every 100 equity shares of face value ₹10 each held by such shareholders in Intellecash (equivalent to 2.1344 Equity shares for every one equity share of Intellecash). For further details of allotment of Equity Shares pursuant to the Scheme, see "*Capital Structure – Share Capital History of our Company*" beginning on page 68.

The Scheme became effective on March 28, 2018, being the date on which the certified copy of the order of the National Company Law Tribunal at Kolkata was filed with the RoC, in terms of Section 232(5) of the Companies Act. For further details, including the accounting treatment of the Scheme in our Restated Financial Information, see "*Financial Statements*" beginning on page 202.

*Slump sale of our MSME Lending Business to Ashv*

Pursuant to a business transfer agreement dated February 10, 2021 ("**BTA**") with Ashv, our Company has transferred some part of the business of providing finance to MSMEs ("**MSME Lending Business**") as a going concern by way of slump sale to Ashv. The total consideration received by our Company is INR 580,882,474. In terms of the BTA, the MSME Lending Business shall be deemed to have been transferred as on February 10, 2021. The above slump sale of the MSME Lending Business is not a material divestment under Paragraph (11)(I)(B)(iii) of Schedule VI to the SEBI ICDR Regulations. Accordingly, pursuant to a certificate dated February 12, 2021, the Statutory Auditors of our Company have, in accordance with Paragraph (11)(I)(B)(iii) of Schedule VI to the SEBI ICDR Regulations, certified the fact of the divestment and the consideration received.

**Guarantees by Promoters offering Equity Shares in the Offer for Sale**

None of our Promoters are offering Equity Shares in the Offer for Sale.

**Shareholders' Agreements and Other Agreements**

***Shareholders' Agreements***

*Amended and restated shareholders agreement dated March 27, 2017 (the "**2017 SHA**") by and amongst our Company, Maj Invest, Tano, Intellecash, AG II, MSDF, IFIF, AVMS, Manoj Kumar Nambiar, Arohan ESOP Trust, certain other individual Shareholders (acting through Manoj Kumar Nambiar), Vineet Chandra Rai and I-Cap*

Our Company entered into the 2017 SHA, which set out the terms and conditions governing the *inter-se* relationship between Maj Invest, Tano, Intellecash, AG II, MSDF, IFIF, AVMS, Manoj Kumar Nambiar, Arohan ESOP Trust, certain other individual Shareholders (acting through Manoj Kumar Nambiar), Vineet Chandra Rai and I-Cap in relation to the management and governance of our Company. Pursuant to the 2017 SHA, the pre-existing shareholders' agreement dated March 23, 2015 (governing the *inter-se* rights and obligations of the shareholders of our Company) entered by and among our Company, Tano, Intellecash, AG II, MSDF, IFIF, AVMS, Shubhankar Sengupta, Manoj Kumar Nambiar, Arohan ESOP Trust and certain other individual Shareholders (acting through Shubhankar Sengupta) was terminated.

The 2017 SHA provides for certain special rights to be vested with I-Cap, Intellecash and AVMS as promoters of our Company and with Maj Invest, Tano, AG II, MSDF and IFIF as investors in our Company, including the right to appoint Directors subject to certain conditions, pre-emptive right of certain Shareholders to subscribe to any new securities issued by our Company proportionate to their shareholding in our Company in terms of the 2017 SHA, certain restrictions on transfer of securities of our Company, including tag-along rights of certain Shareholders and anti-dilution rights of certain Shareholders.

On February 14, 2018, Tano and AG II transferred 3,548,301 Equity Shares and 5,740,446 Equity Shares, respectively, to TR Capital. TR Capital also executed deeds of adherence dated February 28, 2018, whereby it agreed and confirmed to be bound by the terms of the 2017 SHA as more specifically set out in such deeds of adherence. Further, pursuant to a share purchase agreement dated June 16, 2017 among IFIF, Maj Invest and the Company, IFIF transferred its entire holding of Equity Shares to Maj Invest in July 2017, and ceased to be a Shareholder. Accordingly, the 2017 SHA was terminated in relation to IFIF.

Pursuant to the amendment and termination agreement to the 2017 SHA dated February 13, 2021 (the "**Termination Agreement**"), the parties to the 2017 SHA have waived their respective special rights that may be triggered under the 2017 SHA and the Articles as a result of the Company undertaking the Offer and the Pre-IPO Placement. The parties to the 2017 SHA have also agreed that except as stated in the Termination Agreement, the 2017 SHA shall stand terminated with effect from the date of listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, subject to the survival of certain provisions such as definitions, confidentiality, notices and governing law and arbitration. Further, under the Termination Agreement, with effect from the date of listing of the Equity Shares on the Stock Exchanges pursuant to the Offer, subject to the approval of the Shareholders by special resolution at the first general meeting held after the completion of the Offer, AVMS, I-Cap, AG II, Tano, Maj Invest and TR Capital will each have the right to nominate one Non-Executive Nominee Director who will be liable to retire by rotation, until such time that such Shareholder continues to hold 5.0% of the issued and paid-up share capital of the Company, on an adjusted basis.

The Termination Agreement shall terminate if the listing of the Equity Shares pursuant to the Offer is not completed on or before 12 months from the date of receipt of final observations from the SEBI or such other date as mutually agreed between the parties in writing. See "*Risk Factors - Certain of our existing Shareholders together may be able to exert significant influence over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our Shareholders"* on page 49.

## OUR MANAGEMENT

### Board of Directors

In accordance with our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises 12 Directors.

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| 1. | **Dinesh Kumar Mittal**<br><br>***DIN*****:** 00040000<br><br>***Designation*****:** Non-Executive Independent Chairman<br><br>***Address*****:** B-71, Sector 44, Gautam Buddha Nagar, Noida 201 301, Uttar Pradesh, India<br><br>***Occupation*****:** Retired IAS<br><br>***Term*****:** Five years with effect from May 15, 2018<br><br>***Date of birth:*** January 25, 1953 | 68 | *Indian Companies*:<br><br>1. Balrampur Chini Mills Ltd<br>2. Bharti Airtel Limited<br>3. Business Strategy Advisory Services Private Limited<br>4. Ergos Business Solutions Private Limited<br>5. HSBC Asset Management (India) Private Limited<br>6. Max Bupa Health Insurance Company Limited<br>7. Max Financial Services Limited<br>8. Max Life Insurance Company Limited<br>9. Max Ventures And Industries Limited<br>10. Shivalik Small Finance Bank Limited<br>11. Trident Limited |
| 2. | **Manoj Kumar Nambiar**<br><br>***DIN*****:** 03172919<br><br>***Designation*****:** Managing Director<br><br>***Address*****:** 8, Godavari, Sector-3, Vashi, Navi Mumbai, Vashi, Thane 400 703, Maharashtra, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Five years with effect from May 19, 2017<br><br>***Date of birth:*** April 18, 1965 | 55 | *Indian Companies:*<br><br>1. AVMS<br>2. TribeTech |
| 3. | **Vineet Chandra Rai**<br><br>***DIN*****:** 00606290<br><br>***Designation*****:** Non-Executive Nominee Director<br><br>***Address*****:** F 1705/06 Whispering Palm Exclusive, Lokhandwala Complex, Akurli Road, Kandivali (East), Mumbai 400 101, Maharashtra, India<br><br>***Occupation*****:** Business<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** June 17, 1971 | 49 | *Indian Companies:*<br><br>1. Aavishkaar Advisors Private Limited<br>2. Aavishkaar Venture Trustees Private Limited<br>3. Ashv<br>4. AVMS<br>5. Connect India E-Commerce Services Private Limited<br>6. Electronic Payment and Services Private Limited<br>7. I-Cap<br>8. Milk Mantra Dairy Private Limited<br>9. TribeTech<br>10. Ulink Agritech Private Limited |
| 4. | **Wilhelmus Marthinus Maria van der Beek**<br><br>***DIN*****:** 02142559<br><br>***Designation*****:** Non-Executive Nominee Director<br><br>***Address*****:** Vogelenzangseweg 18, 2111 HR Aerdenhout, Amsterdam, Netherlands<br><br>***Occupation*****:** Service<br><br>***Term*****:** Liable to retire by rotation | 60 | *Foreign Companies:*<br><br>1. Aavishkaar Goodwell India Microfinance Development Company<br>2. AGI Services Ltd.<br>3. AGI Services II Ltd.<br>4. Goodwell Investments B.V.<br>5. Goodwell Holdings B.V.<br>6. Goodwell uMunthu Investment Services<br>7. Goodwell West Africa Microfinance Development Company<br>8. MFS Africa<br>9. Nomanini |

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| | ***Date of birth:*** November 24, 1960 | | 10. WhereIsMyTransport<br>11. Wilhelminalaan Holdings B.V.<br>12. uMunthu Investment Company |
| 5. | **Anurag Agrawal**<br><br>***DIN***: 02385780<br><br>***Designation***: Non-Executive Nominee Director<br><br>***Address***: Flat no. 1403, Angelica Mahindra Eminente, SV Road, Goregaon West, Mumbai 400 104, Maharashtra, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** February 12, 1978 | 43 | *Indian Companies*:<br><br>1. Aavishkaar Advisors Private Limited<br>2. Ashv<br>3. AVMS<br>4. Butterfly Edufields Private Limited<br>5. I-Cap<br>6. Intellecap Advisory Services Private Limited<br>7. Nepra Resource Management Private Limited |
| 6. | **Piyush Goenka**<br><br>***DIN*****:** 02117859<br><br>***Designation*****:** Non-Executive Nominee Director<br><br>***Address*****:** 2803, Tower 5, Crescent Bay, Jerbai Wadia Road, Parel, Mumbai 400 012, Maharashtra, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** July 26, 1977 | 43 | *Indian Companies:*<br><br>1. Safari Industries (India) Limited<br>2. Shilpa Medicare Limited |
| 7. | **Shri Ram Meena**<br><br>***DIN*****:** 08452187<br><br>***Designation*****:** Non-Executive Nominee Director<br><br>***Address*****:** C-3/72, Chitrakoot Scheme, Near Gandhi Path, Vaishali Nagar, Jaipur 302 021, Rajasthan, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** July 6, 1972 | 48 | *Indian Companies:*<br><br>1. Assam Financial Corporation<br>2. Bandhan Financial Services Limited<br>3. North East Small Finance Bank<br>4. RGVN (North East) Microfinance Limited<br>5. West Bengal Financial Corporation |
| 8. | **Kasper Svarrer**<br><br>***DIN*****:** 07252475<br><br>***Designation*****:** Non-Executive Nominee Director<br><br>***Address*****:** Sankt Thomas Alle 10, 4 Tv, 1824 Frederiksberg C, Denmark<br><br>***Occupation*****:** Service<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** March 7, 1972 | 48 | *Indian Companies*<br><br>1. Mjic Consultancy Private Limited<br><br>*Foreign Companies:*<br><br>2. A/S J. Lauritzen's Eftf.<br>3. Baobab SA, France<br>4. Danish Microfinance Partners General Partners Aps<br>5. Danish Microfinance Partners Management ApS<br>6. Dmp Holding 1 Aps<br>7. Fonden MIFIF II GP<br>8. General Partner Equity Vietnam ApS<br>9. Harbour Group Holding<br>10. Jantzen Group A/S<br>11. Jutlandia Terminal A/S<br>12. Kasper Svarrer Holding ApS<br>13. Maj Invest South America S.A., Peru<br>14. Management Equity Vietnam I<br>15. MIFIF III GP ApS |

| S. No. | Name, DIN, Designation, Address, Occupation, Date of Birth and Term | Age (Years) | Other Directorships |
|---|---|---|---|
| | | | |
| 9. | **Paul Gratien Robine**<br><br>***DIN*****:** 07828525<br><br>***Designation*****:** Non- Executive Nominee Director<br><br>***Address*****:** Flat C, 35/F, Block 2, Estoril Court, 55 Garden Road, Hong Kong<br><br>***Occupation*****:** Investment Professional<br><br>***Term*****:** Liable to retire by rotation<br><br>***Date of birth:*** July 21, 1977 | 43 | *Indian Companies:*<br><br>1. Consure Medical Private Limited<br>2. Sedemac Mechatronics Private Limited<br>3. Surewaves Mediatech Private Limited<br><br>*Foreign Companies:*<br><br>4. TR Capital<br>5. TR Capital III Mauritius II<br>6. TR Capital III Mauritius III |
| 10. | **Sumantra Banerjee**<br><br>***DIN*****:** 00075243<br><br>***Designation*****:** Non- Executive Independent Director<br><br>***Address*****:** 2C, Alipore Avenue, Kolkata 700 027, West Bengal, India<br><br>***Occupation*****:** Retired corporate executive<br><br>***Term*****:** Five years with effect from March 18, 2019<br><br>***Date of birth:*** December 31, 1949 | 71 | *Indian Companies:*<br><br>1. Anudip Foundation for Social Welfare<br>2. Myriad Ventures Private Limited<br>3. Noida Power Company Limited |
| 11. | **Rajat Mohan Nag**<br><br>***DIN*****:** 07083831<br><br>***Designation*****:** Non- Executive Independent Director<br><br>***Address*****:** B-3/602, World Spa West, Sector 30, Gurugram 122 001, Haryana, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Five years with effect from January 31, 2020<br><br>***Date of birth:*** September 12, 1948 | 72 | *Indian Companies:*<br><br>1. Partners for Transparency Foundation India |
| 12. | **Matangi Gowrishankar**<br><br>***DIN*****:** 01518137<br><br>***Designation*****:** Non- Executive Independent Director<br><br>***Address*****:** E-1001/1002, Maestros, Salunke Vihar Road, Wanwadi, Pune 411 040, Maharashtra, India<br><br>***Occupation*****:** Service<br><br>***Term*****:** Five years with effect from August 22, 2016<br><br>***Date of birth:*** February 27, 1958 | 62 | *Indian Companies:*<br><br>1. Altum Credo Home Finance Private Limited<br>2. Ashv<br>3. Cyient Limited<br>4. Gabriel India Limited<br>5. Greenlam Industries Limited<br>6. Intellecap Advisory Services Private Limited<br>7. Premium Motion Private Limited<br>8. Premium Transmission Private Limited |

## Relationship between our Directors

None of our Directors are related to each other.

**Brief Biographies of our Directors**

**Dinesh Kumar Mittal** is the Independent Non-Executive Chairman of our Board. He has been a Director since May 15, 2018. He holds a master's degree in physics from University of Allahabad. He joined the Indian Administrative Services in July 1977. Previously, he has served with the Government of India as Secretary – Ministry of Finance, Secretary – Department of Financial Services and the Ministry of Corporate Affairs and as Additional Secretary and Joint Secretary – Department of Commerce. He has also served as the Chief Executive Officer of IL&FS and with the Government of the state of Uttar Pradesh in various capacities including as Secretary to the Chief Minister, Managing Director – Uttar Pradesh Land Development Corporation, Vice Chairman of the Ghaziabad Development Authority and Special Secretary and Additional Director – Industries.

**Manoj Kumar Nambiar** is the Managing Director of our Company. He has been a Director since October 2012, when he was appointed as the Managing Director of our Company with effect from October 3, 2012. He holds a bachelor's degree in engineering (mechanical branch) and a master's degree in management studies from the University of Bombay. He has also completed the 'Strategic Leadership in Microfinance' course from Harvard Business School, USA. He has worked with various companies in the fields of business development, consumer banking and microfinance across India and the Middle East. Previously, he has worked with Xerox India Limited (formerly, Modi Xerox Limited), Countrywide Consumer Financial Services Limited, ANZ Grindlays Bank, ABN Amro Bank N.V., National Bank of Oman, Ahli Bank and with Alhamrani Company for Investment in Trade. He has chaired the governing board of MFIN, the self-regulatory organisation for NBFC-MFIs recognised by the RBI, since 2019, having first joined MFIN's board in 2013. He was also the President of MFIN in 2015-16.

**Vineet Chandra Rai** is a Non-Executive Nominee Director of our Company. He was nominated to our Board by AVMS. He has been a Director since October 24, 2013. He holds a post-graduate diploma in forestry management from the Indian Institute of Forest Management, Bhopal. Additionally, he is an Honorary Member of XLRI Alumni Association. He is the promoter of AVMS, which is a part of the Aavishkaar Group. He was awarded the Outstanding Social Change Agent by TiE Mumbai in January 2020 and also featured on the cover of Forbes India (January 2018 issue). He participated in the 'Champions of Change' event in August 2017 organized by the National Institution for Transforming India. Further, he was also appointed by SEBI as a member of the 'Working Group on Social Stock Exchanges' in India. He has also served as a commission member at the Global Commission on Business and Sustainable Development.

**Wilhelmus Marthinus Maria van der Beek** is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by AG II. He has been a Director since December 5, 2016. He holds a doctoral degree in economics and business economics from Erasmus University, Rotterdam and has completed the European Leadership Course 6 from Comenius Leergangen. He has experience in financial structuring, investment management, private equity and cross-border direct investments. He is the founder of Goodwell Investments BV, a Netherlands-based investment firm focused on financial inclusion and also manages the Aavishkaar Goodwell India Microfinance Development Company I Ltd. and AG II.

**Anurag Agrawal** is a Non-Executive Nominee Director of our Company. He has been a Director since October 3, 2012. He holds a bachelor's degree in business administration and a master's degree in commerce from the University of Madras, Chennai and a post graduate diploma in management from T.A. Pai Management Institute, Manipal. He is also the Chief Operating Officer of one of our Promoters, AVMS. Previously, he has worked with ICICI Bank Limited.

**Piyush Goenka** is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by Tano. He has been a Director since March 31, 2015. He holds a bachelor's degree in commerce from University of Calcutta and has completed the post-graduate programme in management (equivalent to a master's degree in business administration) from Management Development Institute, Gurugram. He is a CFA charter holder. At Tano, he is responsible for making investments across a wide range of sectors and has led most of Tano's investments in the consumer, pharmaceuticals and financial services sectors. Prior to joining Tano, he worked with Infrastructure Leasing & Financial Services Limited, Export-Import Bank of India and First Global.

**Shri Ram Meena** is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by SIDBI. He has been a Director since May 15, 2019. He holds a bachelor's degree in Commerce and a master's degree in economics from the University of Rajasthan. He is also a member of the Indian Institute of Banking and Finance and has passed the requisite CAIIB examination of the institute. He joined SIDBI in December 1996 as an assistant manager and is presently the Deputy General Manager at the Regional Office of

SIDBI, Guwahati.

**Kasper Svarrer** is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by Maj Invest. He has been a Director since March 31, 2017. He holds a bachelor's degree in forestry from Royal Veterinary and Agricultural University, Copenhagen and a master's degree in business administration from Henley Business School, University of Reading, United Kingdom. He also holds a certificate for completing a course on international business management from Georgetown University, USA. He has been with the Maj Invest group since 2009. He is the managing partner, financial inclusion, at Maj Invest Equity A/S and Fondsmæglerselskabet Maj Invest A/S, and also represents the funds on the board of directors of Microcred S.A.S., a portfolio company. Previously, he has worked at the World Bank.

**Paul Gratien Robine** is a Non-Executive Nominee Director of our Company. He was nominated to our Board of Directors by TR Capital. He has been a Director since March 18, 2019. He holds a diploma from EDHEC Business School, France. He is the founding partner and chief executive officer of TR Capital and is responsible for all investment and divestment decisions made at the firm, as well as its strategic direction. He has been responsible for the investment activity of TR Capital since 2007. He currently serves as a board member in a number of TR Capital's investee companies.

**Sumantra Banerjee** is a Non-Executive Independent Director of our Company. He has been a Director since April 29, 2014. He holds a bachelor's degree (technology) in chemical engineering from the Indian Institute of Technology, Kharagpur, a master's degree in science and a master's degree in business administration from the University of Connecticut, USA. Previously, he has served as the managing director of CESC Limited, the sector head of Spencer's Retail Limited and a member of the board of the R.P. Sanjiv Goenka Group.

**Rajat Mohan Nag** is a Non-Executive Independent Director of our Company. He has been a Director since January 31, 2015. He holds a bachelor's degree in technology (electrical engineering) from the Indian Institute of Technology, Delhi and a master's degree in science and a master's degree in business administration and an honorary doctorate from the University of Saskatchewan, Canada. He also holds a master's degree in science (economics) from the London School of Economics and Political Science, University of London, United Kingdom. He is also a Distinguished Fellow at the Emerging Markets Forum, and has been recognized as a Distinguished Professor at the Emerging Markets Institute at Beijing Normal University, as well as a member of several non-profit organizations, including Action for Autism. Previously, he has served as the Managing Director General of the Asian Development Bank from 2006 to 2013.

**Matangi Gowrishankar** is a Non-Executive Independent Director of our Company. She has been a Director since August 22, 2016. She holds a bachelor's degree in sociology from the University of Madras, Chennai and honours diploma in industrial relations and welfare from Xavier Labour Relations Institute, Jamshedpur. After completion of her management studies in the year 1979, she has worked at organisations like Standard Chartered Bank and Cummins India Limited, both in India and overseas. Previously, she has worked with BP India Services Private Limited where she held the position of Director Leadership Academy. She is also a Director on the Boards of other companies in India.

**Terms of Appointment of the Executive Directors**

**Manoj Kumar Nambiar** was appointed as the Managing Director of our Company with effect from October 3, 2012 and has been re-appointed as the Managing Director of our Company with effect from May 19, 2017, for a period of five years, pursuant to a resolution dated May 19, 2017 passed by our Board of Directors and a resolution dated August 29, 2017 passed by the Shareholders.

The present principal terms of remuneration of Manoj Kumar Nambiar as Managing Director of our Company, as set out in the employment agreement dated May 19, 2017 are disclosed below.

| S. No. | Particulars | Remuneration per annum (₹ in million) |
|---|---|---|
| 1. | Basic salary | 3.38 |
| 2. | Contributions towards provident fund and gratuity | 0.57 |
| | Total | 3.95 |

In addition, Manoj Kumar Nambiar is entitled to (i) annual increment as assessed and approved by NRC and the Board (ii) participation in the employee benefits program of our Company; (iii) reimbursement for all reasonable business expenses incurred by him in the course of his employment consistent with our Company's policies from time to time; (iv) health insurance; (v) directors' and officers' insurance; and (vi) bonus of up to 50% of his cost-to-company. In the event of termination of employment by our Company without cause, Manoj Kumar Nambiar shall be entitled to severance pay of an amount equivalent to six months' basic salary.

**Payment or Benefit to Directors**

Details of the remuneration paid to the Directors by our Company for Financial Year 2020 are disclosed below.

*1. Compensation to the Executive Director*

The remuneration paid by our Company to our Managing Director, Manoj Kumar Nambiar, during Financial Year 2020 was ₹17.63 million.

*2. Compensation to Non-Executive Directors*

Pursuant to a resolution dated April 27, 2018 adopted by our Board, each Non-Executive Independent Director is entitled to receive sitting fees of ₹40,000 for attending each meeting of our Board and sitting fees of ₹20,000 for attending each meeting of any duly constituted committee of our Board.

The details of the sitting fees and total remuneration paid to the Non-Executive Independent Directors during Financial Year 2020 are as disclosed below:

| S. No. | Name of Non-Executive Director | Sitting Fees (in ₹ million) | Total Payments (₹ in million) |
|---|---|---|---|
| 1. | Dinesh Kumar Mittal | 0.28 | 2.78 |
| 2. | Sumantra Banerjee | 0.52 | 1.52 |
| 3. | Rajat Mohan Nag | 0.50 | 1.50 |
| 4. | Matangi Gowrishankar | 0.52 | 2.02 |

Pursuant to a resolution dated May 15, 2019 adopted by our Board, each Non-Executive Independent Director and certain Nominee Directors were also entitled to receive commission in the Financial Year 2020 as set out below.

| S. No. | Name of the Director | Commission (in ₹ million) |
|---|---|---|
| *Non-Executive Independent Directors* | | |
| 1. | Dinesh Kumar Mittal | 2.50 |
| 2. | Sumantra Banerjee | 1.00 |
| 3. | Rajat Mohan Nag | 1.00 |
| 4. | Matangi Gowrishankar | 1.50 |
| *Nominee Directors* | | |
| 5. | Vineet Chandra Rai | 2.50 |
| 6. | Anurag Agrawal | 1.50 |

**Shareholding of our Directors in our Company**

None of our directors hold or are required to hold any qualification shares. For details of the shareholding of our Directors, see "*Capital Structure – Details of the Shareholding of our Directors, Key Managerial Personnel, Promoter Group and directors of our Promoter*" on page 78.

For details of employee stock options held by our Directors, see "*Capital Structure – Employee Stock Option*

*Schemes*" on page 78.

**Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others**

Except Vineet Chandra Rai, Anurag Agrawal, Wilhelmus Marthinus Maria van der Beek, Piyush Goenka, Shri Ram Meena, Paul Gratien Robine and Kasper Svarrer, who are Non-Executive Nominee Directors, none of our Directors have been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others. For details of the shareholders' agreements pursuant to which our Nominee Directors, other than Shri Ram Meena who was appointed by SIDBI, were appointed, see "*History and Certain Corporate Matters*" beginning on page 169.

There are no contracts appointing or fixing the remuneration of the Directors of our Company entered into within, or prior to the two years immediately preceding the date of this Draft Red Herring Prospectus other than as disclosed in "- *Terms of Appointment of the Executive Directors*" on page 179.

**Interest of Directors**

1. All Directors may be deemed to be interested to the extent of (i) sitting fees, if any, payable to them for attending meetings of our Board and other remuneration or commission, if any, payable or reimbursement of expenses to them, (ii) Equity Shares and stock options, if any, already held by them or their relatives or any firms, companies and trusts in which our Directors are interested as a director, member, partner or trustee, in our Company, or that may be Allotted to them in the Offer in terms of the Red Herring Prospectus and any dividend payable to them and other benefits arising out of such shareholding, (iii) transactions entered into in the ordinary course of business with companies in which our Directors hold directorship, and (iv) their directorship on the board of directors of, and/or their shareholding in our Company, our Promoters, members of our Promoter Group and our Group Companies, as applicable.

2. Except for any dividend that may be payable to our Director, Sumantra Banerjee, in his capacity as a Shareholder of our Company, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

3. Our Company has not entered into any service contracts with our Directors providing for benefits upon termination of their employment other than as disclosed in "-*Terms of Appointment of the Executive Directors*" on page 179.

4. None of our Directors is a party to any bonus or profit sharing plan by our Company other than as disclosed in "- *Terms of Appointment of the Executive Directors*" on page 179.

5. Except Vineet Chandra Rai and Anurag Agrawal, who have been appointed on our Board by AVMS, our Promoter, none of our Directors have any interest in the promotion or formation of our Company other than as disclosed in "*Our Promoters and Promoter Group*" beginning on page 191.

6. Our Directors have no interest in any property acquired by our Company preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or of our Company, as on the date of this Draft Red Herring Prospectus.

7. Our Directors are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Directors or to such firm or company in cash or shares or otherwise by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company other than as disclosed in "*Our Promoters and Promoter Group*" beginning on page 191.

8. None of our Directors have any interest in our business other than as disclosed in this section and in "*Our Promoters and Promoter Group*", "*Our Group Companies*" and "*Financial Statements*", beginning on pages 191, 196 and 202, respectively.

9. None of our Directors have any interest in any property acquired in the three years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company or in any

transaction by our Company for acquisition of land, construction of building or supply of machinery.

10. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

**Confirmations**

None of our Directors is, or was a director of any listed company during the five years immediately preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

**Changes in the Board during the Last Three Years**

| S. No. | Name | Date of Appointment/Cessation | Reason |
|---|---|---|---|
| 1. | Dinesh Kumar Mittal | May 15, 2018 | Appointment |
| 2. | Kailash Chandra Vaid | January 24, 2019 | Cessation |
| 3. | David Arturo Paradiso | January 24, 2019 | Appointment |
| 4. | Prakash Kumar | January 24, 2019 | Appointment |
| 5. | Paul Gratein Robine | March 18, 2019 | Appointment |
| 6. | Sumantra Banerjee | March 18, 2019 | Re-Appointment |
| 7. | Shri Ram Meena | May 15, 2019 | Appointment |
| 8. | Prakash Kumar | May 15, 2019 | Cessation |
| 9. | David Arturo Paradiso | May 15, 2019 | Cessation |
| 10. | Rajat Mohan Nag | January 31, 2020 | Re-Appointment |

**Borrowing Powers of our Board**

Pursuant to a resolution of the Shareholders dated August 3, 2020, the Board of Directors has been authorized to raise or borrow any sums of money from time to time, which money, together with the money already borrowed by the Company, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, provided however, the total amount so borrowed shall not exceed ₹75,000 million.

**Corporate Governance**

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, as well as the applicable requirements prescribed by the RBI, in respect of corporate governance, including in relation to the constitution of our Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of our Board, as required under applicable law. Our Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides our Board with detailed reports on its performance periodically.

As on the date of this Draft Red Herring Prospectus, our Board comprises 12 Directors, of which one is our Managing Director, seven are Non-Executive Nominee Directors and four are Non-Executive Independent Directors (including one woman Director, Matangi Gowrishankar and our Non-Executive Independent Chairman, Dinesh Kumar Mittal).

**Committees of the Board**

In addition to the committees of our Board described below, our Board may constitute committees for various functions from time to time.

*Audit Committee*

The members of our Audit Committee are:

1. Rajat Mohan Nag (*Chairperson*);
2. Sumantra Banerjee;
3. Matangi Gowrishankar;
4. Piyush Goenka; and
5. Anurag Agrawal.

Our Audit Committee was constituted by our Board pursuant to a resolution dated November 17, 2009 and was last reconstituted by our Board pursuant to a resolution dated April 27, 2018. The terms of reference of the Audit Committee were last revised by our Board pursuant to a resolution dated April 27, 2018.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

- recommending to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the auditors of the Company;

- reviewing and monitor the auditors' independence and performance and the effectiveness of audit process;

- approval of payments to the statutory auditors for any other services rendered by statutory auditors;

- reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    - matters required to be stated in the Directors' responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, as amended;

    - changes, if any, in accounting policies and practices and reasons for the same;

    - major accounting entries involving estimates based on the exercise of judgment by management;

    - significant adjustments made in the financial statements arising out of audit findings;

    - compliance with listing and other legal requirements relating to financial statements;

    - disclosure of any related party transactions; and

    - qualifications and modified opinions in the draft audit report.

- reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- scrutiny of inter-corporate loans and investments;

- valuation of undertakings or assets of the Company, wherever it is necessary;

- evaluation of internal financial controls and risk management systems;

- approval or any subsequent modification of transactions of the Company with related parties;

- reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- approving or subsequently modifying transactions of the Company with related parties;

- establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

- reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;

- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- discussion with internal auditors on any significant findings and follow up thereon;

- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

- reviewing the functioning of the whistle blower mechanism;

- ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company; and

- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Companies Act, the Master Directions or other applicable law.

The Audit Committee is required to meet at least four times in a year with a maximum interval of 120 days between two meetings in accordance with the SEBI Listing Regulations. The Audit Committee has the authority to investigate into any matter in relation to the items specified under the terms of reference or such other matter as may be referred to it by the Board for such purpose.

*Nomination and Remuneration Committee*

The members of the Nomination and Remuneration Committee are:

1. Matangi Gowrishankar (*Chairperson*);
2. Sumantra Banerjee;
3. Rajat Mohan Nag;
4. Piyush Goenka; and
5. Vineet Chandra Rai.

The Nomination and Remuneration Committee was constituted by our Board pursuant to a resolution dated April 29, 2014 as the Nomination Committee and was last reconstituted by our Board as the Nomination and Remuneration Committee pursuant to a resolution dated April 27, 2018. The Remuneration Committee was constituted by our Board pursuant to a resolution dated April 13, 2006 and was dissolved and reconstituted by our Board as the HR and Compensation Committee by our Board pursuant to a resolution dated November 17, 2009. The HR and Compensation Committee has been combined by our Board into the Nomination and Remuneration Committee pursuant to a resolution dated August 3, 2018.

The terms of reference of the Nomination and Remuneration Committee were last revised by our Board pursuant to a resolution dated April 27, 2018.

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act, Regulation 19 of the SEBI Listing Regulations and Regulation 5 of the SEBI SBEB Regulations as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below:

- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of independent directors and the Board;
- devising a policy on diversity of the Board;
- identifying persons, who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;
- determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Company;
- recommending remuneration to non-executive Directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
- engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
- ensuring 'fit and proper' status of proposed and existing directors in terms of the Master Directions; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, the Master Directions, Companies Act and the rules and regulations made thereunder, each as amended or other applicable law."

*Stakeholders' Relationship Committee*

The members of the Stakeholders' Relationship Committee are:

1. Matangi Gowrishankar (*Chairperson*);
2. Anurag Agrawal; and
3. Manoj Kumar Nambiar.

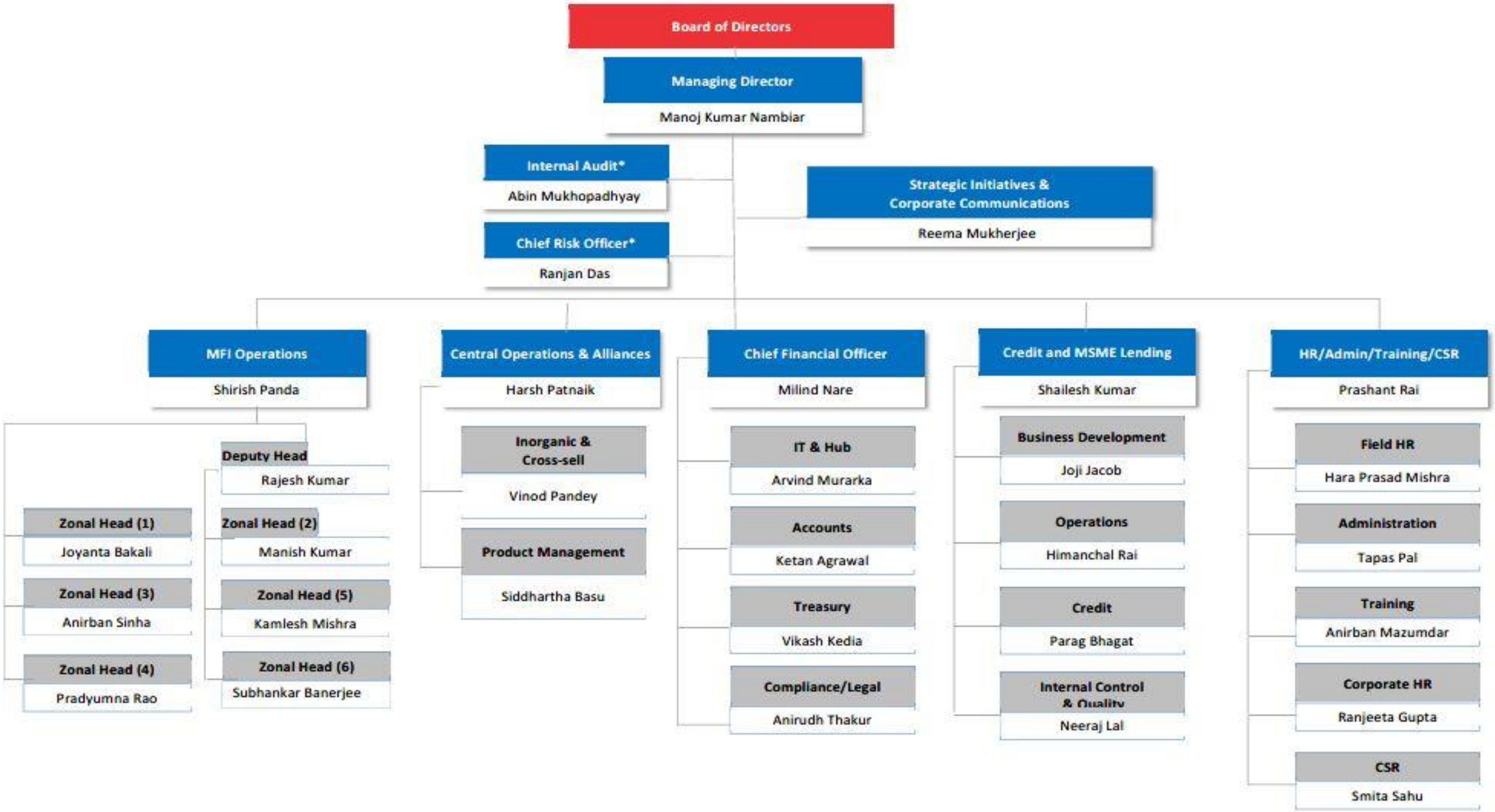
The Stakeholders' Relationship Committee was constituted by our Board pursuant to a resolution dated April 27, 2018. The terms of reference of the Stakeholders' Relationship Committee were framed by our Board pursuant to a resolution dated April 27, 2018.

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations, as well as the applicable requirements prescribed by the RBI, and its terms of reference are as disclosed below.

- redressal of grievances of investors, shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends; and
- performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations and the Companies Act or other applicable law.

In addition to the above, our Company has also constituted committees such as the Risk Management Committee and the Asset Liability Management Committee as required under the Master Directions. Our Company also has constituted a Corporate Social Responsibility Committee and an IT Strategy Committee.

## Management Organisation Structure




***Notes:***

1. *The Managing Director reports to the Board of Directors*
2. *The Chief Risk Officer and Vice President Head of Internal Audit report directly to the Chairpersons of the Risk Management Committee and the Audit Committee, respectively with administrative reporting to the Managing Director.*

**Key Managerial Personnel of our Company**

The Key Managerial Personnel of our Company as on the date of this Draft Red Herring Prospectus are as disclosed below.

*Key Managerial Personnel under the Companies Act*

The details of the Key Managerial Personnel of our Company in terms of the Companies Act, as of the date of this Draft Red Herring Prospectus are as disclosed below.

**Manoj Kumar Nambiar** is the Managing Director of our Company. For details of the profile of Manoj Kumar Nambiar, see "- *Brief Biographies of our Directors*" beginning on page 178.

**Milind Ramchandra Nare** is the Chief Financial Officer of our Company and has been associated with our Company with effect from April 28, 2016. He holds a bachelor's degree in commerce from the University of Bombay and a master's degree in financial management from Pondicherry University. He is a finance professional with over 22 years of experience in finance. He heads the finance team of our Company. He has experience in strategic planning, treasury management, resource mobilization, audit, taxation, regulatory compliance, foreign exchange management, information system control and management information systems. He is responsible for financial management, treasury management, audit and taxation and regulatory compliance, legal and secretarial verticals. His role also includes liaising with all external stakeholders. Prior to joining our Company, he has been the chief financial officer of India Factoring and Finance Solutions Private Limited. He has also worked at Global Trade Finance Limited, The Bombay Dyeing & Manufacturing Company Limited, Pam Pharmaceutical & Allied Machinery Company Private Limited and L & T Capital Limited. He was conferred the 'Best CFO – BFSI (Large sized enterprises)' award for 2020 at the 8$^{th}$ CFO Summit Awards, 2021 by the All India Association of Industries. During Financial Year 2020, he was paid a compensation of ₹10.38 million by our Company.

**Anirudh Singh G. Thakur** is the Head – Legal, Compliance and Company Secretary of our Company and has been associated with our Company with effect from October 1, 2017. He holds a bachelor's degree in science and a bachelor's degree in law from Nagpur University. He is an associate member of the Institute of Company Secretaries of India and has passed the Limited Insolvency Examination conducted by the Insolvency and Bankruptcy Board of India. He has over 20 years of experience in corporate law, commercial law, compliance and litigation. Prior to joining our Company, he worked as a legal consultant, and has also worked with India Factoring and Finance Solutions Private Limited, Global Trade Finance Limited, Intelenet Global Services Limited, Premier Auto Electric Limited and Pix Transmissions Limited in their respective legal and secretarial departments. He received the 'Governance Professional of the Year' award at the 20$^{th}$ ICSI National Awards for Excellence in Corporate Governance, 2020. During Financial Year 2020, he was paid a compensation of ₹7.06 million by our Company.

*Key Managerial Personnel under the SEBI ICDR Regulations*

The details of the Key Managerial Personnel of our Company in terms of the SEBI ICDR Regulations, as of the date of this Draft Red Herring Prospectus are as disclosed below.

**Shirish Chandra Panda** is the Executive Vice President – Head of Business of our Company and has been associated with our Company since April 5, 2017. He is responsible for ensuring growth in business, productivity, quality assurance, portfolio hygiene and maximising cross sell revenue of our Company. He holds a post-graduate diploma in rural management from the Institute of Rural Management Anand and has completed a certificate course on advanced program in strategy for leaders from the Indian Institute of Management, Lucknow. He has approximately 20 years of experience in sales and operations. Prior to joining our Company, he has worked at Satin Creditcare Network Limited, IFMR Trust, BASIX India, Akshaya Microfinance Private Limited, Credible Microfinance Private Limited, Reliance Retail Limited and Asian Paints (India) Limited. During Financial Year 2020, he was paid a compensation of ₹6.87 million by our Company.

**Shailesh Kumar** is the Vice President – Head of Credit & Internal Control & Quality of our Company and has been associated with our Company since April 1, 2018. He is responsible for developing, directing and monitoring associated channels, anchors, partners associated with loan acquisition activities, managing sales and acquisition costs and for setting up the system for sales management for the merchant cash advance business of our Company. He holds a bachelor's degree (honours) in English from Babasaheb Bhimrao Ambedkar Bihar University. He has approximately 20 years of experience across various functions of banking. Prior to joining our Company, he has worked with ICICI Bank Limited and the State Bank of India. During Financial Year 2020, he was paid a compensation of ₹6.70 million by our Company.

**Ranjan Das** is the Chief Risk Officer of our Company and has been associated with our Company since July 1, 2017. He is responsible for the overall risk management and control, risk analytics, credit and product policy approvals, credit underwriting and portfolio risk analytics of our Company. He holds a master's degree in business management from the University of Calcutta. He has over 20 years of experience in the financial sector. Prior to joining our Company, he has worked with Magma Fincorp Limited and Indian Container Leasing Company Limited. During Financial Year 2020, he was paid a compensation of ₹5.64 million by our Company.

**Harshavardhan Patnaik** is the Senior Vice President – Head of Central Operations and Alliances of our Company and has been associated with our Company since October 14, 2016. He is responsible for building and maintaining a portfolio of products and solutions that delivers profitable growth and delivering outstanding service quality for our Company. He holds a post-graduate diploma in rural management from the Institute of Rural Management Anand. He has over 27 years of work experience in the financial services, fast-moving consumer goods and rural/social consulting sectors. Prior to joining our Company, he has worked at SREI Sahaj e-Village Limited as senior vice president – marketing and senior vice president – business development/chief executive officer division, and also at Britannia Industries Limited, Reliance Retail Limited, the general insurance business of ITC Limited, IFFCO-Tokio General Insurance Company Limited, ActionAid India and TTK Healthcare Limited (formerly known as TTK Pharma Limited). During Financial Year 2020, he was paid a compensation of ₹5.54 million by our Company.

**Abin Mukhopadhyay** is the Vice President – Head of Internal Audit of our Company and has been associated with our Company since July 1, 2015. He is responsible for giving assurance on the internal control arrangements and promoting good corporate governance in our Company. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants of India. He is also a chartered management accountant (admitted as an associate of the Chartered Institute of Management Accountants), a certified information systems auditor (as certified by the Information Systems Audit and Control Association), a certified fraud examiner (as certified by the Association of Certified Fraud Examiners) and an associate of the Insurance Institute of India. He has over 19 years of experience in audit, accounting and management. Prior to joining our Company, he has worked with Eveready Industries India Limited, ITC Limited, Colgate-Palmolive (India) Limited, Hindustan Motors Limited and Gumasol Rubber-Tec GmbH. During Financial Year 2020, he was paid a compensation of ₹4.14 million by our Company.

**Arvind Murarka** is the Vice President – Head of Information Technology of our Company and has been associated with our Company since August 12, 2015. He is responsible for overseeing the infrastructure of technical operations, tracking the technology and the information technology team to achieve goals, meet quotas, eliminate security risks, increase user satisfaction and maintain information technology infrastructure, operations and systems/ application. He holds a bachelor's degree in commerce from Calcutta University. He holds a master's degree in business administration from the Institute of Chartered Financial Analysts of India University, Sikkim and has completed the course titled 'data analytics essentials' from the National Institute of Information Technology, New Delhi. He has experience of over 27 years across multiple industries including information technology consulting, healthcare, infrastructure, food processing, and retail. Prior to joining our Company, he has worked with GPT Infraprojects Limited, Medica Pharmacy Private Limited, IntraSoft Technologies Private Limited, iNavigators Private Limited, Softweb Technologies Private Limited, Amrit Feeds Limited and Kris Systems Private Limited. During Financial Year 2020, he was paid a compensation of ₹4.37 million by our Company.

**Prashant Rai** is the Vice President – Head of Human Resources, Admin, Training and CSR of our Company and has been associated with our Company since October 28, 2015. He is responsible for the smooth and profitable operation of the department, supervision and providing consultation to management on strategic staffing plans, compensation, benefits, training and development, budgeting and other related activities of our Company. He holds a master's degree in science (ecology and environment) from Sikkim Manipal University. He is accredited as an internationally certified user of Thomas International Limited's "Personal Profile Analysis" and its related instruments by Thomas International and has also completed a certification in 'Growth Leadership Masterclass' from Korn/Ferry International. He has also completed the requirements to be recognized as an assessor for the Confederation of Indian Industry – National HR Excellence Award. He has also completed the transactional analysis 101 course offered by the International Transactional Analysis Association and is a life member of the Indian Society for Training & Development, New Delhi. He has approximately 15 years of experience in training and development, talent management and leadership development. Prior to joining our Company, he has worked with Srei Infrastructure Finance Limited, Voltas Limited, Wacker Metroark Chemicals Private Limited and Artefact Software and Finance Limited. He was also adjudged one of the '100 most Impactful CSR Leaders - Global Listing'. During Financial Year 2020, he was paid a compensation of ₹3.96 million.

**Reema Mukherjee** is the Assistant Vice President – Head of Strategic Initiatives & Corporate Communications and has been associated with our Company since March 16, 2020. She is responsible for all new strategic initiatives, including capital raising, managing investor relations and corporate communications, exploring inorganic growth opportunities and focusing on key metrics and performance management. She holds a post graduate diploma in management from the Indian Institute of Management, Bangalore and Bachelor of Technology (B.Tech) degree in Computer Science and Engineering from West Bengal University of Technology. She has over 10 years of work experience across operations, finance and business development. Prior to joining our Company, she has worked with Amazon Web Services and Ingram Micro, both based out of US. She has also worked with Dhandho Holdings, Vellvette Lifestyle and Xoriant Solutions Pvt. Ltd. as well as in Barclays Capital Asia Limited in Hong Kong. During Financial Year 2020, she was paid a compensation of ₹0.13 million by our Company.

All Key Managerial Personnel are permanent employees of our Company.

**Relationship between our Key Managerial Personnel and Directors**

None of our Key Managerial Personnel are related to each other or to the Directors of our Company.

**Shareholding of Key Managerial Personnel**

For details of the shareholding of our Key Managerial Personnel, see "*Capital Structure – Details of the Shareholding of our Directors, Key Managerial Personnel, Promoter Group and directors of our Promoter"* on page 78.

For details of employee stock options held by our Key Managerial Personnel, see "*Capital Structure – Employee Stock Option Schemes*" on page 78.

**Bonus or Profit Sharing Plan of our Key Managerial Personnel**

Except for Manoj Kumar Nambiar as disclosed in "- *Terms of Appointment of the Executive Directors*" on page 179 and performance-related bonus payment offered to our Key Managerial Personnel as per their respective terms of employment, none of our Key Managerial Personnel is a party to any bonus or profit sharing plan by our Company.

**Arrangement or Understanding with Major Shareholders, Customers, Suppliers or Others**

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel were selected as members of our management.

**Interest of Key Managerial Personnel**

Our Key Managerial Personnel do not have any interest in our Company, other than to the extent of (i) the remuneration or benefits to which they are entitled in accordance with the terms of their appointment or reimbursement of expenses incurred by them during the ordinary course of business, and (ii) the Equity Shares and any stock options held by them, if any, and any dividend payable to them and other benefits arising out of such shareholding.

None of our Key Managerial Personnel have been paid any consideration of any nature by our Company other than remuneration in the ordinary course of their employment. There is no deferred or contingent compensation payable to any of our Key Managerial Personnel.

### Changes in the Key Managerial Personnel during the Last Three Years

| Name | Date of Change | Reason for Change |
|---|---|---|
| Reema Mukherjee | March 16, 2020 | Appointment |
| Shailesh Kumar | April 1, 2018 | Appointment |

### Payment or Benefit to Key Managerial Personnel

No amount or benefit has been paid or given within the preceding two years or is intended to be paid or given to any officers of our Company, including our Key Managerial Personnel, other than normal remuneration and any employee stock options, for services rendered as officers of our Company and other than as disclosed in "*Financial Statements*", beginning on page 202.

Other than statutory benefits upon termination of their employment in our Company on retirement, none of our 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.

### Employee Stock Option/Purchase Schemes

For details on the ESOP Schemes, see "*Capital Structure – Employee Stock Option Schemes"* on page 78.

# OUR PROMOTERS AND PROMOTER GROUP

## Promoters

AVMS and I-Cap are the Promoters of our Company.

As on the date of this Draft Red Herring Prospectus, our Promoters cumulatively hold 41,235,920 Equity Shares, constituting approximately 34.32% of the issued, subscribed and paid-up share capital of our Company. For further details, see "*Capital Structure*" beginning on page 68.

### *AVMS*

AVMS was incorporated on March 17, 2006, as a private limited company under the Companies Act, 1956 and registered with the Registrar of Companies, Maharashtra at Mumbai. Its registered office is located at No. 13B (III), 8th Floor, Techniplex II, Off Veer Savarkar Flyover, S.V. Road, Goregaon (West), Mumbai 400 062, Maharashtra, India.

AVMS is primarily authorized to provide management services and other such allied professional services to venture capital funds and other entities including corporates and non-corporates. There has been no change in activities carried out by AVMS.

As on the date of this Draft Red Herring Prospectus, AVMS holds 24,763,774 Equity Shares, representing 20.61% of the issued, subscribed and paid-up share capital of our Company.

The equity shareholding pattern of AVMS as on January 31, 2021 is as disclosed below.

| Name* | Number of equity shares of ₹10 each | Percentage of equity shareholding |
|---|---|---|
| Vineet Chandra Rai | 508,290 | 35.00% |
| Swati Vineet Rai | 392,637 | 27.04% |
| P. Pradeep | 57,000 | 3.93% |
| E. N. Venkat | 8,696 | 0.60% |
| Ajay Maniar | 6,656 | 0.46% |
| Sanchayan Chakraborty | 8,697 | 0.60% |
| Sushma Kaushik | 2,082 | 0.14% |
| Anurag Agrawal | 42,866 | 2.95% |
| Systrama Consultants Pvt Ltd | 13,600 | 0.94% |
| Manoj Kumar Nambiar | 40,636 | 2.80% |
| Atreya Rayaprolu | 26,964 | 1.86% |
| Vikas Bali | 4,348 | 0.30% |
| Shyamkant Joshi | 3,086 | 0.21% |
| Shashvat Rai | 894 | 0.06% |
| Subit Saurav | 674 | 0.05% |
| Neha Saraf | 737 | 0.05% |
| Disha Gandhi | 800 | 0.06% |
| Himanchal Rai | 290 | 0.02% |
| Stefanie Bauer | 2,899 | 0.20% |
| Gagandeep Bakshi | 2,899 | 0.20% |
| Nisha Dutt | 34,384 | 2.37% |
| Aditi Shrivastava | 2,581 | 0.18% |
| Amol Ganu | 157 | 0.01% |
| Ekta Shah | 157 | 0.01% |
| Divya Gupta | 126 | 0.01% |
| Janavi Papriwal | 63 | 0.00% |
| Darren Lobo | 63 | 0.00% |
| Abhishek | 471 | 0.03% |
| Milind Nare | 101 | 0.01% |
| Shirish Panda | 101 | 0.01% |
| Tarun Mehta | 9,078 | 0.63% |
| Kiran Agrawal Todi | 1,008 | 0.07% |
| Ashish Patel | 10,086 | 0.69% |
| Aavishkaar Group Employees' Benefit Trust | 81,496 | 5.61% |

| Name[*] | Number of equity shares of ₹10 each | Percentage of equity shareholding |
|---|---|---|
| Shell Foundation | 10 | 0.00% |
| Triodos Sicav-II – Triodos Microfinance Fund (TMF) | 79,857 | 5.50% |
| Legal Owner Triodos funds B.V. in its capacity as legal owner of Triodos Fair Share Fund (TFSF) | 79,858 | 5.50% |
| Teachers Insurance and Annuity Association of America (TIAA) | 100 | 0.01% |
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) | 100 | 0.01% |
| Rajesh Sachdeva | 27,614 | 1.90% |
| **Total** | **1,452,162** | **100.00%** |

The compulsorily convertible preference shareholding pattern of AVMS as on January 31, 2021 is as disclosed below.

| Name | Number of compulsorily convertible preference shares of ₹10 each | Percentage of preference shareholding |
|---|---|---|
| Triodos Sicav-II – Triodos Microfinance Fund | 108,398 | 50.00% |
| Legal Owner Triodos funds B.V. in its capacity as legal owner of Triodos Fair Share Fund | 108,398 | 50.00% |
| **Total** | **216,796** | **100.00%** |

The Series B Compulsorily Convertible Preference Shareholding pattern of AVMS as on January 31, 2021 is as disclosed below.

| Name | Number of Series B compulsorily convertible preference shares of ₹10 each | Percentage of preference shareholding |
|---|---|---|
| Teachers Insurance and Annuity Association of America (TIAA) | 477,668 | 100.00% |
| **Total** | **477,668** | **100.00%** |

The Series C Cumulative Compulsorily Convertible Preference Shareholding pattern of AVMS as on January 31, 2021 is as disclosed below.

| Name | Number of Series C cumulative compulsorily convertible preference shares of ₹10 each | Percentage of preference shareholding |
|---|---|---|
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) | 263,805 | 100.00% |
| **Total** | **263,805** | **100.00%** |

The compulsorily convertible debenture holding pattern of AVMS as on the date of this Draft Red Herring Prospectus is as disclosed below.

| Name | Number of compulsorily convertible debentures of ₹1,000 each | Percentage of debenture-holding |
|---|---|---|
| Shell Foundation | 660,374 | 100.00% |
| **Total** | **660,374** | **100.00%** |

As on the date of this Draft Red Herring Prospectus, the Equity Shares of AVMS are not listed on any stock exchange.

Vineet Chandra Rai and Swati Vineet Rai are the promoters of AVMS.

The composition of the board of directors of AVMS as on the date of this Draft Red Herring Prospectus is as disclosed below.

| S. No. | Name | Designation |
|---|---|---|
| 1. | Vineet Chandra Rai | Promoter director |
| 2. | Swati Vineet Rai | Promoter director |
| 3. | Manoj Kumar Nambiar | Director (promoter nominee) |
| 4. | Anurag Agrawal | Director (promoter nominee) |
| 5. | Samuel George Christupher Parker | Director (nominee of Shell Foundation) |
| 6. | Upendra Kumar Sinha | Independent director |
| 7. | Arnold Ekpe | Independent director |
| 8. | Rekha Unnithan | Director (nominee of TIAA) |
| 9. | Franciscus Bernardus Martinus Streppel | Director (nominee of TMF and TFSF) |
| 10. | Marianne Jeanine Tijssen | Director (nominee of FMO) |

There has been no change in the control of AVMS in the three years preceding the date of filing of this Draft Red Herring Prospectus.

Our Company confirms that the PAN, bank account number and company registration number of AVMS, and the address of the registrar of companies where AVMS is registered, will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

***I-Cap***

I-Cap was incorporated on March 5, 2002 as a private company, under the Companies Act, 1956 and registered with the Registrar of Companies, Maharashtra at Mumbai. The registered office is located at No. 13A, 6th Floor, Techniplex II, Off Veer Savarkar Flyover, S.V. Road, Goregaon (West), Mumbai 400 062, Maharashtra, India.

I-Cap is primarily authorized to engage in the business of providing business advisory services to enterprises and to identify, carry out research, analyse the various business sectors with high growth potential and give recommendations for increase in profitability to enterprises. There has been no change in activities carried out by I-Cap.

As on the date of this Draft Red Herring Prospectus, I-Cap holds 16,472,146 Equity Shares, representing 13.71% of the issued, subscribed and paid-up share capital of our Company.

The shareholding pattern of I-Cap as on January 31, 2021 is as disclosed below.

| Name | Number of equity shares of ₹1 each | Percentage of shareholding |
|---|---|---|
| Aavishkaar Venture Management Services Pvt Ltd | 9,177,587 | 98.37% |
| Intellectual Capital Advisory Services Private Limited Employees Trust | 142,707 | 1.53% |
| Pramod Majety | 4,400 | 0.05% |
| Sarvesh Kapoor | 1,760 | 0.02% |
| Srikanth Pulavarthy | 1,650 | 0.02% |
| Noella Correia | 1,210 | 0.01% |
| Vineet Rai | 1 | 0.00% |
| Swati Rai | 1 | 0.00% |
| Atreya Rayaprolu | 1 | 0.00% |
| Nisha Dutt | 1 | 0.00% |
| Manoj Kumar Nambiar | 1 | 0.00% |
| Anurag Agrawal | 1 | 0.00% |
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) | 100 | 0.00% |
| **Total** | **93,29,420** | **100.00%** |

The compulsorily convertible debenture holding pattern of I-Cap as on January 31, 2021 is as disclosed below.

| Name | Number of compulsorily convertible debentures | Percentage of debenture-holding |
|---|---|---|
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO) | 1,199,967 | 100.00% |
| **Total** | **1,199,967** | **100.00%** |

As on the date of this Draft Red Herring Prospectus, the equity shares of I-Cap are not listed on any stock exchange.

As on the date of this Draft Red Herring Prospectus, I-Cap is promoted by AVMS. For details of the shareholding and the board of directors of AVMS, see "*Our Promoters and Promoter Group – AVMS*" on page 191.

The composition of the board of directors of I-Cap as on the date of this Draft Red Herring Prospectus is as disclosed below.

| S. No. | Name | Designation |
|---|---|---|
| 1. | Vineet Chandra Rai | Non-executive and non-independent director |
| 2. | Anurag Agrawal | Non-executive and non-independent director |
| 3. | Shyamkant Joshi | Non-executive and non-independent director |
| 4. | Emma Houterman | Non-executive and nominee director |

There has been no change in the control of I-Cap in the three years preceding the date of filing of this Draft Red Herring Prospectus.

Our Company confirms that the PAN, bank account number and company registration number of I-Cap, and the address of the registrar of companies where I-Cap is registered, will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

**Promoter Group**

In addition to the Promoters named above, the following entities form a part of the Promoter Group.

1. Aavishkaar Advisors Private Limited;
2. Aavishkaar Foundation;
3. Aavishkaar Investment Advisers (IFSC) Private Limited;
4. Ashv;
5. Indradhanush Advisor Private Limited;
6. Intellecap Advisory Services Private Limited;
7. Intellecap Inc.;
8. Sankalp Consultancy Limited; and
9. TribeTech.

**Interest of Promoters**

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company, (ii) that they have appointed directors on the Board of our Company. For details see "*Our Management*" beginning on page 175; (iii) of the Equity Shares held by them in our Company and dividend payable, if any, and other distributions in respect of the Equity Shares held by them, and (iv) of any transactions or business arrangements undertaken by our Company with our Promoters, or entities in which our Promoters hold shares. For details regarding the shareholding of our Promoters and the Promoter Group in our Company, see "*Capital Structure*" beginning on page 68.

None of our Promoters have any interest in any property acquired within the three years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

None of our Promoters are interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person either to induce them to become or to qualify them as a Director or otherwise for services rendered by them or by such Promoters or such firm or company in connection with the promotion or formation of our Company.

For details of related party transactions entered into by our Company with our Promoters during the Financial Year immediately preceding the date of this Draft Red Herring Prospectus, see "*Financial Statements*" beginning on page 202.

**Payment or Benefits to our Promoters or Promoter Group**

There has been no payment of benefits to our Promoters or the Promoter Group during the two years immediately preceding the date of filing of this Draft Red Herring Prospectus, nor is there any intention to pay or give any benefit to our Promoters or any members of our Promoter Group other than as stated in "*Financial Statements*" beginning on page 202.

Our Company has not entered into any contract, agreement or arrangements during the two years immediately preceding the date of this Draft Red Herring Prospectus and does not propose to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made other than as stated in "*Financial Statements*" beginning on page 202.

**Material guarantees given by our Promoters to third parties**

Our Promoters have not given any material guarantees to third parties with respect to the specified securities of our Company.

**Companies with which our Promoters have disassociated in the last three years**

Our Promoters have not disassociated themselves from any company in the three years immediately preceding the date of this Draft Red Herring Prospectus other than as disclosed below.

| S. No. | Name of Entity | Date of Disassociation | Reasons for Disassociation |
|---|---|---|---|
| **AVMS** | | | |
| 1. | Mandala Apparels Private Limited | July 2019 | Sale of shares |
| 2. | Jaypore E-Commerce Private Limited | October 2019 | Sale of shares |
| **I-Cap** | | | |
| 1. | NIL | NA | NA |

**Change in the Management and Control of our Company**

While there has been no effective change in the management and control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus, AVMS and Intellecash acquired control of our Company pursuant to a share subscription agreement dated September 12, 2012 among our Company, IFIF, MSDF, AG II, AVMS, Shubhankar Sengupta, Manoj Kumar Nambiar and Intellecash, and have been identified as promoters of our Company in certain public filings and agreements entered into by our Company in the past. Pursuant to the Scheme, Intellecash was merged with our Company, and I-Cap acquired control of our Company. For details, see "*History and Certain Corporate Matters – Details regarding Acquisition or Divestment of Business/Undertakings, Mergers, Amalgamations and Revaluation of Assets*" beginning on page 172.

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on February 10, 2021, group companies of our Company include companies (other than the Promoters) with which there were related party transactions as per the Restated Financial Information included in this Draft Red Herring Prospectus and also other companies as considered material by the Board.

Based on the above, the following companies are our Group Companies:

1. Andromeda Sales and Distribution Private Limited;
2. Anudip Foundation for Social Welfare;
3. Ashv Finance Limited;
4. Intellecap Advisory Services Private Limited;
5. TribeTech Private Limited; and
6. Aavishkaar Goodwell India Microfinance Development Company II Ltd.

### A. Details of our five largest Group Companies by turnover

### 1. Andromeda Sales and Distribution Private Limited ("Andromeda")

*Corporate Information*

Andromeda was incorporated on June 2, 2010 as a private limited company, under the Companies Act, 1956. The corporate identification number of Andromeda is U74999MH2010PTC203612. Andromeda is authorized to engage in the business of Direct Selling Agent.

*Financial Information*

The following table sets forth certain details in relation to the audited financial results of Andromeda on a standalone basis for the three immediately preceding Financial Years:

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

| Particulars | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
|---|---|---|---|
| Equity Capital | 84.74 | 84.74 | 84.74 |
| Reserves (Excluding Revaluation Reserve) | 463.28 | 374.64 | 371.30 |
| Sales | 3466.15 | 2973.06 | 2324.70 |
| Profit/(Loss) after Tax | 93.92 | 5.04 | 58.00 |
| Earnings per Share (Face Value of ₹10) (₹) | 11.08 | 0.59 | 6.92 |
| Diluted Earnings per Share (Face Value of ₹10) (₹) | 11.08 | 0.59 | 6.92 |
| NAV per Share (₹) | 6.47 | 5.42 | 5.38 |

There are no significant notes of the auditors of Andromeda in relation to the aforementioned financial statements.

### 2. Ashv Finance Limited ("Ashv")

*Corporate Information*

Ashv was incorporated on February 5, 1998 as a public limited company, under the Companies Act, 1956. The corporate identity number of Ashv is U65910MH1998PLC333546. Ashv is authorized to engage in the business of lending or advancing money either with or without security and to arrange and negotiate loan, and to carry on the business of financiers, finance brokers, project consultants and factors, money lenders and bill brokers.

*Financial Information*

The following table sets forth certain details in relation to the audited financial results of Ashv on a standalone basis for the three immediately preceding Financial Years:

*(₹ in million, unless otherwise stated)*

| Particulars | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
|---|---|---|---|
| Equity Capital | 420.93 | 306.14 | 448.91 |
| Reserves (Excluding Revaluation Reserve) | 1,981.92 | 1,261.29 | 385.35 |
| Sales (Excluding Other Income) | 748.10 | 544.75 | 500.28 |
| Profit/(Loss) after Tax | 37.71 | 18.89 | (199.58) |
| Earnings per Share (Face Value of ₹10) (₹) | 1.75 | 1.61 | (18.12) |
| Diluted Earnings per Share (Face Value of ₹10) (₹) | 1.41 | 0.75 | (18.12) |
| NAV per Share (₹) | NA | NA | NA |

There are no significant notes of the auditors of Ashv in relation to the aforementioned financial statements.

The non convertible debentures of Ashv are listed on the BSE. The equity shares of Ashv are not listed on any stock exchange.

### 3. Anudip Foundation for Social Welfare ("Anudip")

*Corporate Information*

Anudip was incorporated on May 31, 2007 and is registered as a Section 8 company under the Companies Act. The corporate identification number of Anudip is U91900WB2007NPL116269. Its registered office is situated at Cimsys Tower, 3rd Floor, Sector – 5, Saltlake City, Kolkata 700 091, West Bengal, India. Anudip is authorized to engage in the business of social welfare activities.

*Financial Information*

The following table sets forth certain details in relation to the audited financial results of Anudip on a standalone basis for the three immediately preceding Financial Years:

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

| Particulars | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
|---|---|---|---|
| Equity Capital | Not Applicable | Not Applicable | Not Applicable |
| Reserves (Excluding Revaluation Reserve) | 26.18 | 21.99 | 32.84 |
| Sales / Gross Income | 268.76 | 199.20 | 196.49 |
| Profit/(Loss) after Tax | 4.19 | (10.84) | 3.98 |
| Earnings per Share (Face Value of ₹10) (₹) | Not Applicable | Not Applicable | Not Applicable |
| Diluted Earnings per Share (Face Value of ₹10) (₹) | Not Applicable | Not Applicable | Not Applicable |
| NAV (₹) | 13.59 | 28.20 | 1.49 |

There are no significant notes of the auditors of Anudip in relation to the aforementioned financial statements.

### 4. TribeTech Private Limited ("TribeTech")

*Corporate Information*

TribeTech was incorporated on June 3, 2016 as a private limited company, under the Companies Act. The corporate identity number of TribeTech is U74999MH2016PTC282026. Its registered office is situated at 13B, 6th Floor, Techniplex II, IT Park Off Veer Savarkar Flyover, Goregaon West Mumbai 400 062. TribeTech is in the business of creating and operating technology platform. It runs a digital platform to empower small business owners by offering them quick access to debt through a simplified process.

*Financial Information*

The following table sets forth certain details in relation to the audited financial results of TribeTech on a standalone basis for the three immediately preceding Financial Years.

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

| Particulars | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
|---|---|---|---|
| Equity Capital | 0.26 | 0.23 | 0.24 |
| Reserves (Excluding Revaluation Reserve) | 16.47 | 79.48 | 59.02 |
| Sales | 56.76 | 25.46 | 4.77 |
| Profit/(Loss) after Tax | (138.90) | (88.63) | (33.26) |
| Earnings per Share (Face Value of ₹10) (₹) | (5,649.51) | (4,804.41) | (2,351.81) |
| Diluted Earnings per Share (Face Value of ₹10) (₹) | (5,649.51) | (4,804.41) | (2,351.81) |
| NAV per Share (₹) | 64.82 | 308.95 | 246.93 |

There are no significant notes of the auditors of TribeTech in relation to the aforementioned financial statements.

**5. Intellecap Advisory Services Private Limited ("IASPL")**

*Corporate Information*

IASPL was incorporated on March 13, 2015 as a private limited company under the Companies Act. The corporate identity number of IASPL is U74900MH2015PTC310042. Its registered office is situated at 13A, 6th Floor, Techniplex-II, Off Veer Savarkar Flyover, S.V. Road, Goregaon (West), Mumbai 400 062, Maharashtra, India. IASPL is authorized to engage in the business of providing business advisory services. It provides intellectual capital in form of managerial resources to implement high growth rate to the clients of the Company. It also provides management services and other such allied professional services to venture capital funds and other entities including corporates and non-corporates. It conducts feasibility studies including techno economic feasibility studies, technical guidance and market surveys.

*Financial Information*

The following table sets forth certain details in relation to the audited financial results of IASPL on a standalone basis for the three immediately preceding Financial Years.

*(₹ in million, unless otherwise stated)*

| Particulars | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
|---|---|---|---|
| Equity Capital | 4.94 | 4.94 | 4.22 |
| Reserves (Excluding Revaluation Reserve) | 116.72 | 112.24 | 39.79 |
| Sales | 271.32 | 267.98 | 296.23 |
| Profit/(Loss) after Tax | 4.48 | (36.61) | (42.44) |
| Earnings per Share (Face Value of ₹10) (₹) | 7.38 | (85.42) | (102.97) |
| Diluted Earnings per Share (Face Value of ₹10) (₹) | 7.38 | (85.42) | (102.97) |
| NAV per Share (₹) | 246.26 | 237.19 | 103.89 |

There are no significant notes of the auditors of IASPL in relation to the aforementioned financial statements.

**B. Details of our other Group Companies**

**6. Aavishkaar Goodwell India Microfinance Development Company II Ltd. ("AG-II")**

*Corporate Information*

AG-II was incorporated as a private limited company on April 8, 2010 and is currently engaged in the business of providing commercial long-term capital and actively provide support to the microfinance institutions in India. Its registered office is situated at 6th floor Tower A, 1 Cybercity Ebene, Mauritius. The corporate identification number of the company is 094453 C1/GBL.

**C. Loss Making Group Companies**

Details of the losses made by our Group Companies in the immediately preceding Financial Year are as set out in the table below:

*(₹ in million, unless otherwise stated)*

| Name of the Group Company | Profit/(Loss) after tax | | |
|---|---|---|---|
| | Financial Year 2020 | Financial Year 2019 | Financial Year 2018 |
| AG-II | (2,726,254)* | 9,576,919* | 14,128,517* |
| TribeTech | (138.90) | (88.63) | (33.26) |

**in USD*

**D. Defunct Group Companies**

None of our Group Companies is defunct and no applications have been made to the concerned registrar of companies for striking off the name of any of our Group Companies in the five years immediately preceding the date of filing of this Draft Red Herring Prospectus.

**E. Sick industrial Group Companies or under winding up/ insolvency proceedings**

None of our Group Companies is a sick company under the erstwhile Sick Industries Companies (Special Provisions) Act, 1985 nor has any winding up or insolvency proceeding been initiated against any of our Group Companies.

**Nature and extent of interest of Group Companies**

*In the promotion of our Company*

None of our Group Companies has any interest in the promotion of our Company.

*In the properties acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company*

None of our Group Companies are interested in the properties acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus or proposed to be acquired.

*In the transactions for acquisition of land, construction of building and supply of machinery*

None of our Group Companies are interested in the transactions for acquisition of land, construction of building and supply of machinery entered into by our Company.

**Related business transactions within our Group Companies and significance on the financial performance of our Company**

There are no business transactions within or with our Group Companies, which impact the financial performance of our Company, except as otherwise disclosed in "*Financial Statements*", beginning on page 202.

**Common pursuits**

Except for Ashv, who is engaged in the business of lending or advancing money, lines that are similar to/synergistic with ours, there are no common pursuits between our Company and our Group Companies. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

**Business and other interests**

Other than as disclosed below, none of our other Group Companies have any business or other interest in our Company except as otherwise disclosed in "*Financial Statements*", beginning on page 202.

IASPL has been engaged by our Company to provide investment banking services for fund raising.
AG II holds 18,539,529 Equity Shares of our Company. For further details see, *"Capital Structure"* beginning on page 68.

**Litigation**

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

**Certain other confirmations**

Except for the non convertible debentures of Ashv, none of the securities of our Group Companies are listed on any stock exchanges.

The equity shares of our Group Companies are not listed and accordingly, none of our Group Companies have made any public or rights issue as such a listed company in the three immediately preceding years.

# DIVIDEND POLICY

The declaration and payment of dividends on the Equity Shares will be recommended by our Board and approved by our Shareholders at their discretion, subject to the provisions of our Articles of Association and the Companies Act.

The declaration of dividends, if any, in the future will depend on a number of factors that our Board deems relevant, including but not limited to our Company's profits, capital requirements, rate of dividend distribution tax, contractual obligations, applicable legal restrictions, overall financial condition and restrictive covenants under loan or financing arrangements of our Company. See "*Financial Indebtedness*" beginning on page 201.

Our Company does not have any formal dividend policy in place as on the date of this Draft Red Herring Prospectus.

Our Company has not declared or paid any dividend during the three immediately preceding Financial Years or as of the period ended September 30, 2020 until the date of filing of this Draft Red Herring Prospectus.

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or dividend amounts, if any, in the future. See "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on page 47.

## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

### INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors
Arohan Financial Services Limited
PTI Building, 4th Floor
DP-9, Sector V, Salt Lake
Kolkata – 700 091

Dear Sirs,

1. We have examined the attached Restated Financial Information of **Arohan Financial Services Limited** (the "Company" or the "Issuer") comprising the Restated Statement of Assets and Liabilities as at September 30, 2020, March 31, 2020, 2019 and 2018, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flow for the six month period ended September 30, 2020 and for the years ended March 31, 2020, 2019 and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information including schedules, notes and annexures thereto (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company ("Board of Directors") at their meeting held on February 10, 2021 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") 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 ("ICDR Regulations"); and
    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited in connection with the IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2 of Annexure V to the Restated Financial Information. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 04, 2021 in connection with the IPO ;

    b. The Guidance Note - The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

    d. The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:

   a. Audited Special Purpose Interim Ind AS financial statements of the Company as at and for the six month period ended September 30, 2020 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act read with the Companies (Indian Accounting Rules) Rules, 2015, as amended and other accounting principles generally accepted in India (the "Special Purpose Interim Ind AS Financial Statements") which have been approved by the Board of Directors at their meeting held on February 10, 2021.

   b. Audited Ind AS financial statements of the Company as at and for the year ended March 31, 2020, prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 26, 2020. The comparative information for the year ended March 31, 2019 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP") which was approved by the Board of Directors at their meeting held on May 15, 2019.

   c. The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2018. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2018 which was approved by the Board of Directors at their meeting held on April 27, 2018, as described in Note 2 of Annexure V to the Restated Financial Information.

5. For the purpose of our examination, we have relied on:

   a. Audit report issued by us dated February 10, 2021, on the Special Purpose Interim Ind AS financial statements of the Company as at and for the six month period ended September 30, 2020, as referred in Paragraph 4 above;

   b. Audit report issued by us dated June 26, 2020 on the Ind AS financial statements of the Company as at and for the year ended March 31, 2020, as referred in Paragraph 4 above; and

   c. Audit reports issued by us dated May 15, 2019 and April 27, 2018 on the financial statements of the Company as at and for the years ended March 31, 2019 and March 31, 2018, as referred in Paragraph 4 above.

6. The audit reports on the financial statements issued by us includes the following emphasis of matter paragraphs on the financial statements as at and for the six months ended September 30, 2020 and for the year ended March 31, 2020:

   **Six months ended September 30, 2020**

   **Emphasis of matter**

   We draw attention to Note 50 of these Special Purpose Interim Ind AS Financial Statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and the impact on the impairment provision recognized towards the loan assets outstanding as at 30 September 2020. Our opinion is not modified in respect of this matter.

**Financial year ended March 31, 2020**

**Emphasis of matter**

We draw attention to Note 53 to the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Company's operations. 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, we report that the Restated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six month period ended September 30, 2020;

   b. have been prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2018 as described in Note 2 of Annexure V to the Restated Financial Information;

   c. do not require any adjustments for the emphasis of matters as mentioned in paragraph 6 above; and

   d. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Ind AS financial statements and audited financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, relevant stock exchanges, in connection with the 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 **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

**Manish Gujral**
Partner
Membership Number: 105117

UDIN: 21105117AAAAAU2741

Place: Mumbai
Date: 10 February 2021

**Arohan Financial Services Limited**

**Annexure 1 - Restated Statement of Assets and Liabilities**

*(Amounts in ₹ millions)*

| Particulars | Annexure 5 Note | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 6 | 11,476.28 | 6,885.83 | 1,740.06 | 1,587.81 |
| Other bank balances | 7 | 1,817.45 | 1,516.56 | 881.88 | 658.33 |
| Trade receivables | 8 | 16.85 | 53.20 | 56.63 | 21.92 |
| Loans | 9 | 43,862.83 | 43,471.91 | 35,152.16 | 20,384.55 |
| Investments | 10 | - | - | 0.33 | 0.52 |
| Other financial assets | 11 | 133.11 | 212.26 | 361.32 | 103.04 |
| **Total financial assets** | | **57,306.52** | **52,139.76** | **38,192.38** | **22,756.17** |
| **Non-financial assets** | | | | | |
| Current tax assets (net) | 12 | 38.10 | 41.07 | 32.40 | 0.84 |
| Deferred tax assets (net) | 13 | 534.25 | 352.76 | 36.47 | 69.84 |
| Property, plant and equipment | 14 | 57.91 | 64.91 | 60.10 | 49.92 |
| Intangible assets under development | 15 | 2.33 | 0.48 | 0.53 | - |
| Intangible assets | 15 | 45.52 | 53.88 | 57.04 | 53.41 |
| Right of use asset | 16 | 63.24 | 74.03 | 64.57 | 40.25 |
| Other non-financial assets | 17 | 83.30 | 81.32 | 87.48 | 66.27 |
| **Total non-financial assets** | | **824.65** | **668.45** | **338.59** | **280.53** |
| **Total assets** | | **58,131.17** | **52,808.21** | **38,530.97** | **23,036.70** |
| **Liabilities and equity** | | | | | |
| **Liabilities** | | | | | |
| **Financial liabilities** | | | | | |
| Payables | | | | | |
| Trade payables | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - | - | - |
| Other payables | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - | - | - |
| Debt securities | 18 | 6,578.71 | - | 624.59 | 1,169.46 |
| Borrowings (other than debt securities) | 19 | 37,977.05 | 39,834.10 | 27,758.78 | 16,034.11 |
| Subordinated liabilities | 20 | 2,138.04 | 2,097.03 | 1,851.52 | 1,497.60 |
| Other financial liabilities | 21 | 720.21 | 903.18 | 1,042.65 | 381.86 |
| **Total financial liabilities** | | **47,414.01** | **42,834.31** | **31,277.54** | **19,083.03** |
| **Non-financial liabilities** | | | | | |
| Current tax liabilities (net) | 22 | 208.90 | 4.43 | - | - |
| Provisions | 23 | 164.02 | 142.30 | 52.37 | 26.19 |
| Other non-financial liabilities | 24 | 191.58 | 200.86 | 229.49 | 108.85 |
| **Total non-financial liabilities** | | **564.50** | **347.59** | **281.86** | **135.04** |
| **Total liabilities** | | **47,978.51** | **43,181.90** | **31,559.40** | **19,218.07** |
| **Equity** | | | | | |
| Share capital | 25 | 1,111.71 | 1,103.21 | 1,026.74 | 884.65 |
| Other equity | 26 | 9,040.95 | 8,523.10 | 5,944.83 | 2,933.98 |
| **Total equity** | | **10,152.66** | **9,626.31** | **6,971.57** | **3,818.63** |
| **Total liabilities and equity** | | **58,131.17** | **52,808.21** | **38,530.97** | **23,036.70** |

The accompanying annexures and notes are an integral part of the Restated Financial Information

This is the Restated Statement of Assets and Liabilities referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: February 10, 2021

For and on behalf of the Board of Directors of
**Arohan Financial Services Limited**

**Manoj Kumar N Nambiar**
Managing Director
DIN No.: 03172919
Place: Kolkata

**Anurag Agrawal**
Director
DIN No.: 02385780
Place: Mumbai

**Milind R Nare**
Chief Financial Officer
Place: Kolkata

**Anirudh Singh G Thakur**
Company Secretary
Place: Kolkata

Date: February 10, 2021

**Arohan Financial Services Limited**

**Annexure 2 - Restated Statement of Profit and Loss**

*(Amounts in ₹ millions)*

| Particulars | Annexure 5 Note | Six months period ended 30 September 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| **Revenue from operations** | | | | | |
| Interest income | 27 | 4,913.78 | 8,614.63 | 5,848.38 | 3,096.79 |
| Fees and commission income | 28 | 41.88 | 252.52 | 198.44 | 129.27 |
| Net gain on derecognition of financial instruments | 29 | - | 332.48 | 426.96 | - |
| Other operating income | 30 | 4.22 | 18.37 | 14.84 | 4.63 |
| **Total revenue from operations** | | **4,959.88** | **9,218.00** | **6,488.62** | **3,230.69** |
| Other income | 31 | 114.05 | 127.06 | 27.31 | 48.02 |
| **Total income** | | **5,073.93** | **9,345.06** | **6,515.93** | **3,278.71** |
| **Expenses** | | | | | |
| Finance costs | 32 | 2,376.42 | 3,822.01 | 2,547.85 | 1,241.26 |
| Impairment on financial instruments | 33 | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Employee benefits expenses | 34 | 938.93 | 1,570.08 | 1,172.58 | 688.31 |
| Depreciation and amortisation | 35 | 33.96 | 66.96 | 52.72 | 40.27 |
| Other expenses | 36 | 276.05 | 651.36 | 602.98 | 351.21 |
| **Total expenses** | | **4,258.83** | **7,669.20** | **4,744.56** | **2,804.40** |
| **Profit before tax** | | **815.10** | **1,675.86** | **1,771.37** | **474.31** |
| **Tax expenses:** | 37 | | | | |
| - Current tax | | 333.28 | 752.08 | 458.52 | 202.60 |
| - Deferred tax expense/(credit) | | (143.82) | (344.23) | 46.99 | (37.04) |
| - Excess tax provisions written back | | - | - | (10.54) | (1.00) |
| | | **189.46** | **407.85** | **494.97** | **164.56** |
| **Profit for the period/year** | | **625.64** | **1,268.01** | **1,276.40** | **309.75** |
| **Other comprehensive income (OCI)** | | | | | |
| (A) Items that will not be reclassified to profit or loss | | | | | |
| Remeasurement loss of defined benefit plans | | (13.41) | (57.61) | (11.61) | (5.31) |
| Fair value of equity instruments | | - | (0.33) | - | (0.02) |
| Income tax related to these items | | 3.38 | 14.58 | 4.06 | 1.86 |
| **Sub-total (A)** | | **(10.03)** | **(43.36)** | **(7.55)** | **(3.47)** |
| (B) Items that will be reclassified to profit or loss | | | | | |
| Fair valuation of financial assets | | (136.24) | 168.93 | (29.94) | - |
| Income tax related to these items | | 34.29 | (42.52) | 10.46 | - |
| **Sub-total (B)** | | **(101.95)** | **126.41** | **(19.48)** | - |
| **Total other comprehensive income (A + B)** | | **(111.98)** | **83.05** | **(27.03)** | **(3.47)** |
| **Total comprehensive income** | | **513.66** | **1,351.06** | **1,249.37** | **306.28** |
| **Earnings per equity share (face value ₹ 10 each)** | 38 | | | | |
| Basic earnings per share (₹) | | 5.75 | 12.07 | 14.05 | 3.52 |
| Diluted earnings per share (₹) | | 5.74 | 12.05 | 14.02 | 3.51 |

The accompanying annexures and notes are an integral part of the Restated Financial Information

This is the Restated Statement of Profit and Loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: February 10, 2021

For and on behalf of the Board of Directors of
**Arohan Financial Services Limited**

**Manoj Kumar N Nambiar**
Managing Director
DIN No.: 03172919
Place: Kolkata

**Anurag Agrawal**
Director
DIN No.: 02385780
Place: Mumbai

**Milind R Nare**
Chief Financial Officer
Place: Kolkata

**Anirudh Singh G Thakur**
Company Secretary
Place: Kolkata

Date: February 10, 2021

**Arohan Financial Services Limited**

**Annexure 3 - Restated Statement of Cash Flow**

*(Amounts in ₹ millions)*

| Particulars | For the period April 01, 2020 to September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| **Profit before tax** | **815.10** | **1,675.86** | **1,771.37** | **474.31** |
| Adjusted for: | | | | |
| Depreciation and amortisation | 33.96 | 66.96 | 52.72 | 40.27 |
| Interest on lease liability | 3.88 | 7.43 | 4.53 | 4.73 |
| Impairment on financial instruments | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Gain on sale of portfolio through assignment (including unwinding) | - | (407.37) | (504.07) | - |
| Gain on sale of investments | - | - | - | (21.07) |
| Gain on sale of property, plant and equipment | - | - | - | (0.15) |
| Expenses on employee stock option scheme | 12.69 | 26.54 | 10.48 | 4.02 |
| Effective interest rate adjustment on financial instruments (including interest accrued) | 59.67 | 139.99 | 117.64 | (7.52) |
| Liabilities written back | - | - | - | (0.40) |
| **Operating profit before working capital changes** | **1,558.77** | **3,068.20** | **1,821.10** | **977.54** |
| **Working capital adjustments:** | | | | |
| (Increase)/decrease in assets | | | | |
| Loans | (1,103.22) | (9,709.60) | (15,161.57) | (11,599.57) |
| Trade receivables | 36.35 | 3.43 | (34.71) | (17.84) |
| Other bank balances | (300.89) | (634.68) | (223.55) | 71.06 |
| Other financial assets | 22.05 | 557.49 | 246.17 | 12.90 |
| Other non-financial assets | (2.31) | 5.07 | (25.80) | (43.34) |
| Increase/(decrease) in liabilities | | | | |
| Other financial liabilities | (173.21) | (155.25) | 636.78 | 134.92 |
| Provisions | 8.31 | 32.31 | 14.57 | 9.94 |
| Other non-financial liabilities | (9.29) | (24.68) | 120.64 | 76.35 |
| **Cash generated from/(used in) operating activities** | **36.56** | **(6,857.71)** | **(12,606.37)** | **(10,378.04)** |
| Income taxes paid (net) | (125.83) | (756.33) | (479.53) | (198.33) |
| **Net cash (used in) operating activities (A)** | **(89.27)** | **(7,614.04)** | **(13,085.90)** | **(10,576.37)** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | (6.00) | (32.01) | (36.10) | (41.46) |
| Purchase of intangible assets and intangible assets under development | (3.66) | (15.44) | (19.19) | (13.78) |
| Purchase of investments | - | - | - | (17,271.70) |
| Proceeds from sale of investments | - | - | 0.18 | 17,292.77 |
| Proceeds from sale of property, plant and equipment | - | - | - | 0.36 |
| **Net cash (used in) investing activities (B)** | **(9.66)** | **(47.45)** | **(55.11)** | **(33.81)** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issue of equity shares (including premium) | - | 1,300.00 | 1,934.53 | 1.00 |
| Share issue expenses | - | (22.86) | (43.02) | - |
| Proceeds from debt securities | 6,480.42 | - | - | - |
| Repayment of debt securities | - | (610.00) | (530.02) | (440.48) |
| Proceeds from borrowings other than debt securities | 16,787.36 | 31,864.26 | 80,668.43 | 14,990.91 |
| Repayment of borrowings other than debt securities | (18,564.76) | (19,939.81) | (69,067.72) | (5,338.64) |
| Proceeds from subordinated debt | - | 241.82 | 345.31 | 1,150.00 |
| Payment of lease liabilities | (13.64) | (26.15) | (14.25) | (12.11) |
| **Net cash generated from financing activities (C)** | **4,689.38** | **12,807.26** | **13,293.26** | **10,350.68** |
| **Net increase/(decrease) in cash and cash equivalents (A + B + C)** | **4,590.45** | **5,145.77** | **152.25** | **(259.50)** |
| **Cash and cash equivalents at the beginning of the period/years** | **6,885.83** | **1,740.06** | **1,587.81** | **1,847.31** |
| **Cash and cash equivalents at the end of the period/years** | **11,476.28** | **6,885.83** | **1,740.06** | **1,587.81** |
| **Components of cash and cash equivalents** | | | | |
| Cash on hand | 33.24 | 36.53 | 43.88 | 46.90 |
| Balances and deposits with banks (*) | 11,443.04 | 6,849.30 | 1,696.18 | 1,540.91 |
| | **11,476.28** | **6,885.83** | **1,740.06** | **1,587.81** |

**(*) Includes ₹ 19.15 millions added pursuant to Scheme for the year ended March 31, 2018 (Proforma) - [refer Note 25(f)]**
**Refer Note 20(i) for reconciliation of liabilities arising from financing activities**
**Note: The Restated Statement of Cash Flow has been prepared under the indirect method as set out in Ind-AS 7, "Statement of Cash Flows"**

The accompanying annexures and notes are an integral part of the Restated Financial Information
This is the Restated Statement of Cash Flow referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: February 10, 2021

For and on behalf of the Board of Directors of
**Arohan Financial Services Limited**

**Manoj Kumar N Nambiar**
Managing Director
DIN No.: 03172919
Place: Kolkata

**Anurag Agrawal**
Director
DIN No.: 02385780
Place: Mumbai

**Milind R Nare**
Chief Financial Officer
Place: Kolkata

**Anirudh Singh G Thakur**
Company Secretary
Place: Kolkata

Date: February 10, 2021

**Arohan Financial Services Limited**

**Annexure 4 - Restated Statement of Changes in Equity**

**(A) Equity Share Capital:**

**Equity shares of ₹ 10 each, subscribed and fully paid** *(Amounts in ₹ millions)*

| Particulars | No. of shares | Amount |
|---|---|---|
| **Balance as at April 01, 2017 (Proforma)** | **8,25,62,368** | **825.62** |
| Shares issued pursuant to Scheme [refer Note 25(f)] | 2,39,70,479 | 239.70 |
| Shares cancelled pursuant to Scheme [refer Note 25(f)] | (1,80,67,494) | (180.67) |
| **Balance as at March 31, 2018 (Proforma)** | **8,84,65,353** | **884.65** |
| Changes in share capital during the year | 1,42,08,563 | 142.09 |
| **Balance as at March 31, 2019** | **10,26,73,916** | **1,026.74** |
| Changes in share capital during the year | 76,47,058 | 76.47 |
| **Balance as at March 31, 2020** | **11,03,20,974** | **1,103.21** |
| Changes in share capital during the period | 8,50,000 | 8.50 |
| **Balance as at September 30, 2020** | **11,11,70,974** | **1,111.71** |

**(B) Other Equity**

| Particulars | Reserves and surplus | | | | | | Other comprehensive income | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Securities premium | Statutory reserves | Retained earnings | General reserve | Share options outstanding account | Treasury shares | Fair value of equity instruments | Fair value of financial assets | |
| **Balance as at April 01, 2017 (Proforma)** | **2,054.67** | **132.23** | **402.39** | **8.03** | **1.08** | **(9.70)** | **(0.10)** | **-** | **2,588.60** |
| Profit for the year | - | - | 309.75 | - | - | - | - | - | 309.75 |
| Other comprehensive income for the year | - | - | (3.46) | - | - | - | (0.01) | - | (3.47) |
| Premium received on allotment of equity shares | 0.48 | - | - | - | - | - | - | - | 0.48 |
| Share based payments to employees | - | - | - | - | 4.21 | - | - | - | 4.21 |
| Issue of shares to trust | - | - | - | - | - | 0.53 | - | - | 0.53 |
| Transferred to securities premium | 0.39 | - | - | - | (0.39) | - | - | - | - |
| Deferred stock compensation expense | - | - | - | - | (0.19) | - | - | - | (0.19) |
| Adjustment pursuant to Scheme [refer Note 25(f)] | (5.36) | 11.27 | 28.16 | - | - | - | - | - | 34.07 |
| Transfer to statutory reserves | - | 59.33 | (59.33) | - | - | - | - | - | - |
| **Balance as at March 31, 2018 (Proforma)** | **2,050.18** | **202.83** | **677.51** | **8.03** | **4.71** | **(9.17)** | **(0.11)** | **-** | **2,933.98** |
| Proforma Ind AS adjustments [refer Note 57(D)] | - | - | 1.56 | - | - | - | - | - | 1.56 |
| **Balance as at April 01, 2018** | **2,050.18** | **202.83** | **679.07** | **8.03** | **4.71** | **(9.17)** | **(0.11)** | **-** | **2,935.54** |
| Profit for the year | - | - | 1,276.40 | - | - | - | - | - | 1,276.40 |
| Other comprehensive income for the year | - | - | (7.55) | - | - | - | - | (19.48) | (27.03) |
| Premium received on allotment of equity shares | 1,991.76 | - | - | - | - | - | - | - | 1,991.76 |
| Share based payments to employees | - | - | - | - | 10.49 | 0.79 | - | - | 11.28 |
| Issue of shares to trust | - | - | - | - | - | (200.10) | - | - | (200.10) |
| Share issue expenses | (43.02) | - | - | - | - | - | - | - | (43.02) |
| Transferred to securities premium | 2.22 | - | - | - | (2.22) | - | - | - | - |
| Transfer to statutory reserves | - | 224.15 | (224.15) | - | - | - | - | - | - |
| **Balance as at March 31, 2019** | **4,001.14** | **426.98** | **1,723.77** | **8.03** | **12.98** | **(208.48)** | **(0.11)** | **(19.48)** | **5,944.83** |
| Profit for the year | - | - | 1,268.01 | - | - | - | - | - | 1,268.01 |
| Other comprehensive income for the year | - | - | (43.11) | - | - | - | (0.25) | 126.41 | 83.05 |
| Premium received on allotment of equity shares | 1,223.53 | - | - | - | - | - | - | - | 1,223.53 |
| Share based payments to employees | - | - | - | - | 26.54 | - | - | - | 26.54 |
| Share issue expenses | (22.86) | - | - | - | - | - | - | - | (22.86) |
| Transfer to statutory reserves | - | 253.60 | (253.60) | - | - | - | - | - | - |
| **Balance as at March 31, 2020** | **5,201.81** | **680.58** | **2,695.07** | **8.03** | **39.52** | **(208.48)** | **(0.36)** | **106.93** | **8,523.10** |
| Profit for the period | - | - | 625.64 | - | - | - | - | - | 625.64 |
| Other comprehensive income for the period | - | - | (10.03) | - | - | - | - | (101.95) | (111.98) |
| Premium received on allotment of equity shares | 136.00 | - | - | - | - | - | - | - | 136.00 |
| Issue of shares to trust | - | - | - | - | - | (144.50) | - | - | (144.50) |
| Share based payments to employees | - | - | - | - | 12.69 | - | - | - | 12.69 |
| **Balance as at September 30, 2020** | **5,337.81** | **680.58** | **3,310.68** | **8.03** | **52.21** | **(352.98)** | **(0.36)** | **4.98** | **9,040.95** |

The accompanying annexures and notes are an integral part of the Restated Financial Information

This is the Restated Statement of Changes in Equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: February 10, 2021

For and on behalf of the Board of Directors of
**Arohan Financial Services Limited**

**Manoj Kumar N Nambiar**
Managing Director
DIN No.: 03172919
Place: Kolkata

**Anurag Agrawal**
Director
DIN No.: 02385780
Place: Mumbai

**Milind R Nare**
Chief Financial Officer
Place: Kolkata

**Anirudh Singh G Thakur**
Company Secretary
Place: Kolkata

Date: February 10, 2021

**Annexure 5 - Summary of significant accounting policies and other explanatory information to Restated Financial Information**

**1 Corporate information**

Arohan Financial Services Limited (‘the Company’) is incorporated under the provisions of the Companies Act 1956. The Company has been registered as a Non-Banking Financial Company ('NBFC') with the Reserve Bank of India ('the RBI') from July 08, 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ('NBFC-MFI'), the Company’s application for registration as an NBFC-MFI was approved by the RBI on January 10, 2014. The Company has converted itself into a public limited company and changed its name to Arohan Financial Services Limited and has received a fresh certificate of incorporation dated May 25, 2018.

The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems. In addition to the core business of providing micro-credit, the company uses its distribution channel to provide certain other financial products and services.

**2 Basis of preparation and transition to Ind AS**

The Restated Financial Information of the Company comprise of the Restated Statement of Assets and Liabilities as at September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 (Proforma), the related Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Cash Flows and the Restated Statement of Changes in Equity for the six months ended September 30, 2020 and years ended March 31, 2020, March 31, 2019 and March 31, 2018 (Proforma), and the Significant Accounting Policies and explanatory notes (collectively, the 'Restated Financial Information').

These Restated Financial Information have been prepared by the Management for the purpose of preparation of the Restated Financial Information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus (‘DRHP’) in connection with its proposed initial public offering of equity shares of face value of ₹ 10 each of the Company comprising a fresh issue of equity shares and an offer for sale of equity shares held by the selling shareholders (the “Offer”), prepared by the Company in terms of the requirements of:

(a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time; 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”).

The Restated Financial Information have been compiled from:

Audited Special Purpose Interim Ind AS financial statements of the Company as at and for the six months period ended September 30, 2020 prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") 34 "Interim Financial Reporting" specified under Section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on February 10, 2021.

Audited Ind AS financial statements of the Company as at and for year ended March 31, 2020 prepared in accordance with Ind AS, as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 26, 2020.

The financial statements for the year ended March 31, 2020 are the first financial statements that the Company has prepared in accordance with Ind AS. The date of transition is April 01, 2018. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which is considered as the previous GAAP, for purposes of Ind AS 101. Refer to Note 57 to Restated Financial Information for detailed information on how the Company transitioned to Ind AS.

Audited financial statements of the Company as at and for the year ended March 31, 2019, which were prepared in accordance with accounting principles generally accepted in India ("Indian GAAP") as prescribed under Section 133 of the Act read with Companies (Accounts) Rules 2014 (as amended), which have been approved by the Board of Directors at their meeting held on May 15, 2019. The Company has adjusted financial information for the year ended March 31, 2019 included in such Indian GAAP financial statements, using recognition and measurement principles of Ind AS, and has included such adjusted financial information as comparative financial information in the financial statements for the year ended March 31, 2020; and

**2 Basis of preparation and transition to Ind AS (cont'd)**

Audited financial statements of the Company as at and for the year ended March 31, 2018, which were prepared in accordance with Indian GAAP at the relevant time which have been approved by the Board of Directors at their meeting held on April 27, 2018. The Restated Financial Information also includes proforma Ind AS Financial Information for the year ended March 31, 2018 which have been prepared from the audited financial statements of the Company as at and for the year ended March 31, 2018; have been adjusted as described in Note 57 of Annexure 5 to the Restated Financial Information to make them compliant with recognition and measurement under Ind AS.

The Proforma Ind AS Financial Information of the Company as at and for the year ended March 31, 2018, is prepared in accordance with requirements of SEBI Circular and the Guidance Note. For the purpose of Proforma Ind AS Financial Information for the year ended March 31, 2018 ('Proforma Financial Information'), the Company has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 01, 2018.
Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Proforma Financial Information for the year ended March 31, 2018 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) (refer Note 57 for other exemptions and exceptions) consistent with that used at the date of transition to Ind AS (i.e. April 01, 2018).

The difference between equity balance computed under Proforma Financial Information for the year ending March 31, 2018 (i.e. equity under Indian GAAP adjusted for impact of Ind AS 101 items and after considering profit or loss for the year ended March 31, 2018, with adjusted impact due to Ind-AS principles applied on proforma basis) and equity balance computed in opening Ind AS balance sheet as at transition date (i.e. April 01, 2018), prepared for filing under Companies Act, 2013 has been adjusted as a part of restated adjustments and carried forward to opening Ind AS Balance sheet as at transition date already adopted for reporting under the Act.

These Restated Financial Information have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective as at September 30, 2020. The Restated Financial Information have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)
b) Employee share based payments - equity settled transactions - refer note 25
The restated financial information were approved by the Company's Board of Directors and authorised for issue on February 10, 2021.

As required by Division III issued under Schedule III of the Act, the Company has presented the assets and liabilities in the balance sheet in the order of liquidity.
Restated Financial Information have been prepared after incorporating adjustments for the changes in regrouping/reclassifications retrospectively in the financial years ended March 31, 2020, 2019 and 2018 to reflect the same grouping/classifications followed as at and for the six month period ended September 30, 2020, which are not material in nature. Further, there have been no changes in the accounting policies and no errors requiring adjustments in the financial years ended March 31, 2020, 2019 and 2018 while preparing the Restated Financial Information.

**3 Significant accounting policies**

**(a) Property, plant and equipment**

**Recognition and initial measurement**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

**Subsequent measurement (depreciation method, useful lives and residual value)**

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down method over the useful life of the assets as prescribed under Part 'C' of Schedule II, which is also the management's estimates of useful lives of such assets.

**3 Significant accounting policies (cont'd)**

**(a) Property, plant and equipment (cont'd)**

| Asset class | Useful life |
|---|---|
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Computer Servers | 6 Years |
| Furniture and fixtures | 10 years |

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

**Capital work-in-progress**

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to its intended use are also shown under capital work-in-progress.

**Transition to Ind AS**

The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

**(b) Intangible assets**

**Recognition and initial measurement**

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

**Subsequent measurement (depreciation method, useful lives and residual value)**

Intangible assets are amortised over a period of five years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

**Transition to Ind AS**

The Company has elected to measure all its intangible at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

**Intangible assets under development**

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost.

Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

a. The development costs can be measured reliably

b. The project is technically and commercially feasible

c. The company intends to and has sufficient resources to complete the project

d. The company has the ability to use or sell such intangible asset

e. The asset will generate probable future economic benefits.

**(c) Revenue recognition**

**Interest and processing fee income on loans**

Interest and processing fee income is recorded on accrual basis using the effective interest rate (EIR) method. Additional overdue interest/ penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

**Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

**3 Significant accounting policies (cont'd)**

**(c) Revenue recognition (cont'd)**

**Commission income**

Income from business correspondent and cross sale services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

**Interest on fixed deposits**

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable using the effective interest rate (EIR) method.

**Dividend income**

Dividend income is recognised at the time when the right to receive is established by the reporting date.

**Miscellaneous income**

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/collection.

**(d) Borrowing costs**

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

**(e) Taxation**

**Current tax**: Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation an establishes provisions where appropriate.

**Deferred Tax:** Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

**(f) Employee benefits**

**Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:**

**Defined contribution plans**

The company has a defined contribution plans like provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of profit and loss.

**3 Significant accounting policies (cont'd)**

**(f) Employee benefits (cont'd)**

**Defined benefit plans**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and last drawn salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

**Other long-term employee benefits**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The liability in respect of accumulating compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary. Actuarial gains and losses arising from changes in actuarial assumptions are charged to Statement of profit and loss in the year in which such gain or losses are determined.

**(g) Share based payments**

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity.

The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

**(h) Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**(i) Impairment of financial assets**

The expected credit loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk.

**Loan assets**

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

• Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

• Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.

• Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

**3 Significant accounting policies (cont'd)**

**(i) Impairment of financial assets (cont'd)**

**Probability of Default (PD)**

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

**Loss Given Default (LGD)**

LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

**Exposure at Default (EAD)**

EAD is based on the amounts the Company expects to be owed at the time of default.

Management overlay is included in determining the 12-month and lifetime ECL. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

**Trade receivables**

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

**Other financial assets**

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Write off**

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

**(j) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company nets off the balance of bank overdraft with cash and cash equivalents for cash flow statement.

**(k) Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**3 Significant accounting policies (cont'd)**

**(l) Leases**

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for office premises. 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 recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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.
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 in the country of domicile of these leases. 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.

**Transition to Ind AS**

The Company has valued its rights to use assets equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet on the date of transition to Ind AS.

**(m) Financial instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

**Non-derivative financial assets:**

**Subsequent measurement**

**Financial assets carried at amortised cost**

A financial asset is measured at the amortised cost if both the following conditions are met :

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cashflows, and

(b) 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.
Non-performing financial assets are carried at amortised cost in the financial statement.

**Financial assets carried at fair value through other comprehensive income (FVOCI)**

A financial asset is measured at FVOCI if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets

(b) The contractual terms of the financial asset meet the SPPI test.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

**3 Significant accounting policies (cont'd)**

**(m) Financial instruments (cont'd)**

**Investments**

Investment in mutual funds are measured at fair value through profit and loss (FVTPL).

Investment in equity are measured at fair value to other comprehensive income (FVOCI)

**De-recognition of financial assets**

Financial assets or a part of financial asset are derecognised when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

**Non-derivative financial liabilities:**

**Subsequent measurement**

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

**De-recognition of financial liabilities**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there are a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(n) Business combination**

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company.

Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or to recognize any new

assets or liabilities. A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method. Other business combinations, involving entities or businesses are accounted for using acquisition method.

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**3 Significant accounting policies (cont'd)**

**(o) Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(p) Segment reporting**

The Company identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM (‘chief operating decision maker’) and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

**(q) Government grants**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

**(r) Foreign currency**

**Functional and presentation currency**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company’s functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non- monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

**(s) Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**4 Significant accounting estimates, judgements, estimates and assumptions**

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

**Business model assessment**

The Company determines the business model at a level that reflects how the 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 accordingly prospective change to the classification of those assets are made.

**Defined employee benefit assets and liabilities**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurements**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Impairment of loan portfolio**

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

**Provisions**

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate, which reflects both current interest rates and the risks specific to that provision.

**Useful lives of depreciable/ amortisable assets**

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**5 Non Adjusting items**

Restated Financial Information does not contain any qualifications requiring adjustments, however, Auditor's Reports for the six months period ended September 30, 2020 and for the year ended March 31, 2020 includes an Emphasis of Matter paragraph on impact of COVID 19 on operations of the Company. Also the comments/adverse remarks in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, which do not require any corrective adjustments in the Restated Financial Information are as follows:

**(a) Emphasis of Matter in Auditor's Report**

**As at and for the six months period ended September 30, 2020**

We draw attention to Note 50 of these Special Purpose Interim Ind AS Financial Statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Company's operations and the impact on the impairment provision recognized towards the loan assets outstanding as at 30 September 2020. Our opinion is not modified in respect of this matter.

**As at and for the year ended March 31, 2020**

We draw attention to Note 53 to the accompanying financial statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Company's operations. Our opinion is not modified in respect of this matter.

**(b) Annexure to Auditor's report**

**As at and for the year ended March 31, 2020**

**Clause (vii)(a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

**Clause (vii)(b)**

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ millions) | Amount paid under protest | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| | | | (₹ millions) | | |
| The Income-tax Act, 1961 | Income Tax | 0.62 | Nil | AY 2012-13 | Income Tax Appellate Tribunal |
| The Income-tax Act, 1961 | Income Tax | 2.29 | 1.15 | AY 2014-15 | Commissioner of Income Tax (Appeals) |
| The Income-tax Act, 1961 | Income Tax | 0.91 | Nil | AY 2017-18 | Commissioner of Income Tax (Appeals) |

**Clause (x)**

According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers or on the Company have been noticed or reported during the course of our audit.

**Arohan Financial Services Limited**

**Annexure 5 - Notes to Restated Financial Information**

**5 Non Adjusting items**
**As at and for the year ended March 31, 2019**

**Clause (vii)(a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

**Clause (vii)(b)**

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ millions) | Amount paid under protest | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| | | | (₹ millions) | | |
| The Income-tax Act, 1961 | Income Tax | 0.62 | Nil | AY 2012-13 | Income Tax Appellate Tribunal |
| The Income-tax Act, 1961 | Income Tax | 2.29 | 1.15 | AY 2014-15 | Commissioner of Income Tax (Appeals) |

**Clause (x)**

According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers or by the Company have been noticed or reported during the course of our audit.

**As at and for the year ended March 31, 2018**

**Clause (vii)(a)**

Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

**Clause (vii)(b)**

The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ millions) | Amount paid under protest | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| | | | (₹ millions) | | |
| The Income-tax Act, 1961 | Income Tax | 6.3 | 9.44 | AY 2011-12 | Commissioner of Income Tax (Appeals) |
| The Income-tax Act, 1961 | Income Tax | 0.62 | Nil | AY 2012-13 | Income Tax Appellate Tribunal |
| The Income-tax Act, 1961 | Income Tax | 0.17 | 0.03 | AY 2013-14 | Commissioner of Income Tax (Appeals) |
| The Income-tax Act, 1961 | Income Tax | 2.29 | 1.15 | AY 2014-15 | Commissioner of Income Tax (Appeals) |

**Clause (x)**

According to the information and explanations given to us, we report that no material fraud by the Company or by its employees or officers or by the Company have been noticed or reported during the course of our audit.

**6 Cash and cash equivalents**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Cash on hand | 33.24 | 36.53 | 43.88 | 46.90 |
| Balances with banks | | | | |
| In current accounts | 1,014.95 | 6,458.64 | 595.28 | 850.64 |
| Deposits for original maturity of less than 3 months | 10,428.09 | 390.66 | 1,100.90 | 690.27 |
| | **11,476.28** | **6,885.83** | **1,740.06** | **1,587.81** |

**7 Other bank balances**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Deposits with remaining maturity of more than 3 months but upto 12 months | 0.01 | 40.15 | - | 1.86 |
| Balance with banks and financial institutions to the extent held as margin money deposits against borrowings and guarantees [Refer Note (a) below] | | | | |
| - with maturity less than 3 months | - | - | 2.16 | 1.15 |
| - with maturity more than 3 months | - | 611.38 | 351.29 | 237.03 |
| - with maturity more than 12 months | 1,817.44 | 865.03 | 528.43 | 418.29 |
| | **1,817.45** | **1,516.56** | **881.88** | **658.33** |

(a) The deposits are under lien as security against term loans and overdraft facilities availed, assets securitised, business correspondent services, as below:

*(Amounts in ₹ millions)*

| | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Term loans from banks and financial Institutions | 1,763.46 | 1,422.12 | 792.59 | 568.79 |
| Overdraft facilities | 4.38 | 5.29 | - | - |
| Collateral against securitisations | - | - | 36.30 | 35.69 |
| Partnership arrangements (as business correspondent) | 49.60 | 49.00 | 52.99 | 51.99 |
| | **1,817.44** | **1,476.41** | **881.88** | **656.47** |

**8 Trade receivables**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| ***(at amortised cost)*** | | | | |
| Unsecured, considered good | 16.85 | 53.20 | 56.63 | 21.92 |
| Less: Impairment allowance | - | - | - | - |
| | **16.85** | **53.20** | **56.63** | **21.92** |

**9 Loans**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | | | As at March 31, 2020 | | | As at March 31, 2019 | | | As at March 31, 2018 (Proforma) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At amortised cost | At fair value through other comprehensive income | Total | At amortised cost | At fair value through other comprehensive income | Total | At amortised cost | At fair value through other comprehensive income | Total | At amortised cost | At fair value through other comprehensive income | Total |
| **Term loans** | | | | | | | | | | | | |
| Secured Loans | 29.39 | 680.72 | 710.11 | 43.17 | 711.86 | 755.03 | 1,731.99 | - | 1,731.99 | 340.59 | - | 340.59 |
| Unsecured Loans | 45,638.14 | - | 45,638.14 | 3,465.49 | 41,126.61 | 44,592.10 | 2,993.41 | 30,879.35 | 33,872.76 | 20,350.84 | - | 20,350.84 |
| **Total - Gross** | **45,667.53** | **680.72** | **46,348.25** | **3,508.66** | **41,838.47** | **45,347.13** | **4,725.40** | **30,879.35** | **35,604.75** | **20,691.43** | **-** | **20,691.43** |
| Less: Impairment allowance (*) | (2,484.11) | (1.31) | (2,485.42) | (1,203.02) | (672.20) | (1,875.22) | (372.03) | (80.56) | (452.59) | (306.88) | - | (306.88) |
| **Total - Net** | **43,183.42** | **679.41** | **43,862.83** | **2,305.64** | **41,166.27** | **43,471.91** | **4,353.37** | **30,798.79** | **35,152.16** | **20,384.55** | **-** | **20,384.55** |
| Secured by tangible assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Secured by intangible assets | 29.39 | 680.72 | 710.11 | 43.17 | 711.86 | 755.03 | 1,731.99 | - | 1,731.99 | 340.59 | - | 340.59 |
| Covered by Bank/ Government Guarantees | - | - | - | - | - | - | - | - | - | - | - | - |
| Unsecured | 45,638.14 | - | 45,638.14 | 3,465.49 | 41,126.61 | 44,592.10 | 2,993.41 | 30,879.35 | 33,872.76 | 20,350.84 | - | 20,350.84 |
| **Total - Gross** | **45,667.53** | **680.72** | **46,348.25** | **3,508.66** | **41,838.47** | **45,347.13** | **4,725.40** | **30,879.35** | **35,604.75** | **20,691.43** | **-** | **20,691.43** |
| Less: Impairment allowance (*) | (2,484.11) | (1.31) | (2,485.42) | (1,203.02) | (672.20) | (1,875.22) | (372.03) | (80.56) | (452.59) | (306.88) | - | (306.88) |
| **Total - Net** | **43,183.42** | **679.41** | **43,862.83** | **2,305.64** | **41,166.27** | **43,471.91** | **4,353.37** | **30,798.79** | **35,152.16** | **20,384.55** | **-** | **20,384.55** |
| **Loans in India** | | | | | | | | | | | | |
| (i) Public Sector | - | - | - | - | - | - | - | - | - | - | - | - |
| (ii) Others | 45,667.53 | 680.72 | 46,348.25 | 3,508.66 | 41,838.47 | 45,347.13 | 4,725.40 | 30,879.35 | 35,604.75 | 20,691.43 | - | 20,691.43 |
| **Total - Gross** | **45,667.53** | **680.72** | **46,348.25** | **3,508.66** | **41,838.47** | **45,347.13** | **4,725.40** | **30,879.35** | **35,604.75** | **20,691.43** | **-** | **20,691.43** |
| Less: Impairment allowance (*) | (2,484.11) | (1.31) | (2,485.42) | (1,203.02) | (672.20) | (1,875.22) | (372.03) | (80.56) | (452.59) | (306.88) | - | (306.88) |
| **Total - Net** | **43,183.42** | **679.41** | **43,862.83** | **2,305.64** | **41,166.27** | **43,471.91** | **4,353.37** | **30,798.79** | **35,152.16** | **20,384.55** | **-** | **20,384.55** |

(*) Impairment allowance includes management overlay of ₹ 592.01 millions as at September 30, 2020; ₹ 452.55 millions as at March 31, 2020; ₹ 138.23 millions as at March 31, 2019; ₹ 39.17 millions as at March 31, 2018 (Proforma)

**Arohan Financial Services Limited**

**Annexure 5 - Notes to Restated Financial Information**

**10 Investments**

*(Amounts in ₹ millions)*

| **Particulars** | **As at September 30, 2020** | | | **As at March 31, 2020** | | | **As at March 31, 2019** | | | **As at March 31, 2018 (Proforma)** | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **At fair value through profit and loss** | **At fair value through other comprehensive income** | **Total** | **At fair value through profit and loss** | **At fair value through other comprehensive income** | **Total** | **At fair value through profit and loss** | **At fair value through other comprehensive income** | **Total** | **At fair value through profit and loss** | **At fair value through other comprehensive income** | **Total** |
| ***Unquoted*** | | | | | | | | | | | | |
| **Mutual funds** | | | | | | | | | | | | |
| Axis Liquid Institutional Fund - Growth | - | - | - | - | - | - | - | - | - | 0.19 | - | 0.19 |
| Face Value ₹ 10 each (Nil units; March 31, 2020 - Nil units; March 31, 2019 - Nil units; March 31, 2018 - 95 units) | | | | | | | | | | | | |
| **Equity instruments** | | | - | - | - | - | - | - | - | - | - | - |
| Alpha Micro Finance Consultant Private Limited (50,000 equity shares of ₹ 10 each, fully paid-up) | - | 0.50 | 0.50 | - | 0.50 | 0.50 | - | 0.50 | 0.50 | - | 0.50 | 0.50 |
| **Total - Gross** | **-** | **0.50** | **0.50** | **-** | **0.50** | **0.50** | **-** | **0.50** | **0.50** | **0.19** | **0.50** | **0.69** |
| Less: Impairment allowance | | (0.50) | (0.50) | | (0.50) | (0.50) | | (0.17) | (0.17) | - | (0.17) | (0.17) |
| **Total - Net** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.33** | **0.33** | **0.19** | **0.33** | **0.52** |
| | | | | | | | | | | | | |
| Investments in India | - | 0.50 | 0.50 | - | 0.50 | 0.50 | - | 0.50 | 0.50 | 0.19 | 0.50 | 0.69 |
| Investments outside India | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total - Gross** | **-** | **0.50** | **0.50** | **-** | **0.50** | **0.50** | **-** | **0.50** | **0.50** | **0.19** | **0.50** | **0.69** |
| Less: Impairment allowance | - | (0.50) | (0.50) | - | (0.50) | (0.50) | - | (0.17) | (0.17) | - | (0.17) | (0.17) |
| **Total - Net** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **0.33** | **0.33** | **0.19** | **0.33** | **0.52** |

**11 Other financial assets**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| ***Unsecured, considered good*** | | | | |
| Security deposits | 27.04 | 26.46 | 20.53 | 23.47 |
| Receivable on assigned loans | 61.96 | 153.83 | 321.16 | 28.91 |
| Advances recoverable on behalf of business correspondent arrangements | 10.18 | 10.61 | 10.23 | 22.78 |
| Insurance receivables | 13.42 | 14.07 | 4.23 | 2.74 |
| Others | 77.92 | 7.29 | 5.17 | 25.14 |
| | **190.52** | **212.26** | **361.32** | **103.04** |
| Less: Impairment allowance | 57.41 | - | - | - |
| | **133.11** | **212.26** | **361.32** | **103.04** |

**12 Current tax assets (net)**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Advance tax and TDS (net of provisions) | 38.10 | 41.07 | 32.40 | 0.84 |
| | **38.10** | **41.07** | **32.40** | **0.84** |

**13 Deferred tax assets (net)**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Impairment loss allowance on loan assets | 477.32 | 365.91 | 98.89 | 74.84 |
| Provision for employee benefits | 41.29 | 37.86 | 22.84 | 10.07 |
| Financial liabilities measured at amortised cost | - | - | 7.47 | 5.18 |
| Fair valuation of financial assets through other comprehensive income | - | - | 10.46 | - |
| Financial assets measured at amortised cost | 0.44 | 0.36 | 0.71 | 0.70 |
| Fair valuation of equity instruments through other comprehensive income | 0.14 | 0.14 | 0.06 | 0.06 |
| Provision for expense allowed for tax purpose on payment basis | 2.93 | 3.01 | 4.39 | 0.83 |
| Other adjustments | 15.79 | 1.08 | 0.71 | 0.84 |
| | **537.91** | **408.36** | **145.53** | **92.52** |
| **Deferred tax liabilities** | | | | |
| Written down value as per books and tax laws | 1.41 | 3.26 | 6.43 | 6.31 |
| Financial assets measured at amortised cost | - | - | 30.15 | 16.36 |
| Fair valuation of financial assets through other comprehensive income | (2.23) | 32.06 | - | - |
| Fair valuation of equity instruments through profit and loss | - | - | - | 0.01 |
| Gain on derecognition of financial instruments | 4.48 | 20.28 | 72.48 | - |
| | **3.66** | **55.60** | **109.06** | **22.68** |
| **Net deferred tax assets** | **534.25** | **352.76** | **36.47** | **69.84** |

**Movement in deferred tax assets**

*(Amounts in ₹ millions)*

| Particulars | As at March 31, 2020 | Statement of profit and loss | Other comprehensive income | As at September 30, 2020 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Impairment loss allowance on loan assets | 365.91 | 111.41 | - | 477.32 |
| Provision for employee benefits | 37.86 | 0.05 | 3.38 | 41.29 |
| Financial assets measured at amortised cost | 0.36 | 0.08 | - | 0.44 |
| Fair valuation of financial instruments through other comprehensive income | 0.14 | - | - | 0.14 |
| Provision for expense allowed for tax purpose on payment basis | 3.01 | (0.08) | - | 2.93 |
| Other adjustments | 1.08 | 14.71 | - | 15.79 |
| | **408.36** | **126.17** | **3.38** | **537.91** |
| **Deferred tax liabilities** | | | | |
| Written down value as per books and tax laws | 3.26 | (1.85) | - | 1.41 |
| Fair valuation of financial assets through other comprehensive income | 32.06 | - | (34.29) | (2.23) |
| Gain on derecognition of financial instruments | 20.28 | (15.80) | - | 4.48 |
| | **55.60** | **(17.65)** | **(34.29)** | **3.66** |
| | **352.76** | **143.82** | **37.67** | **534.25** |

*(Amounts in ₹ millions)*

| Particulars | As at March 31, 2019 | Statement of profit and loss | Other comprehensive income | As at March 31, 2020 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Impairment loss allowance on loan assets | 98.89 | 267.02 | - | 365.91 |
| Provision for employee benefits | 22.84 | 0.52 | 14.50 | 37.86 |
| Financial liabilities measured at amortised cost | 7.47 | (7.47) | - | - |
| Fair valuation of financial assets through other comprehensive income | 10.46 | - | (10.46) | - |
| Financial assets measured at amortised cost | 0.71 | (0.35) | - | 0.36 |
| Fair valuation of equity instruments through other comprehensive income | 0.06 | - | 0.08 | 0.14 |
| Provision for expense allowed for tax purpose on payment basis | 4.39 | (1.38) | - | 3.01 |
| Other adjustments | 0.71 | 0.37 | - | 1.08 |
| | **145.53** | **258.71** | **4.12** | **408.36** |
| **Deferred tax liabilities** | | | | |
| Written down value as per books and tax laws | 6.43 | (3.17) | - | 3.26 |
| Financial assets measured at amortised cost | 30.15 | (30.15) | - | - |
| Fair valuation of financial assets through other comprehensive income | - | - | 32.06 | 32.06 |
| Gain on derecognition of financial instruments | 72.48 | (52.20) | - | 20.28 |
| | **109.06** | **(85.52)** | **32.06** | **55.60** |
| | **36.47** | **344.23** | **(27.94)** | **352.76** |

*(Amounts in ₹ millions)*

| Particulars | As at March 31, 2018 (Proforma) | Proforma adjustments | Statement of profit and loss | Other comprehensive income | As at March 31, 2019 |
|---|---|---|---|---|---|
| **Deferred tax assets** | | | | | |
| Impairment loss allowance on loan assets | 74.84 | - | 24.05 | - | 98.89 |
| Provision for employee benefits | 10.07 | - | 8.71 | 4.06 | 22.84 |
| Financial liabilities measured at amortised cost | 5.18 | - | 2.29 | - | 7.47 |
| Fair valuation of financial assets through other comprehensive income | - | - | - | 10.46 | 10.46 |
| Financial assets measured at amortised cost | 0.70 | - | 0.01 | - | 0.71 |
| Fair valuation of equity instruments through other comprehensive income | 0.06 | - | - | - | 0.06 |
| Provision for expense allowed for tax purpose on payment basis | 0.83 | - | 3.56 | - | 4.39 |
| Other adjustments | 0.84 | (0.84) | 0.71 | - | 0.71 |
| | **92.52** | **(0.84)** | **39.33** | **14.52** | **145.53** |
| **Deferred tax liabilities** | | | | | |
| Written down value as per books and tax laws | 6.31 | - | 0.12 | - | 6.43 |
| Financial assets measured at amortised cost | 16.36 | 0.06 | 13.73 | - | 30.15 |
| Fair valuation of financial instruments through profit and loss | 0.01 | - | (0.01) | - | - |
| Gain on derecognition of financial instruments | - | - | 72.48 | - | 72.48 |
| | **22.68** | **0.06** | **86.32** | **-** | **109.06** |
| | **69.84** | **(0.90)** | **(46.99)** | **14.52** | **36.47** |

*(Amounts in ₹ millions)*

| Particulars | As at April 01, 2017 (Proforma) | Statement of profit and loss | Other comprehensive income | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Impairment loss allowance on loan assets | 35.04 | 39.80 | - | 74.84 |
| Provision for employee benefits | 3.96 | 4.26 | 1.85 | 10.07 |
| Financial liabilities measured at amortised cost | 4.81 | 0.37 | - | 5.18 |
| Financial assets measured at amortised cost | 1.37 | (0.67) | - | 0.70 |
| Fair valuation of equity instruments through other comprehensive income | 0.05 | - | 0.01 | 0.06 |
| Provision for expense allowed for tax purpose on payment basis | - | 0.83 | - | 0.83 |
| Other adjustments | - | 0.84 | - | 0.84 |
| | **45.23** | **45.43** | **1.86** | **92.52** |
| **Deferred tax liabilities** | | | | |
| Written down value as per books and tax laws | 4.40 | 1.91 | - | 6.31 |
| Financial assets measured at amortised cost | 9.89 | 6.47 | - | 16.36 |
| Fair valuation of financial instruments through profit and loss | - | 0.01 | - | 0.01 |
| | **14.29** | **8.39** | **-** | **22.68** |
| | **30.94** | **37.04** | **1.86** | **69.84** |

**14 Property, plant and equipment**

*(Amounts in ₹ millions)*

| Particulars | Furniture and fixtures | Computers and accessories | Office equipments | Total |
|---|---|---|---|---|
| **Gross carrying amount** | | | | |
| **As at April 01, 2017 (Proforma)** | **8.13** | **16.00** | **1.84** | **25.97** |
| Additions (*) | 12.74 | 23.51 | 3.32 | **39.57** |
| Disposals/transfers | - | (0.69) | - | **(0.69)** |
| **As at March 31, 2018 (Proforma)** | **20.87** | **38.82** | **5.16** | **64.85** |
| Additions | 8.67 | 19.23 | 8.20 | **36.10** |
| Disposals/transfers | (0.01) | (0.62) | - | **(0.63)** |
| **As at March 31, 2019** | **29.53** | **57.43** | **13.36** | **100.32** |
| Additions | 5.79 | 18.40 | 7.82 | **32.01** |
| Disposals/transfers | - | - | - | **-** |
| **As at March 31, 2020** | **35.32** | **75.83** | **21.18** | **132.33** |
| Additions | 0.79 | 4.55 | 0.66 | **6.00** |
| Disposals/transfers | - | - | - | **-** |
| **As at September 30, 2020** | **36.11** | **80.38** | **21.84** | **138.33** |
| | | | | |
| **Depreciation** | | | | |
| **Up to March 31, 2017 (Proforma)** | **-** | **-** | **-** | **-** |
| Charge for the year | 1.95 | 12.41 | 1.04 | **15.40** |
| Adjustments on disposals/transfers | | (0.47) | | **(0.47)** |
| **Up to at March 31, 2018 (Proforma)** | **1.95** | **11.94** | **1.04** | **14.93** |
| Charge for the year | 3.29 | 18.00 | 4.60 | **25.89** |
| Adjustments on disposals/transfers | (0.01) | (0.59) | - | **(0.60)** |
| **Up to at March 31, 2019** | **5.23** | **29.35** | **5.64** | **40.22** |
| Charge for the year | 3.88 | 19.35 | 3.97 | **27.20** |
| Adjustments on disposals/transfers | - | - | - | **-** |
| **Up to at March 31, 2020** | **9.11** | **48.70** | **9.61** | **67.42** |
| Charge for the year | 2.05 | 9.03 | 1.92 | **13.00** |
| Adjustments on disposals/transfers | - | - | - | **-** |
| **Up to September 30, 2020** | **11.16** | **57.73** | **11.53** | **80.42** |
| | | | | |
| **Net block** | | | | |
| **As at March 31, 2018 (Proforma)** | **18.92** | **26.88** | **4.12** | **49.92** |
| **As at March 31, 2019** | **24.30** | **28.08** | **7.72** | **60.10** |
| **As at March 31, 2020** | **26.21** | **27.13** | **11.57** | **64.91** |
| **As at September 30, 2020** | **24.95** | **22.65** | **10.31** | **57.91** |
| | | | | |
| **Notes:** | | | | |
| **Deemed cost of property, plant and equipment - reconciliation of gross and net carrying amount** | | | | |
| Gross carrying amount as at April 01, 2017 (Proforma) | 16.94 | 32.46 | 4.13 | **53.53** |
| Accumulated depreciation up to March 31, 2017 | (8.81) | (16.46) | (2.29) | **(27.56)** |
| **Carrying amount as on April 01, 2017** | **8.13** | **16.00** | **1.84** | **25.97** |

**On the date of transition, in accordance with Ind AS 101, the Company has elected to measure the net carrying amount of property, plant and equipment as deemed cost.**

(*) Includes ₹ 0.76 millions added pursuant to Scheme [refer Note 25(f)]

**15 Intangible assets and Intangible assets under development**

*(Amounts in ₹ millions)*

| Particulars | Intangible assets under development | Intangible assets (Software) |
|---|---|---|
| **Gross carrying amount** | | |
| **As at April 01, 2017 (Proforma)** | **24.85** | **23.41** |
| Additions (*) | 5.73 | 45.12 |
| Disposals/transfers | (30.58) | - |
| **As at March 31, 2018 (Proforma)** | **-** | **68.53** |
| Additions | 0.53 | 18.71 |
| Disposals/transfers | - | (0.02) |
| **As at March 31, 2019** | **0.53** | **87.22** |
| Additions | - | 15.49 |
| Disposals/transfers | (0.05) | - |
| **As at March 31, 2020** | **0.48** | **102.71** |
| Additions | 1.85 | 1.81 |
| Disposals/transfers | - | - |
| **As at September 30, 2020** | **2.33** | **104.52** |
| | | |
| **Amortisation** | | |
| **Up to March 31, 2017 (Proforma)** | **-** | **-** |
| Amortisation for the year | - | 15.12 |
| Adjustments on disposals/transfers | - | - |
| **Up to at March 31, 2018 (Proforma)** | **-** | **15.12** |
| Amortisation for the year | - | 15.07 |
| Adjustments on disposals/transfers | - | (0.01) |
| **Up to at March 31, 2019** | **-** | **30.18** |
| Amortisation for the year | - | 18.65 |
| Adjustments on disposals/transfers | - | - |
| **Up to at March 31, 2020** | **-** | **48.83** |
| Amortisation for the year | - | 10.17 |
| Adjustments on disposals/transfers | - | - |
| **Up to September 30, 2020** | **-** | **59.00** |
| | | |
| **Net block** | | |
| **As at March 31, 2018 (Proforma)** | **-** | **53.41** |
| **As at March 31, 2019** | **0.53** | **57.04** |
| **As at March 31, 2020** | **0.48** | **53.88** |
| **As at September 30, 2020** | **2.33** | **45.52** |

**Notes:**

**Deemed cost of intangible assets - reconciliation of gross and net carrying amount**

| | |
|---|---|
| Gross carrying amount as at April 01, 2017 (Proforma) | 37.44 |
| Accumulated depreciation up to March 31, 2017 | (14.03) |
| **Carrying amount as on April 01, 2017** | **23.41** |

**On the date of transition, in accordance with Ind AS 101, the Company has elected to measure the net carrying amount of intangible assets and intangible assets under development as deemed cost.**

(*) Includes ₹ 5.73 millions of intangible assets under development added pursuant to Scheme [refer Note 25(f)]

**16 Right of use assets**

*(Amounts in ₹ millions)*

| Particulars | Right of use assets |
|---|---|
| **Gross carrying amount** | |
| **As at April 01, 2017 (Proforma)** | **46.54** |
| Additions | 3.46 |
| Disposals/transfers | - |
| **As at March 31, 2018 (Proforma)** | **50.00** |
| Proforma Ind AS adjustments [refer Note 57(D)] | (7.39) |
| **As at April 1, 2018** | **42.61** |
| Additions | 33.72 |
| Disposals/transfers | - |
| **As at March 31, 2019** | **76.33** |
| Additions | 44.34 |
| Disposals/transfers | (19.18) |
| **As at March 31, 2020** | **101.49** |
| Additions | - |
| Disposals/transfers | - |
| **As at September 30, 2020** | **101.49** |
| | |
| **Depreciation** | |
| **Up to March 31, 2017 (Proforma)** | **-** |
| Depreciation for the year | 9.75 |
| Adjustments on disposals/transfers | |
| **Up to at March 31, 2018 (Proforma)** | **9.75** |
| Proforma Ind AS adjustments [refer Note 57(D)] | (9.75) |
| **Up to April 1, 2018** | **-** |
| Depreciation for the year | 11.76 |
| Adjustments on disposals/transfers | - |
| **Up to at March 31, 2019** | **11.76** |
| Depreciation for the year | 21.11 |
| Adjustments on disposals/transfers | (5.41) |
| **Up to at March 31, 2020** | **27.46** |
| Depreciation for the year | 10.79 |
| Adjustments on disposals/transfers | - |
| **Up to September 30, 2020** | **38.25** |
| | |
| **Net block** | |
| **As at March 31, 2018 (Proforma)** | **40.25** |
| **As at March 31, 2019** | **64.57** |
| **As at March 31, 2020** | **74.03** |
| **As at September 30, 2020** | **63.24** |

Refer Note 45 for disclosures pertaining to Ind AS 116 - Leases

**17 Other non-financial assets**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| *(Measured at amortised cost)* | | | | |
| Prepaid expenses | 27.45 | 21.22 | 11.63 | 20.36 |
| Advances to employees | 10.88 | 13.27 | 9.70 | 5.51 |
| Balances with government authorities | 7.34 | 11.52 | 10.26 | 6.20 |
| Advance against expenses | 19.55 | 24.73 | 22.38 | 18.16 |
| Others | 18.08 | 10.58 | 33.51 | 16.04 |
| | **83.30** | **81.32** | **87.48** | **66.27** |

**18 Debt securities**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| *(Measured at amortised cost)* | | | | |
| Non-convertible debentures (secured) | 6,578.71 | - | 624.59 | 1,169.46 |
| | **6,578.71** | **-** | **624.59** | **1,169.46** |
| Debt securities in India | 6,578.71 | - | 624.59 | 1,169.46 |
| Debt securities outside India | - | - | - | - |
| | **6,578.71** | **-** | **624.59** | **1,169.46** |

Non-convertible debentures (NCDs) issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the trustees for the benefit of the debenture holders.

**Other terms and conditions:**

*(Amounts in ₹ millions)*

| Particulars | Repayment schedule | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| 11.49% NCDs (Face Value ₹ 1 million) - no. of units - Nil; March 31, 2020 - Nil; March 31, 2019 - 350 units and March 31, 2018 - 350 units | Bullet Repayment in December 2019 | - | - | 349.77 | 348.81 |
| 14.30% NCDs (Face Value ₹ 1 million) - no. of units Nil; March 31, 2020 - Nil; March 31, 2019 - 260 units and March 31, 2018 - 260 units) | Bullet repayment in April 2020 or put/ call option after 36 months from the date of allotment | - | - | 274.82 | 271.94 |
| 14.30% NCDs (Face Value ₹ 1 million) - no of units - Nil; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - 200 units | Bullet repayment in January 2021 or put/ call option after 36 months from the date of allotment | - | - | - | 214.45 |
| 14.30% NCDs (Face Value ₹ 1 million) - no of units - Nil; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - 330 units | Bullet Repayment in December 2021 or put/ call option after 36 months from the date of allotment | - | - | - | 334.26 |
| 10.50% NCDs (Face Value ₹ 1 million) - no of units - 1000; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in January 2022 | 1,019.23 | - | - | - |
| 11.50% NCDs (Face Value ₹ 1 million) - no of units - 250; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in July 2023 | 254.19 | - | - | - |
| 11.50% NCDs (Face Value ₹ 1 million) - no of units - 750; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in March 2022 | 748.07 | - | - | - |
| 10.25% NCDs (Face Value ₹ 1 million) - no of units - 1000; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in November 2021 | 1,008.96 | - | - | - |
| 11.00% NCDs (Face Value ₹ 1 million) - no of units - 250; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in June 2023 | 254.72 | - | - | - |
| 11.00% NCDs (Face Value ₹ 1 million) - no of units - 250; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Yearly installments in July 2021, July 2022 and July 2023 | 252.78 | - | - | - |
| 10.50% NCDs (Face Value ₹ 1 million) - no of units - 500; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Bullet Repayment in February 2022 | 505.28 | - | - | - |
| 10.50% NCDs (Face Value ₹ 1 million) - no of units - 2500; March 31, 2020 - Nil; March 31, 2019 - Nil and March 31, 2018 - Nil | Quarterly installments in May 2021, August 2021, November 2021 & February 2022 | 2,535.48 | - | - | - |
| | | **6,578.71** | **-** | **624.59** | **1,169.46** |

**19 Borrowings (other than debt securities)**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| ***(Measured at amortised cost)*** | | | | |
| ***Secured*** | | | | |
| (i) Term loans | | | | |
| from banks | 24,804.06 | 28,582.94 | 18,342.71 | 11,508.54 |
| from financial institutions | 13,023.62 | 10,591.29 | 8,098.98 | 4,001.60 |
| (ii) Loans repayable on demand | | | | |
| Working capital facilities from banks | 149.37 | 593.21 | 750.52 | 496.66 |
| Others | - | - | 0.45 | - |
| (iii) Securitisation liability | - | 66.66 | 566.12 | - |
| | **37,977.05** | **39,834.10** | **27,758.78** | **16,006.80** |
| ***Unsecured*** | | | | |
| Loans from related parties - repayable on demand | | - | - | 27.31 |
| | **-** | **-** | **-** | **27.31** |
| **Total borrowings** | **37,977.05** | **39,834.10** | **27,758.78** | **16,034.11** |
| Borrowings in India | 37,977.05 | 39,834.10 | 27,758.78 | 16,034.11 |
| Borrowings outside India | - | - | - | - |
| | **37,977.05** | **39,834.10** | **27,758.78** | **16,034.11** |

**(refer Note 40 for terms of repayment)**

**Nature of security:**

(i) All term loans from banks and financial institutions are secured by way of first charge ranking pari-passu over the designated current assets, both present & future, including the designated book debts, loan installments, receivables and underlying assets arising out of finance of the Company.

(ii) Cash credit facilities and working capital demand loans from banks are secured by way of first charge ranking pari-passu over the designated current assets, both present & future, including the designated book debts, loan installments, receivables and underlying assets arising out of finance of the Company.

(iii) Liabilities against securitisation represents amounts received in respect of securitisation transactions (net of repayments and investment therein) as these transactions do not meet the de-recognition criteria specified under Ind AS 109. These are secured by way of hypothecation of designated assets on finance receivables.

## 20 Subordinated liabilities

(Amounts in ₹ millions)

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| *(Measured at amortised cost)* | | | | |
| *Unsecured* | | | | |
| Non-convertible debentures | 1,381.43 | 1,341.66 | 1,097.28 | 749.99 |
| Term loans from banks | 756.61 | 755.37 | 754.24 | 247.61 |
| Term loans from financial institutions | - | - | - | 500.00 |
| | **2,138.04** | **2,097.03** | **1,851.52** | **1,497.60** |
| Subordinated liabilities in India | 2,138.04 | 2,097.03 | 1,851.52 | 1,497.60 |
| Subordinated liabilities outside India | - | - | - | - |
| | **2,138.04** | **2,097.03** | **1,851.52** | **1,497.60** |

**(refer Note 40 for terms of repayment)**

**(i) Reconciliation of liabilities arising from financing activities**
**The changes in the Company's liabilities arising from financing activities can be classified as follows:**

(Amounts in ₹ millions)

| Particulars | Debt securities | Borrowings other than debt securities | Subordinated liabilities | Total |
|---|---|---|---|---|
| **At April 1, 2017 (Proforma)** | **1,626.72** | **6,368.61** | **351.61** | **8,346.94** |
| Cash flows: | | | | |
| Repayment | -440.48 | -5,338.64 | - | (5,779.12) |
| Proceeds | - | 14,990.91 | 1,150.00 | 16,140.91 |
| Non cash: | | | | |
| Amortisation of upfront fees | -16.78 | 13.23 | -4.01 | (7.56) |
| **At March 31, 2018 (Proforma)** | **1,169.46** | **16,034.11** | **1,497.60** | **18,701.17** |
| Cash flows: | | | | |
| Repayment | (530.02) | (69,067.72) | - | (69,597.74) |
| Proceeds | - | 80,668.43 | 345.31 | 81,013.74 |
| Non cash: | | | | |
| Amortisation of upfront fees | (14.85) | 123.96 | 8.61 | 117.72 |
| **At March 31, 2019** | **624.59** | **27,758.78** | **1,851.52** | **30,234.89** |
| Cash flows: | | | | |
| Repayment | (610.00) | (19,939.81) | - | (20,549.81) |
| Proceeds | - | 31,864.26 | 241.82 | 32,106.08 |
| Non cash: | | | | |
| Amortisation of upfront fees | (14.59) | 150.87 | 3.69 | 139.97 |
| **At March 31, 2020** | **-** | **39,834.10** | **2,097.03** | **41,931.13** |
| Cash flows: | | | | |
| Repayment | - | (18,564.76) | - | (18,564.76) |
| Proceeds | 6,480.42 | 16,787.36 | - | 23,267.78 |
| Non cash: | | | | |
| Amortisation of upfront fees | 98.29 | (79.65) | 41.01 | 59.65 |
| **At September 30, 2020** | **6,578.71** | **37,977.05** | **2,138.04** | **46,693.80** |

## 21 Other financial liabilities

(Amounts in ₹ millions)

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| *(Measured at amortised cost)* | | | | |
| Payable towards assignment and securitisation transactions | 431.00 | 679.35 | 722.68 | 233.35 |
| Employees dues | 159.81 | 101.74 | 112.73 | 54.39 |
| Lease liabilities | 68.71 | 78.47 | 66.62 | 42.61 |
| Capital creditors | 0.04 | 0.04 | 2.46 | 0.71 |
| Other payables | 60.65 | 43.58 | 138.16 | 50.80 |
| | **720.21** | **903.18** | **1,042.65** | **381.86** |

## 22 Current tax liabilities (net)

(Amounts in ₹ millions)

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Provision for taxes (net of advance tax and TDS) | 208.90 | 4.43 | - | - |
| | **208.90** | **4.43** | **-** | **-** |

## 23 Provisions

(Amounts in ₹ millions)

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Provision for gratuity | 82.26 | 78.97 | 22.87 | 18.26 |
| Provision for compensated absences | 81.76 | 63.33 | 29.50 | 7.93 |
| | **164.02** | **142.30** | **52.37** | **26.19** |

## 24 Other non-financial liabilities

(Amounts in ₹ millions)

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Statutory dues | 31.52 | 37.53 | 39.18 | 25.42 |
| Unamortised profit on buy out transactions | - | - | - | 2.44 |
| Expenses payable | 107.52 | 116.86 | 120.30 | 37.18 |
| Advance from customers | 51.16 | 46.33 | 57.70 | - |
| Others | 1.38 | 0.14 | 12.31 | 43.81 |
| | **191.58** | **200.86** | **229.49** | **108.85** |

**25 Share capital**

**(a) Details of authorised, issued, subscribed and paid up share capital**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | | As at March 31, 2020 | | As at March 31, 2019 | | As at March 31, 2018 (Proforma) | |
|---|---|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| **Authorised share capital** | | | | | | | | |
| Equity shares of ₹ 10 each | 11,24,53,320 | 1,124.53 | 11,24,53,320 | 1,124.53 | 11,24,53,320 | 1,124.53 | 11,24,53,320 | 1,124.53 |
| | **11,24,53,320** | **1,124.53** | **11,24,53,320** | **1,124.53** | **11,24,53,320** | **1,124.53** | **11,24,53,320** | **1,124.53** |
| **Issued, subscribed and fully paid up** | | | | | | | | |
| Equity shares of ₹ 10 each | 11,11,70,974 | 1,111.71 | 11,03,20,974 | 1,103.21 | 10,26,73,916 | 1,026.74 | 8,84,65,353 | 884.65 |
| | **11,11,70,974** | **1,111.71** | **11,03,20,974** | **1,103.21** | **10,26,73,916** | **1,026.74** | **8,84,65,353** | **884.65** |

**(b) Reconciliation of equity shares outstanding at the beginning and end of the years**

*(Amounts in ₹ millions)*

| | As at September 30, 2020 | | As at March 31, 2020 | | As at March 31, 2019 | | As at March 31, 2018 (Proforma) | |
|---|---|---|---|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount | No. of shares | Amount |
| Shares outstanding at the beginning of the period/years | 11,03,20,974 | 1,103.21 | 10,26,73,916 | 1,026.74 | 8,84,65,353 | 884.65 | 8,25,62,368 | 825.62 |
| Add: Shares issued during the period/years [refer Note (c) below] | 8,50,000 | 8.50 | 76,47,058 | 76.47 | 1,42,08,563 | 142.09 | - | - |
| Add: Shares issued pursuant to Scheme [refer Note (f) below] | - | - | - | - | - | - | 2,39,70,479 | 239.70 |
| Less: Shares cancelled pursuant to Scheme [refer Note (f) below] | - | - | - | - | - | - | (1,80,67,494) | (180.67) |
| **Shares outstanding at the end of the period/year** | **11,11,70,974** | **1,111.71** | **11,03,20,974** | **1,103.21** | **10,26,73,916** | **1,026.74** | **8,84,65,353** | **884.65** |

**(c) Shares issued during the period/years**

During the period ended September 30, 2020, the Company has issued 850,000 equity shares of ₹ 10 each under the Arohan ESOP Scheme 2018 aggregating to ₹ 144.50 millions (including premium)
During the financial year 2019-20, the Company had issued 7,647,058 equity shares of ₹ 10 each on private placement aggregating to ₹ 1,300.00 millions (including premium)
During the financial year 2018-19, the Company had issued 12,858,563 equity shares of ₹ 10 each on private placement aggregating to ₹ 1,930.00 millions (including premium)
During the financial year 2018-19, the Company had also issued 1,350,000 equity shares of ₹ 10 each under the Arohan ESOP Scheme 2018 aggregating to ₹ 129.90 millions (including premium)

**(d) Terms and rights attached**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the reported period/years, the Company has not proposed/declared any dividend.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the reported period/years. Further, none of the shares were bought back by the Company during the reported period/years.

**(e) Shareholders holding more than 5% of shares in the Company**

**25 Share capital**

| | As at September 30, 2020 | | As at March 31, 2020 | | As at March 31, 2019 | | As at March 31, 2018 (Proforma) | |
|---|---|---|---|---|---|---|---|---|
| | No. of shares | % | No. of shares | % | No. of shares | % | No. of shares | % |
| Aavishkaar Venture Management Services Private Limited | 2,38,11,394 | 21.42% | 2,38,11,394 | 21.58% | 1,30,99,380 | 12.76% | 91,43,320 | 10.34% |
| Aavishkaar Goodwell India Microfinance Development Company II Limited | 1,85,39,529 | 16.68% | 1,85,39,529 | 16.81% | 1,85,39,529 | 18.06% | 1,85,39,529 | 20.96% |
| Tano India Private Equity Fund II | 1,69,14,279 | 15.21% | 1,69,14,279 | 15.33% | 1,69,14,279 | 16.47% | 1,69,14,279 | 19.12% |
| Intellectual Capital Advisory Services Private Limited | 1,64,72,146 | 14.82% | 1,64,72,146 | 14.93% | 1,23,54,499 | 12.03% | 1,23,54,499 | 13.97% |
| Maj Invest Financial Inclusion Fund II | 1,54,01,267 | 13.85% | 1,54,01,267 | 13.96% | 1,54,01,267 | 15.00% | 1,45,41,317 | 16.44% |
| TR Capital III Mauritius | 97,18,722 | 8.74% | 97,18,722 | 8.81% | 97,18,722 | 9.47% | 92,88,747 | 10.50% |
| Aavishkaar Capital Advisors LLP | - | 0.00% | - | 0.00% | 71,82,603 | 7.00% | - | 0.00% |

**(f) Scheme of Arrangement**

Pursuant to a Scheme of Arrangement ("the Scheme") under section 230 to 232 of the Companies Act, 2013, sanctioned by the National Company Law Tribunal ("NCLT"), Kolkata Bench vide its order dated March 26, 2018 and NCLT, Mumbai Bench vide its order dated March 09, 2018, Intellecash Microfinance Network Company Private Limited ("Transferor Company") merged with Arohan Financial Services Limited ("Transferee Company") with effect from April 01, 2017 ("Appointed Date"). The Scheme came into effect on March 28, 2018, the day on which both the order of the NCLT, Kolkata and Mumbai Bench were delivered to the Registrar of Companies.

The investment held in the Transferee Company by the Transferor Company (18,067,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 56.68 millions). The Transferee Company has issued 2.1344 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 23,970,479 equity shares of ₹ 10 each.

The business combination as explained above has been accounted for using the 'Pooling of interest' method as per Ind AS 103 'Business Combination'. Accordingly,

• All assets, liabilities and reserves (whether capital or revenue arising on revaluation) recorded in the books of account of the Transferor Company have been transferred and recorded in the books of the Transferee Company pursuant to this Scheme, at their existing carrying amounts and in the same form as at the Appointed Date.

• The identity of reserves of the Transferor Company have been preserved when transferred to the Transferee Company and they appear in the financial statements of the Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company. The balance in the Statement of Profit and Loss, General Reserve, Securities Premium Reserve and Reserve Fund have been aggregated with the balances standing in the books of the Transferee Company.

• The investment held in the Transferee Company by the Transferor Company (18,067,494 equity shares of ₹ 10 each) have been cancelled (securities premium adjusted ₹ 56.68 millions). The Transferee Company has issued 2.1344 equity shares for every 1 share held in the Transferor Company to the shareholders of the Transferor Company aggregating to 23,970,479 equity shares of ₹ 10 each.

• The difference between the amount recorded as share capital issued and the amount of share capital of the Transferor Company amounting to ₹ 127.40 millions has been adjusted with the Securities Premium in the financial statements.

**25 Share capital**

**(g) Employee stock option scheme ('ESOP Scheme')**

**(i)** Arohan ESOP Trust ('ESOP Trust') was formed on March 19, 2010 to promote participation of the eligible employees of the Company in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholders' approval in the meeting held on March 15, 2010 and April 27, 2018 (empowering the board to take any further decisions with regard to ESOP schemes), the Board is authorized to issue employee stock options, that are exercisable into not more than 2,175,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme. Employee Stock Option Plan, 2021 has been formulated pursuant to the shareholders' approval in the meeting held on February 08, 2021.

Presently, stock options have been granted or shares have been issued under the following scheme:
A. ESOP 2013 (Revised)
B. ESOP 2017
C. ESOP 2018 (grant 2018)
D. ESOP 2018 (grant 2019)
E. ESOP 2018 (grant 2020)

**(ii) Employee stock option schemes:**

| **Particulars** | **ESOP 2013 (Revised)** | **ESOP 2017** | **ESOP 2018 (grant 2018)** | **ESOP 2018 (grant 2019)** | **ESOP 2018 (grant 2020)** |
|---|---|---|---|---|---|
| Date of Grant | 1 July 2014 | 29 August 2017 | 16 May 18 | 16 May 19 | 04 August 20 |
| Date of Board approval | 29 April 2014 | 19 May 2017 | 27 April 18 | 15 May 19 | 26 June 20 |
| Date of committee meeting where grant of options were approved | 29 April 2014 | 19 May 2017 | 27 April 18 | 18 February 19 | 26 June 20 |
| Date of shareholders' approval | 11 June 14 | 29 August 17 | 15 May 18 | 18 March 19 | 03 August 20 |
| Number of options granted | 2,86,992 | 2,29,280 | 5,97,264 | 7,69,528 | 8,42,858 |
| Method of settlement | Equity | Equity | Equity | Equity | Equity |
| Vesting conditions | 1. Continued employment with the Company on relevant date of vesting<br>2. Board may specify certain performance criteria | 1. Continued employment with the Company on relevant date of vesting<br>2. Board may specify certain performance criteria | 1. Continued employment with the Company on relevant date of vesting<br>2. Board may specify certain performance criteria | 1. Continued employment with the Company on relevant date of vesting<br>2. Board may specify certain performance criteria | 1. Continued employment with the Company on relevant date of vesting<br>2. Board may specify certain performance criteria |
| Vesting period | 12 months from date of grant of option | 12 months from date of grant of option | 36 months from date of grant of option | 36 months from date of grant of option | 36 months from date of grant of option |
| Exercise period | 3 years from the date of vesting. The same has been fully exercised. | 2 years from the date of vesting or Initial Public Offer listing by company, whichever is later | 1 year from the date of vesting or initial Public Offer, whichever is later | **For KMP:** 1 year from the date of vesting or initial Public Offer listing date plus 4 months, whichever is later<br>**For Other than KMP:** 1 year from the date of vesting or initial Public Offer listing date plus 3 months, whichever is later | **For KMP:** 1 year from the date of vesting or initial Public Offer listing date plus 4 months, whichever is later<br>**For Other than KMP:** 1 year from the date of vesting or initial Public Offer listing date plus 3 months, whichever is later |

**(iii) Details of grant and exercise of such options are as follows:**

| **Particulars** | **ESOP 2013 (Revised)** | **ESOP 2017** | **ESOP 2018 (grant 2018)** | **ESOP 2018 (grant 2019)** | **ESOP 2018 (grant 2020)** |
|---|---|---|---|---|---|
| Number of options granted | 2,86,992 | 2,29,280 | 5,97,264 | 7,69,528 | 8,42,858 |
| Outstanding number of options | - | 1,75,280 | 5,43,264 | 7,34,278 | 8,42,858 |

**(iv) The weighted average exercise price and remaining contractual life of the ESOP Scheme are as follows:**

| **Particulars** | **As at September 30, 2020** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018 (Proforma)** |
|---|---|---|---|---|
| **ESOP 2017** | | | | |
| Exercise price | 84.70 | 84.70 | 84.70 | 84.70 |
| Weighted average remaining contractual life (in years) | - | - | - | 0.41 |
| **ESOP 2018 (grant 2018)** | | | | |
| Exercise price | 130.00 | 130.00 | 130.00 | - |
| Weighted average remaining contractual life (in years) | 0.62 | 1.12 | 2.13 | - |
| **ESOP 2018 (grant 2019)** | | | | |
| Exercise price | 162.80 | 162.80 | - | - |
| Weighted average remaining contractual life (in years) | 1.62 | 2.12 | - | - |
| **ESOP 2018 (grant 2020)** | | | | |
| Exercise price | 170.00 | - | - | - |
| Weighted average remaining contractual life (in years) | 2.84 | - | - | - |

**25 Share capital**

**(v) Reconciliation of stock options:**

| Particulars | ESOP 2013 (Revised) | ESOP 2017 | ESOP 2018 (grant 2018) | ESOP 2018 (grant 2019) | ESOP 2018 (grant 2020) |
|---|---|---|---|---|---|
| **Outstanding as at March 31, 2018 (Proforma)** | **49,492** | **2,29,280** | **-** | **-** | **-** |
| Stock option issued during the year | - | - | 5,97,264 | - | - |
| Exercised and vested | 48,492 | 30,000 | - | - | - |
| Forfeited/ lapsed | 1,000 | 24,000 | 54,000 | - | - |
| **Outstanding as at March 31, 2019** | **-** | **1,75,280** | **5,43,264** | **-** | **-** |
| Stock option issued during the year | - | - | - | 7,69,528 | - |
| Exercised and vested | - | - | - | - | - |
| Forfeited/ lapsed | - | | - | 35,250 | - |
| **Outstanding as at March 31, 2020** | **-** | **1,75,280** | **5,43,264** | **7,34,278** | **-** |
| Stock option issued during the year | - | - | - | - | 8,42,858 |
| Exercised and vested | - | - | - | - | - |
| Forfeited/ lapsed | - | - | - | - | - |
| **Outstanding as at September 30, 2020** | **-** | **1,75,280** | **5,43,264** | **7,34,278** | **8,42,858** |

**(vi)** The Company has recognized share based payment expense of ₹ 12.69 millions, ₹ 26.54 millions, ₹ 10.48 millions and ₹ 4.02 millions for the period/years ended September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 (Proforma) respectively, as proportionate cost.

**(vii) Following employees have received a grant in the reporting year of option amounting to 5% or more of total option granted:**

| Name of Employee | Designation | Number of Options granted | | | |
|---|---|---|---|---|---|
| | | ESOP 2017 | ESOP 2018 (grant 2018) | ESOP 2018 (grant 2019) | ESOP 2018 (grant 2020) |
| Mr. Manoj Kumar Narayan Nambiar | Managing Director | - | 1,50,000 | 1,50,000 | 1,37,500 |
| Mr. Milind Ramachandra Nare | Chief Financial Officer | 50,000 | 57,024 | 62,208 | 57,024 |
| Mr. Shirish Chandra Panda | Executive Vice President | - | 49,880 | 46,530 | - |
| Mr. Anirudh Singh G Thakur | Company Secretary | - | 36,300 | 39,600 | 42,300 |
| Mr. Ranjan Das | Chief Risk Officer | - | 24,300 | 36,000 | - |
| Mr. Abin Kumar Mukhopadhyay | Vice President | 24,000 | 32,400 | 36,000 | - |
| Mr. Shailesh Kumar | Vice President | - | 44,800 | 36,000 | - |
| Mr. Harsh Patnaik | Senior Vice President | 17,280 | 34,560 | - | - |
| Mr. Prashant Rai | Vice President | 30,000 | 24,000 | - | - |
| Mr. Arvind Murarka | Vice President | 30,000 | 24,000 | - | - |
| Mr. Joyanta Bakali | Deputy Vice President | 24,000 | 30,000 | - | - |
| Mr. Joji Jacob | Assistant Vice President | - | 36,000 | - | - |

**Note:**

There are no identified employees who were granted options, during any particular year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

**(viii) The fair value of the options granted is determined on the date of the grant using the "Black-Scholes Option Pricing Model" with the following assumptions, as certified by an independent valuer.**

| Particulars | ESOP 2013 (Revised) | ESOP 2017 | ESOP 2018 (grant 2018) | ESOP 2018 (grant 2019) | ESOP 2018 (grant 2020) |
|---|---|---|---|---|---|
| (A) Date of grant of options | 1 July 2014 | 29 August 2017 | 16 May 18 | 16 May 19 | 04 August 20 |
| (B) Fair market value of option on the date of grant (`) | 14.71 | 14.71 | 37.61 | 49.53 | 56.83 |
| (C) Exercise price per option/share (`) | 40.94 | 84.70 | 130.00 | 162.80 | 170.00 |
| (D) Expected volatility (%) | 35.95 | 35.95 | 34.25 | 39.02 | 47.60 |
| (E) Expected forfeiture percentage on each vesting date (%) | - | - | - | - | - |
| (F) Expected option life (weighted average in years) | 1.04 | 1.04 | 2.50 | 2.50 | 2.57 |
| (G) Expected dividends yield (%) | - | - | - | - | - |
| (H) Risk free interest rate (%) | 6.07% | 6.07% | 7.51% | 6.75% | 4.39% |

**26 Other equity**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Securities premium | 5,337.81 | 5,201.81 | 4,001.14 | 2,050.18 |
| Statutory reserves | 680.58 | 680.58 | 426.98 | 202.83 |
| Retained earnings | 3,310.68 | 2,695.07 | 1,723.77 | 677.51 |
| General reserve | 8.03 | 8.03 | 8.03 | 8.03 |
| Share options outstanding account | 52.21 | 39.52 | 12.98 | 4.71 |
| Treasury shares | (352.98) | (208.48) | (208.48) | (9.17) |
| Other comprehensive income | 4.62 | 106.57 | (19.59) | (0.11) |
| | **9,040.95** | **8,523.10** | **5,944.83** | **2,933.98** |
| **Securities premium** | | | | |
| Opening balance | 5,201.81 | 4,001.14 | 2,050.18 | 2,054.67 |
| Add: Premium received on allotment of shares | 136.00 | 1,223.53 | 1,991.76 | 0.48 |
| Add: Transferred from employee stock option account on exercise of stock options | | - | 2.22 | 0.39 |
| Less: Adjustment pursuant to Scheme [refer Note 25(f)] | - | - | - | (5.36) |
| Less: Share issue expenses | | (22.86) | (43.02) | - |
| **Closing balance** | **5,337.81** | **5,201.81** | **4,001.14** | **2,050.18** |
| **Statutory reserves** | | | | |
| Opening balance | 680.58 | 426.98 | 202.83 | 132.23 |
| Add: Transferred during the period/year | - | 253.60 | 224.15 | 59.33 |
| Add: Adjustment pursuant to Scheme [refer Note 25(f)] | - | - | - | 11.27 |
| **Closing balance** | **680.58** | **680.58** | **426.98** | **202.83** |
| **Retained earnings** | | | | |
| Opening balance | 2,695.07 | 1,723.77 | 679.07 | 402.39 |
| Add: Profit for the period/year | 625.64 | 1,268.01 | 1,276.40 | 309.75 |
| Add: Items of other comprehensive income recognised in retained earnings (net of taxes) | (10.03) | (43.11) | (7.55) | (3.46) |
| Add: Adjustment pursuant to Scheme [refer Note 25(f)] | - | - | - | 28.16 |
| Less: Transfer to statutory reserve | - | (253.60) | (224.15) | (59.33) |
| **Closing balance** | **3,310.68** | **2,695.07** | **1,723.77** | **677.51** |
| **General reserve** | | | | |
| Opening balance | 8.03 | 8.03 | 8.03 | 8.03 |
| Add: Transferred during the period/year | - | - | - | - |
| **Closing balance** | **8.03** | **8.03** | **8.03** | **8.03** |
| **Share options outstanding account** | | | | |
| Opening balance | 39.52 | 12.98 | 4.71 | 1.08 |
| Add: Share based payment to employees | 12.69 | 26.54 | 10.49 | 4.21 |
| Less: Transferred to securities premium on exercise of options | - | - | (2.22) | (0.39) |
| Less : Deferred stock compensation expense | - | - | - | (0.19) |
| **Closing balance** | **52.21** | **39.52** | **12.98** | **4.71** |
| **Treasury shares** | | | | |
| Opening balance | (208.48) | (208.48) | (9.17) | (9.70) |
| Add: Share based payment to employees | (144.50) | - | 0.79 | 0.53 |
| Less: Issue of shares to ESOP Trust | - | - | (200.10) | - |
| **Closing balance** | **(352.98)** | **(208.48)** | **(208.48)** | **(9.17)** |
| **Other comprehensive income** | | | | |
| Opening balance | 106.57 | (19.59) | (0.11) | (0.10) |
| Add: Fair valuation of equity instruments (net of taxes) | - | (0.25) | - | (0.01) |
| Add: Fair valuation of financial assets (net of taxes) | (101.95) | 126.41 | (19.48) | - |
| **Closing balance** | **4.62** | **106.57** | **(19.59)** | **(0.11)** |

**Nature and purpose of reserves:**

**Securities premium**

The securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provision of the Companies Act 2013.

**Statutory reserves**

This reserve is created as per the provision of section 45(IC) of the Reserve Bank of India ('RBI) Act, 1934. An amount equal to 20% of profits after tax is transferred to this reserve every year. This is a restricted reserve and any appropriation from this reserve can only be made after prior approval from RBI.

**Retained earnings**

The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety. Retained earnings is a free reserve, retained from company's profits to meet future obligations.

**General reserves**

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

**Share options outstanding account**

The reserve is used to recognised the fair value of the options issued to the employees of the Company under its stock option plan.

**Treasury shares**

The Company has created ESOP trust for providing ESOP to its employees. The Company treats ESOP trust as its extension and share held by ESOP trust are treated as treasury shares. Own equity instrument that are re-acquired (treasury shares) are recognised at cost and deducted from equity.

**Other comprehensive income**

This represents the cumulative gains and losses arising on the fair valuation of equity instruments measured at fair value through other comprehensive income and the cumulative gains and losses arising on the fair valuation of loan assets classified under business model of hold and hold to collect and sell.

**Arohan Financial Services Limited**

**Annexure 5 - Notes to Restated Financial Information**

**27 Interest income**

*(Amounts in ₹ millions)*

| | Six months period ended September 30, 2020 | | | Year ended March 31, 2020 | | | Year ended March 31, 2019 | | | Year ended March 31, 2018 (Proforma) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***On financial assets measured at*** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** |
| Interest on loan portfolio | 55.30 | 4,810.40 | 4,865.70 | 6,216.40 | 2,256.24 | 8,472.64 | 3,748.78 | 1,972.09 | 5,720.87 | - | 3,072.14 | 3,072.14 |
| Interest income of investments | - | - | - | - | - | - | - | 9.43 | 9.43 | - | - | - |
| Interest on deposits with banks [refer Note (a) below] | - | 47.44 | 47.44 | - | 65.50 | 65.50 | - | 39.72 | 39.72 | - | 24.65 | 24.65 |
| Interest income on unwinding of assigned portfolio | - | - | - | - | 74.89 | 74.89 | - | 77.11 | 77.11 | - | - | - |
| Other interest Income | - | 0.64 | 0.64 | - | 1.60 | 1.60 | - | 1.25 | 1.25 | - | - | - |
| | **55.30** | **4,858.48** | **4,913.78** | **6,216.40** | **2,398.23** | **8,614.63** | **3,748.78** | **2,099.60** | **5,848.38** | **-** | **3,096.79** | **3,096.79** |

**Note:**

(a) Represents interest on margin money deposits placed to avail term loan from banks and financial institutions.

**28 Fees and commission income**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Income from cross sell business | 41.38 | 134.49 | 72.98 | 55.43 |
| Income from partnership business | 0.49 | 17.34 | 50.46 | 55.22 |
| Income from insurance business | 0.01 | 100.69 | 75.00 | 18.62 |
| | **41.88** | **252.52** | **198.44** | **129.27** |

**29 Net gain on derecognition of financial instruments**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Gain on sale of loan portfolio through assignment | - | 332.48 | 426.96 | - |
| | **-** | **332.48** | **426.96** | **-** |

**30 Other operating income**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Others | 4.22 | 18.37 | 14.84 | 4.63 |
| | **4.22** | **18.37** | **14.84** | **4.63** |

**31 Other income**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Interest income on deposits with banks | 113.57 | 123.42 | 21.30 | 18.84 |
| Income from grant | - | - | 0.89 | 5.09 |
| Gain on foreign exchange fluctuation | - | - | 0.02 | - |
| Miscellaneous income | 0.48 | 3.64 | 5.10 | 24.09 |
| | **114.05** | **127.06** | **27.31** | **48.02** |

**32 Finance costs**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| ***(Measured at amortised cost)*** | | | | |
| Interest on debt securities | 99.93 | 33.25 | 137.10 | 182.33 |
| Interest on borrowings (other than debt securities) | 2,090.80 | 3,396.57 | 2,128.04 | 749.60 |
| Interest on subordinated liabilities | 142.90 | 269.36 | 234.93 | 287.36 |
| Other interest expenses | 42.79 | 122.83 | 47.78 | 21.97 |
| | **2,376.42** | **3,822.01** | **2,547.85** | **1,241.26** |

**33 Impairment on financial instruments**

*(Amounts in ₹ millions)*

| | Six months period ended September 30, 2020 | | | Year ended March 31, 2020 | | | Year ended March 31, 2019 | | | Year ended March 31, 2018 (Proforma) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***On financial assets measured at*** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** | **Fair value through OCI** | **Amortised cost** | **Total** |
| Impairment on loans including assigned portfolio | 0.01 | 572.07 | 572.08 | 481.18 | 851.64 | 1,332.82 | 80.56 | 73.22 | 153.78 | - | 143.73 | 143.73 |
| Bad debt written off | - | 61.39 | 61.39 | - | 225.97 | 225.97 | - | 214.65 | 214.65 | - | 339.62 | 339.62 |
| | **0.01** | **633.46** | **633.47** | **481.18** | **1,077.61** | **1,558.79** | **80.56** | **287.87** | **368.43** | **-** | **483.35** | **483.35** |

**34 Employee benefits expenses**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Salaries and wages | 832.65 | 1,378.44 | 1,055.49 | 615.50 |
| Contribution to provident and other funds | 71.68 | 107.83 | 56.90 | 50.61 |
| Share based payments to employees | 12.69 | 26.54 | 10.48 | 4.02 |
| Staff welfare expenses | 21.91 | 57.27 | 49.71 | 18.18 |
| | **938.93** | **1,570.08** | **1,172.58** | **688.31** |

**35 Depreciation and amortisation**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Depreciation on property, plant and equipment | 13.00 | 27.20 | 25.89 | 15.40 |
| Depreciation of right of use assets | 10.79 | 21.11 | 11.76 | 9.75 |
| Amortisation of intangible assets | 10.17 | 18.65 | 15.07 | 15.12 |
| | **33.96** | **66.96** | **52.72** | **40.27** |

**36 Other expenses**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Rent (Refer Note 45) | 52.97 | 103.31 | 83.28 | 46.78 |
| Repairs and maintenance | 35.20 | 50.64 | 40.62 | 17.80 |
| Insurance | 14.78 | 26.12 | 16.38 | 10.18 |
| Power and fuel | 4.81 | 8.93 | 10.58 | 6.68 |
| Rates and taxes | 1.36 | 11.33 | 53.37 | 18.85 |
| Office expenses | 4.33 | 20.26 | 16.71 | 15.80 |
| Membership and subscription | 3.36 | 6.40 | 4.84 | 5.53 |
| Office maintenance | 8.79 | 11.12 | 20.83 | 12.21 |
| Printing and stationery | 9.91 | 23.23 | 23.92 | 13.97 |
| Legal and professional expenses | 36.95 | 161.45 | 137.21 | 74.99 |
| Director's commission (Refer Note 51) | 5.45 | 7.44 | 10.00 | - |
| Recruitment and induction expenses | 3.01 | 16.14 | 21.60 | 13.65 |
| Communication expenses | 4.48 | 8.77 | 10.08 | 15.22 |
| Travelling and conveyance | 70.38 | 167.28 | 137.33 | 86.73 |
| Payment to auditors [Refer Note (a) below] | 2.59 | 4.50 | 4.31 | 3.20 |
| Corporate social responsibility expenses (Refer Note 42) | 10.56 | 15.98 | 7.97 | 6.15 |
| Miscellaneous expenses | 7.12 | 8.46 | 3.95 | 3.47 |
| | **276.05** | **651.36** | **602.98** | **351.21** |

**Note:**

**(a) Payments to auditors (excluding applicable taxes)**

| | | | | |
|---|---|---|---|---|
| Statutory audit including limited review | 2.49 | 3.50 | 2.75 | 2.75 |
| Tax audit (other than statutory auditors) | - | 0.13 | 0.13 | 0.10 |
| **In other capacity** | | | | |
| Other services (*) | 0.06 | 0.43 | 1.13 | 0.19 |
| Reimbursement of expenses | 0.04 | 0.44 | 0.30 | 0.16 |
| | **2.59** | **4.50** | **4.31** | **3.20** |

(*) ₹ 0.13 millions for the year ended March 31, 2019 paid to other auditors.

**37 Tax expenses**

*(Amounts in ₹ millions)*

| | Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| **(a)** | **Income tax recognised in the Statement of profit and loss** | | | | |
| | Current tax | 333.28 | 752.08 | 458.52 | 202.60 |
| | Deferred tax expense/(credit) | (143.82) | (344.23) | 46.99 | (37.04) |
| | Excess tax provisions written back | - | - | (10.54) | (1.00) |
| | | **189.46** | **407.85** | **494.97** | **164.56** |
| **(b)** | **Reconciliation of income tax expense and the accounting profit for the year** | | | | |
| | **Profit before tax** | **815.10** | **1,675.86** | **1,771.37** | **474.31** |
| | Enacted tax rates (%) | 25.17% | 25.17% | 29.12% | 34.61% |
| | Income tax expense calculated at corporate tax rate | 205.16 | 421.81 | 515.82 | 164.15 |
| | Reconciliation items | | | | |
| | Excess tax provisions written back | - | - | (10.54) | (1.00) |
| | Impact due to change in enacted tax rate | - | 10.20 | 7.83 | (0.33) |
| | Tax impact of expenses not deductible | 2.66 | 4.01 | 2.69 | - |
| | Impact due to deductions claimed under Income-tax Act | (11.22) | (22.43) | (11.64) | 2.13 |
| | Others | (7.14) | (5.74) | (9.19) | (0.39) |
| | | **189.46** | **407.85** | **494.97** | **164.56** |

**38 Earnings per equity shares (EPS)**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Net profit attributable to equity shareholders** | **625.64** | **1,268.01** | **1,276.40** | **309.75** |
| Nominal value of equity shares (₹ ) | 10.00 | 10.00 | 10.00 | 10.00 |
| Weighted average number of equity shares for basic earnings per share | 10,87,56,450 | 10,50,16,495 | 9,08,47,057 | 8,81,19,839 |
| Add: Dilutive effect of potential equity shares issued as employee stock options | 2,46,875 | 2,46,875 | 1,93,541 | 25,570 |
| Weighted average number of equity shares for diluted earnings per share | 10,90,03,325 | 10,52,63,370 | 9,10,40,598 | 8,81,45,409 |
| **Earnings per equity share** | | | | |
| Basic (₹ ) | 5.75 | 12.07 | 14.05 | 3.52 |
| Diluted (₹ ) | 5.74 | 12.05 | 14.02 | 3.51 |

**39 Employee benefits**

The Company has adopted Ind AS - 19 on 'Employee Benefits' as under:

**(a) Defined contribution plans**

**Provident and other funds**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Employers contribution to provident and other fund | 71.68 | 107.83 | 56.90 | 50.61 |

**(b) Defined benefit plans**

**Gratuity**

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the scheme is managed by Life Insurance Corporation of India ('LIC'). The liability of gratuity is recognized on the basis of actuarial valuation.

**Risks associated with plan provisions**

| | |
|---|---|
| Salary increases | Actual salary increases will result in increase in the Plan's liability. Increase in salary rate assumption in future valuations will also increase the liability. |
| Investment risk | If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability. |
| Discount rate | Reduction in discount rate in subsequent valuations can increase the plan's liability. |
| Mortality & disability | Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities. |
| Withdrawals | Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability. |

**(i) Amount recognised in the balance sheet is as under:**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Present value of obligation | 123.73 | 99.91 | 34.99 | 19.67 |
| Fair value of plan assets | 41.47 | 20.94 | 12.12 | 1.41 |
| **Net obligation recognised in balance sheet as provision** | **82.26** | **78.97** | **22.87** | **18.26** |

**(ii) Amount recognised in the statement of profit and loss is as under:**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Current service cost | 9.20 | 6.84 | 4.00 | 3.15 |
| Net interest cost on defined benefit obligation | 2.18 | 1.32 | 0.92 | 0.62 |
| **Net impact on profit before tax** | **11.38** | **8.16** | **4.92** | **3.77** |

**Amount recognised in other comprehensive income:**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Actuarial loss recognised during the period/years | 13.41 | 57.61 | 11.61 | 5.31 |

**(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet is as under:**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Present value of defined benefit obligation as at the beginning of the period/years** | **99.91** | **34.99** | **19.67** | **13.06** |
| Current service cost | 9.20 | 6.84 | 4.00 | 3.15 |
| Interest cost | 3.18 | 2.48 | 1.40 | 0.84 |
| Benefits paid | (1.97) | (2.01) | (1.69) | (2.69) |
| Actuarial (gain)/loss on obligation | | | | |
| Actuarial (gain)/loss on arising from change in financial assumption | 3.94 | 40.87 | 0.42 | (0.51) |
| Actuarial (gain)/loss on arising from experience adjustment | 9.47 | 16.74 | 11.19 | 5.82 |
| **Present value of defined benefit obligation as at the end of the period/years** | **123.73** | **99.91** | **34.99** | **19.67** |

**39 Employee benefits**

**(iv) Major categories of plan assets (as percentage of total plan assets):**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Funds managed by LIC of India | 100% | 100% | 100% | 100% |

**(v) Movement in the plan assets recognised in the balance sheet is as under:**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Fair value of plan assets at beginning of the period/years** | **20.94** | **12.12** | **1.42** | **3.38** |
| Actual return on plan assets | 1.00 | 1.16 | 0.48 | 0.22 |
| Employer's contribution | 21.50 | 9.67 | 11.91 | 0.50 |
| Benefits paid | (1.97) | (2.01) | (1.69) | (2.69) |
| **Fair value of plan assets at the end of the period/years** | **41.47** | **20.94** | **12.12** | **1.41** |

**(vi) Actuarial assumptions**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Discounting rate | 6.20% | 6.40% | 7.30% | 7.40% |
| Future salary increase | 8.00% | 8.00% | 5.00% | 5.00% |
| Retirement age (years) | 60 | 60 | 60 | 60 |
| Withdrawal rate | | | | |
| upto 5 years of service | 52.00% | 52.00% | 52.00% | 52.00% |
| More than 5 years of service | 1.00% | 1.00% | 1.00% | 1.00% |
| Weighted average duration | 17 Years | 16 years | 12 years | 14 years |

Mortality rates as per Indian Assured Life Mortality (2006-08) ultimate

Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age. To provide for these eventualities, the Actuary has used Indian Assured Lives Mortality (2006-08) Ultimate table.

**(vii) Sensitivity analysis for gratuity liability**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Impact of the change in discount rate** | | | | |
| Present value of obligation at the end of the year | | | | |
| - Impact due to increase of 1 % | (17.96) | (13.87) | (3.80) | (2.38) |
| - Impact due to decrease of 1 % | 22.76 | 17.50 | 4.68 | 2.94 |
| **Impact of the change in salary increase** | | | | |
| Present value of obligation at the end of the year | | | | |
| - Impact due to increase of 1 % | 22.11 | 17.04 | 4.75 | 2.98 |
| - Impact due to decrease of 1 % | (17.85) | (13.81) | (3.91) | (2.46) |

Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these is not calculated.

Sensitivities as to rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable.

**(viii) Maturity profile of defined benefit obligation (discounted)**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| 0 to 1 year | 12.52 | 10.95 | 3.90 | 1.07 |
| 1 to 2 year | 9.24 | 8.25 | 5.57 | 2.14 |
| 2 to 3 year | 7.59 | 6.00 | 4.32 | 2.92 |
| 3 to 4 year | 7.56 | 6.99 | 3.25 | 2.42 |
| 4 to 5 year | 6.77 | 5.23 | 3.92 | 2.01 |
| 5 year onwards | 33.08 | 28.62 | 17.96 | 12.18 |
| **Total** | **76.76** | **66.04** | **38.92** | **22.74** |

**40 Terms of repayment of debt securities, other borrowings and subordinated liabilities are as follows:**
**As at September 30, 2020**

*(Amounts in ₹ millions)*

| Repayment | Interest rate range | Due within 1 year | | Due within 1 to 2 years | | Due within 2 to 3 years | | Due within 3 to 4 years | | Due after 4 years | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| Monthly | Up to 9% | 22 | 1,173.40 | 1 | 20.40 | - | - | - | - | - | - | 1,193.80 |
| | 9% to 12% | 429 | 8,554.71 | 202 | 4,355.80 | 43 | 1,065.19 | - | - | - | - | 13,975.70 |
| | 12% to 15% | 35 | 919.58 | 5 | 208.33 | - | - | - | - | - | - | 1,127.91 |
| Quarterly | Up to 9% | 10 | 1,616.66 | 3 | 131.90 | - | - | - | - | - | - | 1,748.56 |
| | 9% to 12% | 160 | 8,919.26 | 59 | 5,017.38 | 14 | 620.50 | - | - | - | - | 14,557.14 |
| Semi-annually | 9% to 12% | 12 | 1,670.45 | 10 | 1,066.70 | 6 | 273.35 | 2 | 150.00 | - | - | 3,160.50 |
| | 9% to 12% | 1 | 83.00 | 1 | 83.00 | 2 | 334.00 | - | - | - | - | 500.00 |
| Bullet | Up to 9% | 11 | 333.33 | 12 | 363.64 | 10 | 303.03 | - | - | - | - | 1,000.00 |
| | 9% to 12% | 31 | 2,404.09 | 14 | 3,290.91 | 1 | 250.00 | 2 | 1,240.00 | - | - | 7,185.00 |
| | 12% to 15% | - | - | 1 | 100.00 | - | - | - | - | 4 | 1,750.00 | 1,850.00 |
| On demand | Variable | - | 157.29 | - | - | - | - | - | - | - | - | 157.29 |
| **Total** | | **711** | **25,831.77** | **308** | **14,638.06** | **76** | **2,846.07** | **4** | **1,390.00** | **4** | **1,750.00** | **46,455.90** |

**As at March 31, 2020**

*(Amounts in ₹ millions)*

| Repayment | Interest rate range | Due within 1 year | | Due within 1 to 2 years | | Due within 2 to 3 years | | Due within 3 to 4 years | | Due after 4 years | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| | Up to 9% | 21 | 388.40 | 7 | 144.60 | - | - | - | - | - | - | 533.00 |
| Monthly | 9% to 12% | 425 | 7,665.88 | 250 | 5,111.27 | 80 | 1,905.86 | 4 | 27.38 | - | - | 14,710.39 |
| | 12% to 15% | 12 | 500.00 | 11 | 458.33 | - | - | - | - | - | - | 958.33 |
| Quarterly | 9% to 12% | 190 | 9,606.11 | 87 | 4,492.09 | 25 | 1,370.76 | 1 | 16.67 | - | - | 15,485.63 |
| Semi-annually | 9% to 12% | 12 | 1,797.10 | 12 | 1,336.69 | 8 | 671.70 | 3 | 200.00 | 1 | 75.00 | 4,080.49 |
| Bullet | 9% to 12% | 14 | 2,012.50 | 1 | 320.00 | - | - | 2 | 1,240.00 | - | - | 3,572.50 |
| | 12% to 15% | - | - | - | - | 1 | 100.00 | - | - | 4 | 1,750.00 | 1,850.00 |
| On demand | Variable | - | 595.39 | - | - | - | | - | - | - | - | 595.39 |
| Monthly (*) | 14% | 8 | 66.67 | - | - | - | | - | - | - | - | 66.67 |
| **Total** | | **682** | **22,632.05** | **368** | **11,862.98** | **114** | **4,048.32** | **10** | **1,484.05** | **5** | **1,825.00** | **41,852.40** |

**40 Terms of repayment of debt securities, other borrowings and subordinated liabilities are as follows:**
**As at March 31, 2019**

*(Amounts in ₹ millions)*

| Repayment | Interest rate range | Due within 1 year | | Due within 1 to 2 years | | Due within 2 to 3 years | | Due within 3 to 4 years | | Due after 4 years | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| Monthly | Up to 9% | 22 | 387.00 | 21 | 388.40 | 7 | 144.60 | - | - | - | - | 920.00 |
| | 9% to 12% | 360 | 4,975.64 | 144 | 2,284.26 | 11 | 152.78 | - | - | - | - | 7,412.68 |
| | 12% to 15% | 41 | 774.31 | 23 | 712.63 | 11 | 458.33 | - | - | - | - | 1,945.27 |
| | Above 15% | 1 | 0.45 | - | - | - | - | - | - | - | - | 0.45 |
| Quarterly | 9% to 12% | 160 | 6,786.41 | 89 | 3,837.99 | 6 | 344.02 | - | - | - | - | 10,968.42 |
| Semi-annually | 9% to 12% | 10 | 1,070.00 | 10 | 897.10 | 10 | 436.70 | 6 | 146.70 | 1 | 50.00 | 2,600.50 |
| Bullet | 9% to 12% | 16 | 1,837.50 | - | - | - | - | - | - | 2 | 1,240.00 | 3,077.50 |
| | 12% to 15% | - | - | 1 | 260.00 | - | - | 1 | 100.00 | 3 | 1,500.00 | 1,860.00 |
| On demand | Variable | - | 752.57 | - | - | - | - | - | - | - | - | 752.57 |
| Monthly (*) | 14% | 12 | 499.45 | 8 | 66.66 | - | - | - | - | - | - | 566.11 |
| **Total** | | **622** | **17,083.33** | **296** | **8,447.04** | **45** | **1,536.43** | **7** | **246.70** | **6** | **2,790.00** | **30,103.50** |

**As at March 31, 2018 (Proforma)**

*(Amounts in ₹ millions)*

| Repayment | Interest rate range | Due within 1 year | | Due within 1 to 2 years | | Due within 2 to 3 years | | Due within 3 to 4 years | | Due after 4 years | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | No. of installments | Amount | |
| Monthly | Up to 9% | 23 | 184.58 | 12 | 180.00 | 9 | 140.00 | - | - | - | - | 504.58 |
| | 9% to 12% | 479 | 3,243.12 | 255 | 2,080.57 | 51 | 457.61 | 3 | 32.78 | - | - | 5,814.08 |
| | 12% to 15% | 114 | 487.98 | 10 | 60.64 | - | - | - | - | - | - | 548.62 |
| | Above 15% | 71 | 44.31 | 1 | 0.39 | - | - | - | - | - | - | 44.70 |
| Quarterly | 9% to 12% | 204 | 3,406.45 | 258 | 2,215.02 | 149 | 355.00 | - | - | - | - | 5,976.47 |
| Semi-annually | 9% to 12% | 8 | 600.00 | 8 | 470.00 | 8 | 297.10 | 8 | 86.64 | 4 | 46.70 | 1,500.44 |
| | 12% to 15% | 1 | 0.02 | - | - | - | - | - | - | - | - | 0.02 |
| Annually | 12% to 15% | 1 | 75.00 | - | - | - | - | - | - | - | - | 75.00 |
| Bullet | 9% to 12% | 12 | 1,050.00 | 1 | 350.00 | - | - | - | - | 1 | 250.00 | 1,650.00 |
| | 12% to 15% | - | - | - | - | 2 | 460.00 | 1 | 330.00 | 3 | 1,250.00 | 2,040.00 |
| On demand | Variable | - | 496.72 | - | - | - | - | - | - | - | - | 496.72 |
| **Total** | | **913** | **9,588.18** | **545** | **5,356.62** | **219** | **1,709.71** | **12** | **449.42** | **8** | **1,546.70** | **18,650.63** |

**Notes:**

All the above repayments disclosed as per the contractual maturities of debt securities, borrowings other than debts securities and subordinate liabilities as gross carrying value.

There have been no defaults in repayment of debentures or any installments of term loan taken from banks and others.

**41 Disclosures related to foreign currency income and expenses**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **(a) Earnings in foreign currency (on accrual basis)** | | | | |
| Grant income | - | - | 0.35 | 5.09 |
| Sale of accumulated carbon credit | 1.05 | 0.49 | - | - |
| | **1.05** | **0.49** | **0.35** | **5.09** |
| **(b) Expenditure in foreign currency (on accrual basis)** | | | | |
| Other borrowing costs | - | - | 3.81 | - |
| Professional fees | 0.51 | 0.13 | - | - |
| | **0.51** | **0.13** | **3.81** | **-** |

**42 Disclosure in respect of Corporate Social Responsibility (CSR) under section 135 of the Act and Rules thereon**

A CSR committee has been formed by the Company as prescribed under section 135 of the Act. CSR expenses have been incurred throughout the year on the activities as specified in schedule VII of the Act.

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| (a) Gross amount required to be spent during the period/year | 12.21 | 15.98 | 7.97 | 6.15 |
| (b) Amount spent during the period/years on purposes other than construction/acquisition of any asset | | | | |
| Already spend | 10.56 | 15.98 | 7.97 | 6.15 |
| Yet to be spend | 1.65 | - | - | - |
| | **12.21** | **15.98** | **7.97** | **6.15** |

**43 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of providing financial services to customers in India. Further, the Company is operating in India which is considered as a single geographical segment.

**44 Contingent liabilities and commitments**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Contingent liabilities** | | | | |
| Demand for income tax received from income tax authorities in respect of which the Company has gone for appeal. Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company | 3.82 | 3.82 | 2.91 | 9.62 |
| Corporate guarantee provided to a Bank towards partnership agreement | 7.50 | 7.50 | 7.50 | 7.50 |
| Corporate guarantee in the form of credit enhancement provided towards securitisation | - | 131.17 | 131.17 | - |
| | **11.32** | **142.49** | **141.58** | **17.12** |
| **Capital commitment** | | | | |
| Capital commitment for purchase/ development of tangible and intangible asset (net of advances) | 19.77 | 1.38 | 1.64 | 9.73 |

**45 Lease related disclosures**

**(a) Company as a lessee**

The Company has adopted Ind AS 116 effective April 01, 2018 (i.e. date of transition to Ind AS), using the modified retrospective method to all lease contracts existing as at April 01, 2019. This has resulted in recognising right-of-use asset of ₹ 63.24 millions and a corresponding lease liability of ₹ 68.71 millions as at 30, September 2020. Total cash outflow for leases for the period/years ended September 30, 2020, March 31, 2020, March 31, 2019 and March 31, 2018 were ₹ 13.64 millions, ₹ 26.15 millions, ₹ 14.25 millions and ₹ 12.11 millions respectively.

**(b) The table below describes the nature of Company's leasing activities by type of right-of-assets recognised on balance sheet:**

**As at September 30, 2020**

| Right of use assets | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Office premises | 9 | 4 months to 89 months | 28 months | 9 | - | - |
| Furniture | 3 | 105 months | 105 months | 3 | - | - |

**As at March 31, 2020**

| Right of use assets | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Office premises | 9 | 10 months to 95 months | 34 months | 9 | - | - |
| Furniture | 3 | 111 months | 111 months | 3 | - | - |

**As at March 31, 2019**

| Right of use assets | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Office premises | 8 | 8 months to 107 months | 43 months | 8 | - | - |
| Furniture | 2 | 58 months to 75 months | 67 months | 2 | - | - |

**As at March 31, 2018 (Proforma)**

| Right of use assets | Number of leases | Range of remaining term | Average remaining lease term | Number of leases with extension option | Number of leases with purchase option | Number of leases with termination option |
|---|---|---|---|---|---|---|
| Office premises | 3 | 20 months to 54 months | 40 months | 3 | - | - |
| Furniture | 2 | 70 months to 87 months | 79 months | 2 | - | - |

**(c) Lease payments, not recognised as a liability**

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability is as follows:

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Rent | 52.97 | 103.31 | 83.28 | 46.78 |

**(d) Total future lease payments relating to underlying leases are as follows:**

| Particulars | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | As at September 30, 2020 |
|---|---|---|---|---|---|---|---|
| Lease payments | 24.89 | 17.30 | 9.15 | 8.06 | 7.55 | 26.15 | **93.10** |
| Less: Finance cost | 6.25 | 4.49 | 3.65 | 3.08 | 2.58 | 4.34 | **24.39** |
| **Net present values** | **18.64** | **12.81** | **5.50** | **4.98** | **4.97** | **21.81** | **68.71** |

| Particulars | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | As at March 31, 2020 |
|---|---|---|---|---|---|---|---|
| Lease payments | 26.69 | 22.82 | 10.86 | 8.92 | 7.51 | 29.94 | **106.74** |
| Less: Finance cost | 7.24 | 5.31 | 3.97 | 3.36 | 2.83 | 5.56 | **28.27** |
| **Net present values** | **19.45** | **17.51** | **6.89** | **5.56** | **4.68** | **24.38** | **78.47** |

| Particulars | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | As at March 31, 2019 |
|---|---|---|---|---|---|---|---|
| Lease payments | 22.11 | 20.59 | 16.75 | 8.27 | 6.64 | 10.56 | **84.92** |
| Less: Finance cost | 6.16 | 4.50 | 2.93 | 1.83 | 1.22 | 1.66 | **18.30** |
| **Net present values** | **15.95** | **16.09** | **13.82** | **6.44** | **5.42** | **8.90** | **66.62** |

| Particulars | Within 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | More than 5 years | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|---|---|
| Lease payments | 12.97 | 12.49 | 10.73 | 7.55 | 4.83 | 5.99 | **54.56** |
| Less: Finance cost | 4.05 | 3.07 | 2.11 | 1.35 | 0.77 | 0.60 | **11.95** |
| **Net present values** | **8.92** | **9.42** | **8.62** | **6.20** | **4.06** | **5.39** | **42.61** |

**(e)** The Company has leases for office building and furnitures. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right of use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and other premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company is required to pay maintenance fees in accordance with the lease contracts.

**(f)** On transition to Ind AS 116 the weighted average incremental borrowing rate applied to lease liabilities recognised was 11%.

**46 Financial Instruments - fair value measurements**

**(A) Financial assets and liabilities**

The following tables shows the carrying amount of the financial assets and financial liabilities

**As at September 30, 2020** *(Amounts in ₹ millions)*

| Particulars | Note | FVTPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|---|
| *Financial Assets:* | | | | | |
| Cash and cash equivalents | 6 | - | - | 11,476.28 | 11,476.28 |
| Other bank balances | 7 | - | - | 1,817.45 | 1,817.45 |
| Trade receivables | 8 | - | - | 16.85 | 16.85 |
| Loans | 9 | - | 679.41 | 43,183.42 | 43,862.83 |
| Other financial assets | 11 | - | - | 133.11 | 133.11 |
| **Total** | | **-** | **679.41** | **56,627.11** | **57,306.52** |
| *Financial Liabilities:* | | | | | |
| Debt securities | 18 | - | - | 6,578.71 | 6,578.71 |
| Borrowings (other than debt securities) | 19 | - | - | 37,977.05 | 37,977.05 |
| Subordinated liabilities | 20 | - | - | 2,138.04 | 2,138.04 |
| Others financial liabilities | 21 | - | - | 720.21 | 720.21 |
| **Total** | | **-** | **-** | **47,414.01** | **47,414.01** |

**As at March 31, 2020** *(Amounts in ₹ millions)*

| Particulars | Note | FVTPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|---|
| *Financial Assets:* | | | | | |
| Cash and cash equivalents | 6 | - | - | 6,885.83 | 6,885.83 |
| Other bank balances | 7 | - | - | 1,516.56 | 1,516.56 |
| Trade receivables | 8 | - | - | 53.20 | 53.20 |
| Loans | 9 | - | 41,166.27 | 2,305.64 | 43,471.91 |
| Other financial assets | 11 | | | 212.26 | 212.26 |
| **Total** | | **-** | **41,166.27** | **10,973.49** | **52,139.76** |
| *Financial Liabilities:* | | | | | |
| Borrowings (other than debt securities) | 19 | - | - | 39,834.10 | 39,834.10 |
| Subordinated liabilities | 20 | - | - | 2,097.03 | 2,097.03 |
| Others financial liabilities | 21 | - | - | 903.18 | 903.18 |
| **Total** | | **-** | **-** | **42,834.31** | **42,834.31** |

**As at March 31, 2019** *(Amounts in ₹ millions)*

| Particulars | Note | FVTPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|---|
| *Financial Assets:* | | | | | |
| Cash and cash equivalents | 6 | - | - | 1,740.06 | 1,740.06 |
| Other bank balances | 7 | - | - | 881.88 | 881.88 |
| Trade receivables | 8 | - | - | 56.63 | 56.63 |
| Loans | 9 | - | 30,798.79 | 4,353.37 | 35,152.16 |
| Investments | 10 | - | 0.33 | - | 0.33 |
| Other financial assets | 11 | - | - | 361.32 | 361.32 |
| **Total** | | **-** | **30,799.12** | **7,393.26** | **38,192.38** |
| *Financial Liabilities:* | | | | | |
| Debt securities | 18 | - | - | 624.59 | 624.59 |
| Borrowings (other than debt securities) | 19 | - | - | 27,758.78 | 27,758.78 |
| Subordinated liabilities | 20 | - | - | 1,851.52 | 1,851.52 |
| Others financial liabilities | 21 | - | - | 1,042.65 | 1,042.65 |
| **Total** | | **-** | **-** | **31,277.54** | **31,277.54** |

**As at March 31, 2018 (Proforma)** *(Amounts in ₹ millions)*

| Particulars | Note | FVTPL | FVOCI | Amortised cost | Total |
|---|---|---|---|---|---|
| *Financial Assets:* | | | | | |
| Cash and cash equivalents | 6 | - | - | 1,587.81 | 1,587.81 |
| Other bank balances | 7 | - | - | 658.33 | 658.33 |
| Trade receivables | 8 | - | - | 21.92 | 21.92 |
| Loans | 9 | - | | 20,384.55 | 20,384.55 |
| Investments | 10 | 0.19 | 0.33 | - | 0.52 |
| Other financial assets | 11 | - | - | 103.04 | 103.04 |
| **Total** | | **0.19** | **0.33** | **22,755.65** | **22,756.17** |
| *Financial Liabilities:* | | | | | |
| Debt securities | 18 | - | - | 1,169.46 | 1,169.46 |
| Borrowings (other than debt securities) | 19 | - | - | 16,034.11 | 16,034.11 |
| Subordinated liabilities | 20 | - | - | 1,497.60 | 1,497.60 |
| Others financial liabilities | 21 | - | - | 381.86 | 381.86 |
| **Total** | | **-** | **-** | **19,083.03** | **19,083.03** |

**(B) Fair value hierarchy**

Financial assets and financial liabilities are measured at fair value in the Restated Financial Information and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1**: Quoted prices (unadjusted) for identical instruments in an active market.

**Level 2**: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 input; and

**Level 3**: inputs that are not based on observable market data (unobservable inputs).

**46 Financial Instruments - fair value measurements**

**(C) Financial assets and liabilities measured at fair value - recurring fair value measurements**

*(Amounts in ₹ millions)*

| **As at September 30, 2020** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial Assets: | | | |
| Loans at fair value through other comprehensive income | - | 679.41 | - |
| **Total** | **-** | **679.41** | **-** |

*(Amounts in ₹ millions)*

| **As at March 31, 2020** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial Assets: | | | |
| Loans at fair value through other comprehensive income | - | 41,166.27 | - |
| **Total** | **-** | **41,166.27** | **-** |

*(Amounts in ₹ millions)*

| **As at March 31, 2019** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial Assets: | | | |
| Loans at fair value through other comprehensive income | - | 30,798.79 | - |
| Investments fair value through other comprehensive income | - | 0.33 | |
| **Total** | **-** | **30,799.12** | **-** |

*(Amounts in ₹ millions)*

| **As at March 31, 2018 (Proforma)** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial Assets: | | | |
| Investments fair value through profit & loss | 0.19 | - | - |
| Investments fair value through other comprehensive income | - | 0.33 | - |
| **Total** | **0.19** | **0.33** | **-** |

**Valuation process and technique used to determine fair value**

Specific valuation techniques used to value financial instruments include:

(a) Eligible portfolio loans valued by discounting the aggregate future cash flows (both principal and interest cash flows) with risk-adjusted discounting rate for the remaining portfolio tenor. The Company has considered the average valuation impact arrived using average lending rate of last quarter.

(b) For unquoted equity instruments, the Company has used earning capitalisation method (fair value approach) discounted at a rate to reflect the risk involved in the business.

(c) For mutual funds, the Company has used the net asset value (NAV) on the basis of the statement received from the investee party.

**(D) Fair value of instruments measured at amortised cost**

*(Amounts in ₹ millions)*

| **Particulars** | **As at September 30, 2020** | | **As at March 31, 2020** | |
|---|---|---|---|---|
| | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 11,476.28 | 11,476.28 | 6,885.83 | 6,885.83 |
| Other bank balance | 1,817.45 | 1,817.45 | 1,516.56 | 1,516.56 |
| Trade receivables | 16.85 | 16.85 | 53.20 | 53.20 |
| Loans | 43,183.42 | 43,059.29 | 2,305.64 | 2,292.43 |
| Other financial assets | 133.11 | 133.11 | 212.26 | 212.26 |
| **Total** | **56,627.11** | **56,502.98** | **10,973.49** | **10,960.28** |
| **Financial liabilities** | | | | |
| Debt securities | 6,578.71 | 6,581.33 | - | - |
| Borrowings (other than debt securities) | 37,977.05 | 37,965.99 | 39,834.10 | 39,954.99 |
| Subordinated liabilities | 2,138.04 | 2,350.29 | 2,097.03 | 2,335.79 |
| Other financial liabilities | 720.21 | 720.21 | 903.18 | 903.18 |
| **Total** | **47,414.01** | **47,617.82** | **42,834.31** | **43,193.96** |

*(Amounts in ₹ millions)*

| **Particulars** | **As at March 31, 2019** | | **As at March 31, 2018 (Proforma)** | |
|---|---|---|---|---|
| | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| **Financial assets** | | | | |
| Cash and cash equivalents | 1,740.06 | 1,740.06 | 1,587.81 | 1,587.81 |
| Other bank balance | 881.88 | 881.88 | 658.33 | 658.33 |
| Trade receivables | 56.63 | 56.63 | 21.92 | 21.92 |
| Loans | 4,353.37 | 4,346.82 | 20,384.55 | 20,441.18 |
| Other financial assets | 361.32 | 361.32 | 103.04 | 103.04 |
| **Total** | **7,393.26** | **7,386.71** | **22,755.65** | **22,812.28** |
| **Financial liabilities** | | | | |
| Debt securities | 624.59 | 633.53 | 1,169.46 | 1,259.85 |
| Borrowings (other than debt securities) | 27,758.78 | 27,763.15 | 16,034.11 | 16,027.09 |
| Subordinated liabilities | 1,851.52 | 2,052.78 | 1,497.60 | 1,673.84 |
| Other financial liabilities | 1,042.65 | 1,042.65 | 381.86 | 381.86 |
| **Total** | **31,277.54** | **31,492.11** | **19,083.03** | **19,342.64** |

**47 Financial risk management**

**Risk Management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company manages the risk basis policies approved by the board of directors. The board of directors provides written principles for overall risk management. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the Restated Financial Information.

| Risk | Exposure arising from | Measurement | Risk management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets. | Credit limit and ageing analysis | Highly rated bank deposits and diversification of asset base and collaterals taken for assets |
| Liquidity risk | Borrowings, debt securities, subordinated liabilities, trade payables and other financial liabilities. | Cash flow forecasts | Committed borrowing and other credit facilities and sale of loan assets (whenever required) |
| Market risk - interest rate | Change in interest rate of variable rates borrowings, debt securities and subordinated liabilities. | Sensitivity analysis | Review of cost of funds and pricing disbursement |
| Market risk - security price | Investments in equity securities, mutual funds, certificate of deposits and commercial papers. | Sensitivity analysis | Diversification of portfolio, with focus on strategic investments |

In order to avoid excessive concentration of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**A. Credit risk**

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

**(a) Credit risk management**

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk
(ii) Moderate credit risk
(iii) High credit risk

The Company provides for expected credit loss based on the following:

| Nature | Assets covered | Basis of expected credit loss |
|---|---|---|
| Low credit risk | Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets | Life time expected credit loss or 12 month expected credit loss |
| Moderate credit risk | Loans | Life time expected credit loss or 12 month expected credit loss |
| High credit risk | Loans | Life time expected credit loss or fully provided for |

**Financial assets that expose the entity to credit risk**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **(i) Low credit risk** | | | | |
| Cash and cash equivalents | 11,443.04 | 6,849.30 | 1,696.18 | 1,540.91 |
| Other bank balances | 1,817.45 | 1,516.56 | 881.88 | 658.33 |
| Trade receivables | 16.85 | 53.20 | 56.63 | 21.92 |
| Loans (*) | 43,925.60 | 43,057.82 | 35,211.02 | 20,288.98 |
| Investments (*) | 0.50 | 0.50 | 0.50 | 0.69 |
| Other financial assets | 133.11 | 212.26 | 361.32 | 103.04 |
| **(ii) Moderate credit risk** | | | | |
| Loans (*) | 1,295.16 | 1,170.91 | 135.23 | 103.77 |
| **(iii) High credit risk** | | | | |
| Loans (*) | 1,127.49 | 1,118.40 | 258.50 | 298.68 |

(*) These represent gross carrying values of financial assets, without netting off impairment loss allowance

**Cash and cash equivalents and bank deposits**

Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country.

**Trade receivables**

Trade receivables measured at amortised cost and credit risk related to these are managed by monitoring the recoverability of such amounts continuously.

**Other financial assets**

Other financial assets measured at amortized cost includes security deposits, receivable on assignment, advances recoverable on behalf of business correspondence arrangements, insurance claim receivables and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

**Loans**

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

The major guidelines for selection of the client includes:
1, The client's income and indebtedness levels must be within the prescribed guidelines of Reserve Bank of India;
2. The client must possess the required KYC documents;
3. The client's household must be engaged in some form of economic activity which ensures regular and assured income;
4. Client must agree to follow the rules and regulations of the organisation and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans.

**47 Financial risk management**

**(b) Credit risk exposure**

**i) Expected credit losses for financial assets other than loans**

The Company has not made expected credit losses for financial assets other than loans as the maturity is within twelve months from the balance sheet date.

*(Amounts in ₹ millions)*

| Particulars | Cash and cash equivalents | Other bank balances | Trade receivables | Investments | Other financial assets |
|---|---|---|---|---|---|
| **As at September 30, 2020** | | | | | |
| Estimated gross carrying amount | 11,443.04 | 1,817.45 | 16.85 | 0.50 | 133.11 |
| Less: Expected credit losses | - | - | - | (0.50) | - |
| **Carrying amount net of impairment provision** | **11,443.04** | **1,817.45** | **16.85** | **-** | **133.11** |
| **As at March 31, 2020** | | | | | |
| Estimated gross carrying amount | 6,849.30 | 1,516.56 | 53.20 | 0.50 | 212.26 |
| Less: Expected credit losses | - | | - | (0.50) | - |
| **Carrying amount net of impairment provision** | **6,849.30** | **1,516.56** | **53.20** | **-** | **212.26** |
| **As at March 31, 2019** | | | | | |
| Estimated gross carrying amount | 1,696.18 | 881.88 | 56.63 | 0.50 | 361.32 |
| Less: Expected credit losses | - | | - | (0.17) | - |
| **Carrying amount net of impairment provision** | **1,696.18** | **881.88** | **56.63** | **0.33** | **361.32** |
| **As at March 31, 2018 (Proforma)** | | | | | |
| Estimated gross carrying amount | 1,540.91 | 658.33 | 21.92 | 0.69 | 103.04 |
| Less: Expected credit losses | - | - | - | (0.17) | - |
| **Carrying amount net of impairment provision** | **1,540.91** | **658.33** | **21.92** | **0.52** | **103.04** |

**ii) Movement of carrying amount and expected credit loss for loans**

Definition of default:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

*(Amounts in ₹ millions)*

| Particulars | Stage 1 | Stage 2 | Stage 3 |
|---|---|---|---|
| **Gross carrying amount as at April 01, 2017 (Proforma)** | **9,025.62** | **124.59** | **38.82** |
| Assets originated* | 19,705.36 | - | - |
| Net transfer between stages | | | |
| Transfer to stage 1 | 0.32 | (0.19) | (0.13) |
| Transfer to stage 2 | (103.86) | 103.86 | - |
| Transfer to stage 3 | (295.08) | (4.33) | 299.41 |
| Assets derecognised or collected (excluding write offs) | (8,043.38) | (120.16) | 301.06 |
| Write - offs (including death cases) | - | - | (340.48) |
| **Gross carrying amount as at March 31, 2018 (Proforma)** | **20,288.98** | **103.77** | **298.68** |
| Assets originated* | 31,901.26 | - | - |
| Net transfer between stages | | | |
| Transfer to stage 1 | 1.71 | (0.44) | (1.27) |
| Transfer to stage 2 | (134.17) | 134.32 | (0.15) |
| Transfer to stage 3 | (389.81) | (19.59) | 409.40 |
| Assets derecognised or collected (excluding write offs) | (16,456.95) | (82.83) | (197.02) |
| Write - offs (including death cases) | - | - | (251.14) |
| **Gross carrying amount as at March 31, 2019** | **35,211.02** | **135.23** | **258.50** |
| Assets originated* | 38,639.93 | - | - |
| Net transfer between stages | | | |
| Transfer to stage 1 | 1.41 | (0.46) | (0.95) |
| Transfer to stage 2 | (1,166.36) | 1,166.47 | (0.11) |
| Transfer to stage 3 | (1,258.27) | (19.38) | 1,277.65 |
| Assets derecognised or collected (excluding write offs) | (28,369.91) | (110.95) | (152.49) |
| Write - offs (including death cases) | - | - | (264.20) |
| **Gross carrying amount as at March 31, 2020** | **43,057.82** | **1,170.91** | **1,118.40** |
| Assets originated*# | 12,161.40 | 148.93 | 120.49 |
| Net transfer between stages | | | |
| Transfer to stage 1 | 72.85 | (67.90) | (4.95) |
| Transfer to stage 2 | (121.35) | 129.33 | (7.99) |
| Transfer to stage 3 | (272.07) | (517.44) | 789.51 |
| Assets derecognised or collected (excluding write offs) | (10,973.05) | 431.33 | (795.25) |
| Write - offs (including death cases) | - | - | (92.72) |
| **Gross carrying amount as at September 30, 2020** | **43,925.60** | **1,295.16** | **1,127.49** |

** Assets originated during the year has been presented on net basis i.e. the collections towards fresh loans has been netted off.*

*# Includes interest capitalised on account of moratorium*

**47 Financial risk management**

**Reconciliation of loss allowance provision from beginning to end of reporting period:**

*(Amounts in ₹ millions)*

| Reconciliation of loss allowance | Stage 1 | Stage 2 | Stage 3 |
|---|---|---|---|
| **Loss allowance on April 01, 2017 (Proforma)** | **30.56** | **54.28** | **38.82** |
| Increase of provision due to assets originated during the period/years | 62.34 | - | - |
| Net transfer between stages | | | |
| Transfer to stage 1 | - | (0.07) | (0.08) |
| Transfer to stage 2 | (1.06) | 37.65 | - |
| Transfer to stage 3 | (1.17) | (1.68) | 192.11 |
| Assets derecognised or collected | (18.17) | (46.74) | 193.93 |
| Impact of ECL on exposures transferred between stages during the period/years | (10.79) | (7.24) | 124.67 |
| Write - offs (including death cases) | - | - | (340.48) |
| **Loss allowance on March 31, 2018 (Proforma)** | **61.71** | **36.20** | **208.97** |
| Increase of provision due to assets originated during the period/years | 95.75 | - | - |
| Net transfer between stages | - | - | - |
| Transfer to stage 1 | - | (0.17) | (1.27) |
| Transfer to stage 2 | (1.74) | 48.12 | (0.15) |
| Transfer to stage 3 | (2.35) | (7.16) | 409.39 |
| Assets derecognised or collected | (43.05) | (31.07) | (198.76) |
| Impact of ECL on exposures transferred between stages during the period/years | 34.91 | 2.94 | 91.46 |
| Write - offs (including death cases) | - | - | (251.14) |
| **Loss allowance on March 31, 2019** | **145.23** | **48.86** | **258.50** |
| Increase of provision due to assets originated during the period/years | 202.20 | - | - |
| Net transfer between stages | | | |
| Transfer to stage 1 | 0.01 | (0.15) | (0.96) |
| Transfer to stage 2 | (7.42) | 475.75 | (0.11) |
| Transfer to stage 3 | (7.60) | (6.14) | 1,280.83 |
| Assets derecognised or collected | (149.74) | (39.19) | (152.70) |
| Impact of ECL on exposures transferred between stages during the period/years | 92.27 | 2.74 | (2.96) |
| Write - offs (including death cases) | - | - | (264.20) |
| **Loss allowance on March 31, 2020 (#)** | **274.95** | **481.87** | **1,118.40** |
| Increase of provision due to assets originated during the period/years | 127.20 | 68.55 | 120.49 |
| Net transfer between stages | | | |
| Transfer to stage 1 | 0.90 | (30.85) | (4.97) |
| Transfer to stage 2 | (2.31) | 46.72 | (8.00) |
| Transfer to stage 3 | (2.87) | (238.77) | 791.44 |
| Assets derecognised or collected | (120.73) | 198.39 | (798.31) |
| Impact of ECL on exposures transferred between stages during the period/years | 205.77 | 349.11 | 1.16 |
| Write - offs (including death cases) | - | | (92.72) |
| **Loss allowance on September 30, 2020 (#)** | **482.91** | **875.02** | **1,127.49** |

**(c) Concentration of loans (*)**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Micro finance loans | 43,763.42 | 42,383.94 | 31,935.23 | 19,592.77 |
| Micro, small and medium enterprise (MSME) | 1,874.72 | 2,208.16 | 1,937.53 | 758.07 |
| Secured term loans to corporates (#) | 710.11 | 755.03 | 1,731.99 | 340.59 |
| **Total** | **46,348.25** | **45,347.13** | **35,604.75** | **20,691.43** |

(#) The secured term loans disbursed to corporates are all secured by book debts

(*) The above figures represents the gross loan value along with interest accrued

**(B) 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.

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.

**(i) Financing arrangements**

The Company has access to the following funding facilities:

*(Amounts in ₹ millions)*

| Particulars | Total facility | Drawn | Undrawn |
|---|---|---|---|
| **As at September 30, 2020** | | | |
| - Expiring within one year | 970.00 | - | 970.00 |
| **Total** | **970.00** | **-** | **970.00** |
| | | | |
| **As at March 31, 2020** | | | |
| - Expiring within one year | 5,650.00 | 4,600.00 | 1,050.00 |
| **Total** | **5,650.00** | **4,600.00** | **1,050.00** |
| | | | |
| **As at March 31, 2019** | | | |
| - Expiring within one year | 23,410.00 | 3,350.00 | 20,060.00 |
| **Total** | **23,410.00** | **3,350.00** | **20,060.00** |
| | | | |
| **As at March 31, 2018 (Proforma)** | | | |
| - Expiring within one year | 3,733.00 | 237.40 | 3,495.60 |
| **Total** | **3,733.00** | **237.40** | **3,495.60** |

**47 Financial risk management**

**(ii) Maturities of financial assets and liabilities**

The tables below analyse the Company financial assets and liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows:

*(Amounts in ₹ millions)*

| Particulars | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|---|---|---|---|---|---|
| **As at September 30, 2020** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 9,481.17 | - | - | - | 9,481.17 |
| Other bank balances | 974.06 | 655.31 | 314.25 | - | 1,943.62 |
| Trade receivables | 16.85 | - | - | - | 16.85 |
| Loans | 39,088.70 | 12,025.52 | 1,574.52 | - | 52,688.74 |
| Other financial assets | 116.70 | 7.42 | - | 8.99 | 133.11 |
| **Total undiscounted financial assets** | **49,677.48** | **12,688.25** | **1,888.77** | **8.99** | **64,263.49** |
| **Financial liabilities** | | | | | |
| Debt securities | 1,981.90 | 4,789.02 | 633.45 | - | 7,404.37 |
| Borrowings other than debt securities | 27,044.26 | 10,767.75 | 2,460.81 | 1,154.83 | 41,427.65 |
| Subordinated liabilities | 282.96 | 380.59 | 266.04 | 2,439.70 | 3,369.29 |
| Other financial liabilities | 670.13 | 12.81 | 5.50 | 31.77 | 720.21 |
| **Total undiscounted financial liabilities** | **29,979.25** | **15,950.17** | **3,365.80** | **3,626.30** | **52,921.52** |
| **Net undiscounted financial assets/(liabilities)** | **19,698.23** | **(3,261.92)** | **(1,477.03)** | **(3,617.31)** | **11,341.97** |

*(Amounts in ₹ millions)*

| Particulars | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2020** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 6,885.99 | - | - | - | 6,885.99 |
| Other bank balances | 673.19 | 677.32 | 288.83 | 6.05 | 1,645.39 |
| Trade receivables | 53.20 | - | - | - | 53.20 |
| Loans | 28,293.90 | 24,822.05 | 2,021.51 | 1,015.25 | 56,152.71 |
| Other financial assets | 195.62 | 3.00 | 4.73 | 8.92 | 212.27 |
| **Total undiscounted financial assets** | **36,101.90** | **25,502.37** | **2,315.07** | **1,030.22** | **64,949.56** |
| **Financial liabilities** | | | | | |
| Borrowings other than debt securities | 25,724.06 | 12,978.06 | 4,274.59 | 1,645.34 | 44,622.05 |
| Subordinated liabilities | 283.71 | 283.67 | 373.41 | 2,320.33 | 3,261.12 |
| Other financial liabilities | 840.23 | 17.50 | 6.90 | 34.62 | 899.25 |
| **Total undiscounted financial liabilities** | **26,848.00** | **13,279.23** | **4,654.90** | **4,000.29** | **48,782.42** |
| **Net undiscounted financial assets/(liabilities)** | **9,253.90** | **12,223.14** | **(2,339.83)** | **(2,970.07)** | **16,167.14** |

*(Amounts in ₹ millions)*

| Particulars | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 1,745.61 | - | - | - | 1,745.61 |
| Other bank balances | 333.76 | 273.37 | 316.27 | - | 923.40 |
| Trade receivables | 56.63 | - | - | - | 56.63 |
| Loans | 30,800.33 | 9,670.09 | 234.16 | 230.96 | 40,935.54 |
| Investments | - | - | - | 0.33 | 0.33 |
| Other financial assets | 347.53 | 9.87 | 0.20 | 3.72 | 361.32 |
| **Total undiscounted financial assets** | **33,283.86** | **9,953.33** | **550.63** | **235.01** | **44,022.83** |
| **Financial liabilities** | | | | | |
| Debt securities | 642.71 | - | - | - | 642.71 |
| Borrowings other than debt securities | 18,791.64 | 8,897.34 | 1,738.63 | 1,374.80 | 30,802.41 |
| Subordinated liabilities | 252.17 | 251.40 | 251.30 | 2,549.02 | 3,303.89 |
| Other financial liabilities | 991.99 | 16.10 | 13.82 | 20.75 | 1,042.66 |
| **Total undiscounted financial liabilities** | **20,678.51** | **9,164.84** | **2,003.75** | **3,944.57** | **35,791.67** |
| **Net undiscounted financial assets/(liabilities)** | **12,605.35** | **788.49** | **(1,453.12)** | **(3,709.56)** | **8,231.16** |

*(Amounts in ₹ millions)*

| Particulars | Less than 1 year | 1-2 year | 2-3 year | More than 3 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2018 (Proforma)** | | | | | |
| **Financial assets** | | | | | |
| Cash and cash equivalents | 1,622.08 | - | - | - | 1,622.08 |
| Other bank balances | 215.69 | 185.74 | 236.04 | 75.25 | 712.72 |
| Trade receivables | 21.92 | - | - | - | 21.92 |
| Loans | 19,425.91 | 3,072.88 | 80.38 | 264.91 | 22,844.08 |
| Investments | 0.02 | - | - | 0.50 | 0.52 |
| Other financial assets | 94.02 | 4.22 | 3.15 | 1.76 | 103.15 |
| **Total undiscounted financial assets** | **21,379.64** | **3,262.84** | **319.57** | **342.42** | **25,304.47** |
| **Financial liabilities** | | | | | |
| Debt securities | 153.21 | 493.15 | 554.41 | 377.19 | 1,577.96 |
| Borrowings other than debt securities | 10,760.76 | 5,417.14 | 1,334.87 | 182.53 | 17,695.30 |
| Subordinated liabilities | 203.72 | 204.80 | 204.30 | 2,248.15 | 2,860.97 |
| Other financial liabilities | 348.17 | 9.41 | 8.61 | 15.67 | 381.86 |
| **Total undiscounted financial liabilities** | **11,465.86** | **6,124.50** | **2,102.19** | **2,823.54** | **22,516.09** |
| **Net undiscounted financial assets/(liabilities)** | **9,913.78** | **(2,861.66)** | **(1,782.62)** | **(2,481.12)** | **2,788.38** |

**47 Financial risk management**

**(C) Market risk**

**(a) Interest rate risk**

**i) Liabilities**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at September 30, 2020, the Company is exposed to changes in market interest rates through debt securities, other borrowings and subordinated liabilities at variable interest rates.

*Interest rate risk exposure*

Below is the overall exposure (*) of the Company to interest rate risk:

***(Amounts in ₹ millions)***

| **Particulars** | **As at September 30, 2020** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018 (Proforma)** |
|---|---|---|---|---|
| **Variable rate liabilities** | | | | |
| Borrowings other than debt securities | 19,765.99 | 25,023.33 | 12,588.79 | 9,706.24 |
| **Fixed rate liabilities** | | | | |
| Debt securities | 6,500.00 | - | 610.00 | 1,140.02 |
| Borrowings other than debt securities | 18,089.91 | 14,662.41 | 14,488.59 | 6,304.37 |
| Subordinated liabilities | 2,100.00 | 2,100.00 | 1,850.00 | 1,500.00 |
| Liability against securitisation | | 66.66 | 566.12 | - |
| **Total** | **46,455.90** | **41,852.40** | **30,103.50** | **18,650.63** |

(*) 'The above figures are at their principal carrying amount

*Sensitivity*

The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on debt securities, other borrowings and subordinated liabilities. Below is the sensitivity of profit and loss in interest rates.

***(Amounts in ₹ millions)***

| **Particulars** | **Six months period ended September 30, 2020** | **Year ended March 31, 2020** | **Year ended March 31, 2019** | **Year ended March 31, 2018 (Proforma)** |
|---|---|---|---|---|
| **Interest sensitivity*** | | | | |
| Interest rates – increase by 0.50% | 107.83 | 160.39 | 122.60 | 67.23 |
| Interest rates – decrease by 0.50% | (107.83) | (160.39) | (122.60) | (67.23) |

** Holding all other variables constant*

**ii) Assets**

The Company's fixed deposits are carried at amortised cost bearing fixed rate of interest, hence sensitivity analysis is not been presented.

**(b) Price risk**

**Exposure**

The Company's price risk exposure arises from investments held and classified in the balance sheet either as fair value through other comprehensive income or at fair value through profit and loss. To manage the price risk arising from investments, the Company diversifies its portfolio of assets. As on balance sheet data there is no material investment in their balance sheet.

**Legal and operational risk**

**Legal risk**

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced. As at 30 September 2020, there are no material legal cases pending against the Company. Based on the opinion of the Company's legal advisors, the management believes that no substantial liability is likely to arise from these cases.

**Operational risk**

Operational risk framework is designed to cover all functions and verticals towards identifying the key risks in the underlying processes. The framework, at its core, has the following elements:

1. Documented Operational Risk Management Policy.
2. Well defined Governance Structure.
3. Use of Identification and Monitoring tools such as Loss Data Capture, Key Risk Indicators, BRisk Operation Grading of branches every quarter.
4. Standardised reporting templates, reporting structure and frequency.

The Company has adopted the internationally accepted 3-lines of defense approach to operational risk management.

First line – Field Operations, Central Operation & Product function, Credit and Internal Control & Quality vertical exercise & also evaluate internal compliance and thereby lay down/calibrates processes & policies for further improvement. Thus, the approach is "bottom-up", ensuring acceptance of findings and faster adoption of corrective actions, if any, to ensure mitigation of perceived risks.

Second line – Independent risk management vertical supports the first line in providing deep analytics insights, influencing risk mitigation strategies and provides oversight through regular monitoring. All key risks are presented to the Risk Management Committee on a quarterly basis.

Third line – Internal Audit conducts periodic risk-based audits of all functions and process to provide an independent assurance to the Audit Committee.

**48 Capital management**

The Company's capital management objectives are

- to ensure the Company's ability to continue as a going concern
- to comply with externally imposed capital requirement and maintain strong credit ratings
- to provide an adequate return to shareholders

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

***(Amounts in ₹ millions)***

| **Particulars** | **As at September 30, 2020** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018 (Proforma)** |
|---|---|---|---|---|
| Net debt | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |
| Total equity | 10,152.66 | 9,626.31 | 6,971.57 | 3,818.63 |
| **Net debt to equity ratio** | **4.60** | **4.36** | **4.34** | **4.90** |

**47 Financial risk management**

**49 Transferred financial assets**

In the course of its micro finance activity, the Company makes transfers of financial assets, where legal rights to the cash flows from the asset are passed to the counterparty and where the Company retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty.

The Company has securitised its loan assets to an unrelated and unconsolidated entities. As per the terms of the agreements, the Company is exposed to first loss default guarantee of 20% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying mortgage receivables. Hence, these loan assets are not derecognised and proceeds received are presented as borrowings.

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:

***(Amounts in ₹ millions)***

| **Particulars** | **As at September 30, 2020** | **As at March 31, 2020** | **As at March 31, 2019** | **As at March 31, 2018 (Proforma)** |
|---|---|---|---|---|
| **Securitisation** | | | | |
| Gross carrying amount of securitised assets | - | 67.60 | 570.51 | - |
| Gross carrying amount of associated liabilities | - | 66.66 | 566.12 | - |
| Carrying value and fair value of securitised assets | - | 67.60 | 570.51 | - |
| Carrying value and fair value of associated liabilities | - | 66.66 | 566.12 | - |
| **Net position** | **-** | **0.94** | **4.39** | **-** |

**50 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. ***(Amounts in ₹ millions)***

| **Particulars** | **As at September 30, 2020** | | **As at March 31, 2020** | | **As at March 31, 2019** | | **As at March 31, 2018 (Proforma)** | |
|---|---|---|---|---|---|---|---|---|
| | **Within 12 months** | **After 12 months** | **Within 12 months** | **After 12 months** | **Within 12 months** | **After 12 months** | **Within 12 months** | **After 12 months** |
| **Assets** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 11,476.28 | - | 6,885.83 | - | 1,740.06 | - | 1,587.81 | - |
| Other bank balances | 0.01 | 1,817.44 | 651.53 | 865.03 | 353.45 | 528.43 | 240.04 | 418.29 |
| Trade receivables | 16.85 | - | 53.20 | - | 56.63 | - | 21.92 | - |
| Loans | 32,311.80 | 11,551.03 | 21,992.28 | 21,479.63 | 26,275.77 | 8,876.39 | 16,102.24 | 4,282.31 |
| Investments | - | - | - | - | - | 0.33 | 0.19 | 0.33 |
| Other financial assets | 116.70 | 16.41 | 195.62 | 16.64 | 347.54 | 13.78 | 93.91 | 9.13 |
| | **43,921.64** | **13,384.88** | **29,778.46** | **22,361.30** | **28,773.45** | **9,418.93** | **18,046.11** | **4,710.06** |
| **Non-financial assets** | | | | | | | | |
| Current tax assets (net) | 38.10 | - | 41.07 | - | 32.40 | - | 0.84 | - |
| Deferred tax assets (net) | - | 534.25 | - | 352.76 | - | 36.47 | - | 69.84 |
| Property, plant and equipment | - | 57.91 | - | 64.91 | - | 60.10 | - | 49.92 |
| Intangible assets under development | - | 2.33 | - | 0.48 | - | 0.53 | - | - |
| Intangible assets | - | 45.52 | - | 53.88 | - | 57.04 | - | 53.41 |
| Right of use asset | 19.61 | 43.63 | 20.12 | 53.91 | 18.32 | 46.25 | 8.35 | 31.90 |
| Other non-financial assets | 81.35 | 1.95 | 73.31 | 8.01 | 53.87 | 33.61 | 50.46 | 15.81 |
| | **139.06** | **685.59** | **134.50** | **533.95** | **104.59** | **234.00** | **59.65** | **220.88** |
| **Total assets** | **44,060.70** | **14,070.47** | **29,912.96** | **22,895.25** | **28,878.04** | **9,652.93** | **18,105.76** | **4,930.94** |
| | | | | | | | | |
| **LIABILITIES AND EQUITY** | | | | | | | | |
| **Liabilities** | | | | | | | | |
| **Financial liabilities** | | | | | | | | |
| Payables | | | | | | | | |
| Trade payables | | | | | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - | - | - | - | - | - |
| Debt securities | 1,418.46 | 5,160.25 | - | - | 364.59 | 260.00 | 32.14 | 1,137.32 |
| Borrowings (other than debt securities) | 24,652.63 | 13,324.42 | 22,767.81 | 17,066.29 | 16,879.64 | 10,879.14 | 9,632.61 | 6,401.50 |
| Subordinated liabilities | 52.00 | 2,086.04 | 12.97 | 2,084.06 | 13.93 | 1,837.59 | 11.01 | 1,486.59 |
| Other financial liabilities | 670.13 | 50.08 | 844.16 | 59.02 | 991.98 | 50.67 | 348.17 | 33.69 |
| | **26,793.22** | **20,620.79** | **23,624.94** | **19,209.37** | **18,250.14** | **13,027.40** | **10,023.93** | **9,059.10** |
| **Non-financial liabilities** | | | | | | | | |
| Current tax liabilities (net) | 208.90 | - | 4.43 | - | - | - | - | - |
| Provisions | 40.10 | 123.92 | 33.49 | 108.81 | 19.90 | 32.47 | 5.52 | 20.67 |
| Other non-financial liabilities | 161.59 | 29.99 | 158.39 | 42.47 | 182.20 | 47.29 | 108.85 | - |
| | **410.59** | **153.91** | **196.31** | **151.28** | **202.10** | **79.76** | **114.37** | **20.67** |
| **Total liabilities** | **27,203.81** | **20,774.70** | **23,821.25** | **19,360.65** | **18,452.24** | **13,107.16** | **10,138.30** | **9,079.77** |
| | | | | | | | | |
| **Net equity** | **16,856.89** | **(6,704.23)** | **6,091.71** | **3,534.60** | **10,425.80** | **(3,454.23)** | **7,967.46** | **(4,148.83)** |

Arohan Financial Services Limited

Annexure 5 - Notes to Restated Financial Information

**51 Related party transactions as required by Ind AS 24:**

**(a) List of related parties**

| Particulars | For the period/years ended | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 (Proforma) |
| Relationship | Name of the related parties | | | |
| Key managerial personnel (KMP) | Manoj Kumar N Nambiar - Managing Director<br>Milind R Nare - Chief Financial Officer<br>Ranjan Das - Chief Risk Officer<br>Anirudh Singh G Thakur - Company Secretary | Manoj Kumar N Nambiar - Managing Director<br>Milind R Nare - Chief Financial Officer<br>Ranjan Das - Chief Risk Officer (with effect from March 01, 2020)<br>Anirudh Singh G Thakur - Company Secretary | Manoj Kumar N Nambiar - Managing Director<br>Milind R Nare - Chief Financial Officer<br>Anirudh Singh G Thakur - Company Secretary | Manoj Kumar N Nambiar - Managing Director<br>Milind R Nare - Chief Financial Officer<br>Anirudh Singh G Thakur - Company Secretary (with effect from October 23, 2017)<br>Vanita Mundhra - Company Secretary (resigned with effect from October 23, 2017) |
| Directors | Dinesh Kumar Mittal - Independent Director<br>Vineet Chandra Rai - Director<br>Anurag Agarwal - Director<br>Matangi Gowrishankar - Independent Director<br>Rajat Mohan Nag - Independent Director<br>Sumantra Banerjee - Independent Director | Dinesh Kumar Mittal - Independent Director<br>Vineet Chandra Rai - Director<br>Anurag Agarwal - Director<br>Matangi Gowrishankar - Independent Director<br>Rajat Mohan Nag - Independent Director<br>Sumantra Banerjee - Independent Director | Dinesh Kumar Mittal - Independent Director (with effect from May 15, 2018)<br>Vineet Chandra Rai - Director<br>Anurag Agarwal - Director<br>Matangi Gowrishankar - Independent Director<br>Rajat Mohan Nag - Independent Director<br>Sumantra Banerjee - Independent Director | Vineet Chandra Rai - Director<br>Anurag Agarwal - Director<br>Matangi Gowrishankar - Independent Director<br>Rajat Mohan Nag - Independent Director<br>Sumantra Banerjee - Independent Director |
| Entities which are able to exercise control or have significant influence | Aavishkaar Goodwell India Microfinance Development Company-II Limited<br>Tano India Private Equity Fund II | Aavishkaar Goodwell India Microfinance Development Company-II Limited<br>Tano India Private Equity Fund II | Aavishkaar Goodwell India Microfinance Development Company-II Limited<br>Tano India Private Equity Fund II | Aavishkaar Goodwell India Microfinance Development Company-II Limited<br>Tano India Private Equity Fund II |
| Entities under common control | Aavishkaar Venture Management Services Private Limited<br>Intellectual Capital Advisory Services Private Limited<br>Jain Sons Finlease Limited<br>Aavishkaar Capital Advisory LLP<br>Intellecap Advisory Services Private Limited<br>Ergos Business Solutions Private Limited<br>Andromeda Sales and Distribution Private Limited | Aavishkaar Venture Management Services Private Limited<br>Intellectual Capital Advisory Services Private Limited<br>Jain Sons Finlease Limited<br>Aavishkaar Capital Advisory LLP<br>Intellecap Advisory Services Private Limited<br>Ergos Business Solutions Private Limited (with effect from March 17, 2020)<br>Andromeda Sales and Distribution Private Limited (with effect from March 15, 2020) | Aavishkaar Venture Management Services Private Limited<br>Intellectual Capital Advisory Services Private Limited<br>Jain Sons Finlease Limited<br>Aavishkaar Capital Advisory LLP<br>Intellecap Advisory Services Private Limited | Aavishkaar Venture Management Services Private Limited<br>Intellectual Capital Advisory Services Private Limited<br>Jain Sons Finlease Limited<br>Aavishkaar Capital Advisory LLP<br>Intellecap Advisory Services Private Limited |
| Entities over which KMP have significant influence or control | Tribetech Private Limited<br>Anudip Foundation | Tribetech Private Limited<br>Anudip Foundation | Tribetech Private Limited<br>Anudip Foundation | Tribetech Private Limited<br>Anudip Foundation |

Arohan Financial Services Limited

Annexure 5 - Notes to Restated Financial Information

**51 Related party transactions as required by Ind AS 24:**

**(b) Transactions with related parties**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Issue of equity shares (including premium)** | | | | |
| Aavishkaar Venture Management Services Private Limited | - | 600.00 | 595.52 | 4.26 |
| Intellectual Capital Advisory Services Private Limited | - | 700.00 | - | 123.54 |
| Aavishkaar Capital Advisors LLP | - | - | 1,054.48 | - |
| Aavishkaar Goodwell India Microfinance Development Company-II Limited | - | - | - | 101.28 |
| **Loan taken** | | | | |
| Aavishkaar Venture Management Services Private Limited | - | - | 1,500.00 | - |
| Jain Sons Finlease Limited | - | - | - | 59.78 |
| **Loan repaid** | | | | |
| Jain Sons Finlease Limited | - | 0.45 | 26.81 | 32.52 |
| Aavishkaar Venture Management Services Private Limited | - | - | 1,500.00 | - |
| **Security deposit received** | | | | |
| Tribetech Private Limited | 0.04 | 5.28 | 1.43 | 1.06 |
| **Security deposit invoked** | | | | |
| Tribetech Private Limited | 0.29 | 4.97 | 2.95 | - |
| **Portfolio buyout** | | | | |
| Jain Sons Finlease Limited | - | - | - | 1.20 |
| **Purchase of property, plant and equipment** | | | | |
| Jain Sons Finlease Limited | - | - | - | 4.75 |
| **Interest paid** | | | | |
| Jain Sons Finlease Limited | - | 0.01 | 1.61 | 8.12 |
| Aavishkaar Venture Management Services Private Limited | - | - | 17.52 | - |
| **Professional/ business support fees** | | | | |
| Tribetech Private Limited | 0.03 | 2.17 | 5.55 | 1.59 |
| Andromeda Sales And Distribution Private Limited | 1.83 | 3.23 | - | - |
| Aavishkaar Venture Management Services Private Limited | 0.46 | 1.76 | 3.16 | 0.57 |
| Intellecap Advisory Services Private Limited | 5.45 | 3.70 | 0.69 | 3.58 |
| Jain Sons Finlease Limited | - | - | - | 0.10 |
| **Reimbursement of expenses paid** | | | | |
| Tribetech Private Limited | - | 0.04 | 0.30 | 0.17 |
| Intellecap Advisory Services Private Limited | 0.17 | 0.33 | 0.26 | 0.27 |
| Aavishkaar Venture Management Services Private Limited | - | 0.05 | 0.37 | 0.03 |
| **CSR expenses** | | | | |
| Anudip Foundation | - | - | - | 0.90 |
| **Reimbursement of cost received** | | | | |
| Tribetech Private Limited | - | 0.09 | 0.43 | - |
| Jain Sons Finlease Limited | 0.12 | 0.03 | - | - |
| Intellectual Capital Advisory Services Private Limited | 0.10 | 0.10 | 0.06 | - |
| Aavishkaar Venture Management Services Private Limited | - | 0.15 | 0.25 | - |
| **Other income** | | | | |
| Intellecap Advisory Services Private Limited | 0.09 | 0.30 | - | - |
| Tribetech Private Limited | - | 0.31 | - | - |
| Aavishkaar Venture Management Services Private Limited | 0.01 | - | - | - |
| **Director's commission** | 5.00 | 6.00 | 10.00 | - |
| **Remuneration** | | | | |
| Manoj Kumar N Nambiar | 5.53 | 17.63 | 13.98 | 11.25 |
| Milind R Nare | 3.60 | 10.38 | 8.21 | 6.89 |
| Ranjan Das | 2.25 | 0.42 | - | - |
| Anirudh Singh G Thakur | 2.50 | 7.06 | 5.57 | 1.99 |
| Vanita Mundhra | - | - | - | 0.53 |

**51 Related party transactions as required by Ind AS 24:**

*(Amounts in ₹ millions)*

| | Particulars | Six months period ended 30 September 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| (c) | **Short-term employee benefits for KMP** | | | | |
| | Short-term employee benefits (including remunerations) | 13.24 | 34.42 | 26.80 | 18.62 |
| | Post-employment benefits (*) | 0.64 | 1.07 | 0.96 | 2.04 |

(*) As provisions for gratuity and leave benefits are made for the Company as a whole, the amount pertaining to KMPs are not specifically identified and hence are not included above.

**(d) Balances with related parties and period/year end:**

*(Amounts in ₹ millions)*

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| **Loans taken** | | | | |
| Jain Sons Finlease Limited | - | - | 0.47 | 27.26 |
| **Security deposit** | | | | |
| Tribetech Private Limited | 0.02 | 0.28 | 0.03 | 1.49 |
| **Other receivables** | | | | |
| Tribetech Private Limited | 0.16 | - | - | - |
| Intellectual Capital Advisory Services Private Limited | 0.10 | - | - | - |
| Jain Sons Finlease Limited | 0.12 | - | - | - |
| **Other payables** | | | | |
| Tribetech Private Limited | - | 0.15 | 0.62 | 0.90 |
| Anudip Foundation | - | - | - | 0.18 |
| Intellecap Advisory Services Private Limited | 0.09 | - | 0.01 | - |
| Andromeda Sales And Distribution Private Limited | 0.35 | 1.23 | - | - |
| Aavishkaar Venture Management Services Private Limited | 0.48 | - | - | - |
| **Director's commission payable** | 5.00 | 6.00 | 10.00 | - |

**52 Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17**

*(Amounts in ₹ millions)*

| | Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| i) | **Capital to risk asset ratio (CRAR)** | | | | |
| | Capital to Risk/Weighted Assets Ratio (CRAR) (%) | **25.78%** | **24.80%** | **23.60%** | **24.62%** |
| | CRAR-Tier I Capital (%) | 21.01% | 19.93% | 18.41% | 17.37% |
| | CRAR-Tier II Capital (%) | 4.77% | 4.87% | 5.19% | 7.25% |
| | Amount of subordinated debt raised as Tier-II Capital | - | 250.00 | 350.00 | 1,150.00 |
| | Amount raised by issue of Perpetual Debt Instruments | - | - | - | - |

CRAR disclosed above have been recalculated in accordance with Ind AS accounting framework. The CRAR for the years ended March 31, 2019 and March 31, 2018 (Proforma) under the old accounting framework (Indian GAAP) were as follows - CRAR for the previous year ended March 31, 2019 - 20.05% (Tier I Capital - 15.86% and Tier II Capital - 4.19%) and the previous year ended March 31, 2018 (Proforma) - 23.63% (Tier I Capital - 16.81% and Tier II Capital - 6.82%).

| | Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| ii) | **Investments** | | | | |
| A. | **Value of Investments** | | | | |
| | Gross Value of Investments: | | | | |
| | a) In India | 0.50 | 0.50 | 0.50 | 0.69 |
| | b) Outside India | - | - | - | - |
| | Provisions for Depreciation: | | | | |
| | a) In India | 0.50 | 0.50 | 0.17 | 0.17 |
| | b) Outside India | - | - | - | - |
| | Net Value of Investments | | | | |
| | a) In India | - | - | 0.33 | 0.52 |
| | b) Outside India | - | - | - | - |
| B. | **Movement of provisions held towards depreciation on investments** | | | | |
| | Opening Balance | 0.50 | 0.17 | 0.17 | 0.17 |
| | Add: Provisions made during the period/years | - | 0.33 | - | - |
| | Less: Write-off/Write-back of excess provisions during the period/years | - | - | - | - |
| | Closing Balance | 0.50 | 0.50 | 0.17 | 0.17 |

**iii) Derivatives**

The Company does not have any derivatives exposure in the reported period/years.

| | Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| iv) | **Disclosures relating to Securitisation** | | | | |
| A. | **Securitisation** | | | | |
| | 1) No. of SPVs sponsored by the NBFC for securitisation transactions | - | 1 | 1 | 1 |
| | 2) Total amount of securitised assets as per books of the SPVs sponsored | - | 73.69 | 655.84 | 401.21 |
| | 3) Total amount of exposures retained by the NBFC to comply MRR as on the date of balance sheet | | | | |
| | a) Off-balance sheet exposures | | | | |
| | (i) First loss (*) | - | 131.17 | 131.17 | 42.71 |
| | (ii) Others | - | - | - | - |
| | b) On-balance sheet exposures | | | | |
| | (i) First loss | - | - | - | 80.24 |
| | (ii) Others | - | - | - | - |
| | 4) Amount of exposures to securitisation transactions other than MRR | | | | |
| | a) Off-balance sheet exposures | | | | |
| | (i) Exposure to own securitisations | | | | |
| | - First loss | - | - | - | - |
| | - Others | - | - | - | - |
| | (ii) Exposure to third party securitisations | | | | |
| | - First loss | - | - | - | - |
| | - Others | - | - | - | - |
| | b) On-balance sheet exposures | | | | |
| | (i) Exposure to own securitisations | | | | |
| | - First loss | - | - | - | - |
| | - Others | - | - | - | - |
| | (ii) Exposure to third party securitisations | | | | |
| | - First loss | - | - | - | - |
| | - Others | - | - | - | - |

(*) First loss default guarantee of ₹ 131.17 millions is given in the form of corporate guarantee

**(B) Details of financial assets sold to securitisation/reconstruction company for asset reconstruction**

The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction during the reported period/years.

**(C) Details of Assignment transactions undertaken by the Company**

| Particulars | As at September 30, 2020 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2018 (Proforma) |
|---|---|---|---|---|
| Number of accounts | - | 2,83,399 | 4,44,506 | 22,622 |
| Aggregate value (net of provision) of account sold | - | 6,343.95 | 7,381.04 | 401.21 |
| Aggregate consideration | - | 6,343.95 | 7,381.04 | 401.21 |
| Additional consideration realized in respect of accounts transferred in earlier period/years | - | - | - | - |
| Aggregate gain/ loss over net book value | - | - | - | - |

**(D) Details of non-performing financial assets purchased/sold**

The Company has not purchased/sold any non-performing financial assets during the reported period/years.

**52 Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17**

**v) Asset Liability Management**

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 53.

**vi) Exposures**

**(A) Exposure to Real Estate Sector**

The Company did not have any exposure to real estate sector during the reported period/years.

**(B) Exposure to Capital Market**

The Company did not have any exposure to capital market during the reported period/years.

**(C) Details of financing of parent company products**

The Company does not have a parent company and accordingly disclosures is not required.

**(D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC**

There are no instances of exceeding the single and group borrowing limit by the Company during the reported period/years.

**(E) Unsecured Advances**

refer Note 9

**vii) Miscellaneous**

**(A) Registration obtained from other financial sector regulators**

The Company has surrendered its registration number CA0402 dated 1 August 2019 under Insurance Regulatory and Development Authority of India (IRDA) vide letter dated 15 October 2020. The Company is having Corporate Identity Number of U74140WB1991PLC053189 under Ministry of Corporate affairs.

**(B) Disclosure of penalties imposed by RBI and other regulators**

There are no penalties imposed by Reserve Bank of India and other regulators during the reported period/years except an amount of ₹ 1.02 millions paid to Reserve Bank of India towards late submission fees of FCGPR under Foreign Exchange Management Act, 1999 (as amended) in March 2019.

**(C) Related Party Transactions**

Details of all material related party transactions are disclosed in Note 51.

**(D) Ratings assigned by credit rating agencies and migration of ratings during the period/years**

The details of ratings assigned by Credit Analysis & Research Ltd. (CARE) dated 18 August 2020 and ICRA Limited dated 27 July 2020 and 07 September 2020 including migration of ratings during the period are as follows:

| Facilities | Ratings | Remarks |
|---|---|---|
| Long-term Bank facilities | CARE A- | Reaffirmed |
| Long-term Bank facilities | ICRA A- | Assigned |
| Non-Convertible Debentures | CARE A- | Reaffirmed |
| Non-Convertible Debentures | ICRA A- | Assigned |
| Unsecured Subordinated Tier II Debt | CARE A- | Reaffirmed |

**(E) Remuneration of Directors (other than Managing Director)**

refer Note 51

**viii) Additional disclosures**

*(Amounts in ₹ millions)*

| | Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| (A) | **Provisions and Contingencies** | | | | |
| | **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss** | | | | |
| | Provisions for depreciation on Investment | - | 0.33 | - | 0.17 |
| | Provision towards standard assets | 601.11 | 555.89 | 104.25 | (84.79) |
| | Provision towards non performing assets | -29.03 | 776.93 | 49.53 | 228.52 |
| | Provision made towards Income tax (including for earlier period/years and deferred tax) | 189.46 | 407.85 | 494.97 | 164.56 |
| | Other provisions and contingencies (employee benefits) | 21.72 | 89.93 | 26.18 | 20.60 |
| (B) | **Draw Down from Reserves** | | | | |
| | There have been no instances of draw down from reserves by the Company during the reported period/years. | | | | |
| (C) | **Concentration of Advances, Exposures and NPAs** | | | | |
| a) | **Concentration of Advances** | | | | |
| | Total Advances to twenty largest borrowers | 723.22 | 774.17 | 1,755.17 | 441.28 |
| | Percentage of Advances to twenty largest borrowers to total Advances | 1.55% | 1.70% | 4.89% | 2.12% |
| b) | **Concentration of Exposures** | | | | |
| | Total exposure to twenty largest borrowers/customers | 723.22 | 774.17 | 1,755.17 | 441.28 |
| | Percentage of exposures to twenty largest borrowers / customers to total Exposure | 1.55% | 1.70% | 4.89% | 2.12% |
| c) | **Concentration of NPAs** | | | | |
| | Total exposure to top four NPA accounts | 23.05 | 18.64 | 13.84 | 10.31 |

**52 Additional disclosures pursuant to the RBI Master Direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17**

*(Amounts in ₹ millions)*

| | Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2018 (Proforma) |
|---|---|---|---|---|---|
| **(D)** | **Sector-wise NPAs** | **Percentage of NPAs to total advances in that sector** | | | |
| | Agriculture & allied activities | 2.25% | 1.97% | 0.28% | Nil |
| | MSME | Nil | Nil | Nil | Nil |
| | Corporate borrowers (*) | Nil | Nil | Nil | 1.84% |
| | Services | 5.02% | 6.02% | 2.71% | Nil |
| | Unsecured personal loans | 2.14% | 14.65% | 2.28% | 1.26% |
| | Auto loans | Nil | Nil | Nil | Nil |
| | Other personal loans | Nil | Nil | Nil | Nil |
| | (*) Corporate borrowers are included in the respective sector. | | | | |
| **(E)** | **Movement of NPAs** | | | | |
| | i) Net NPAs to Net Advances (%) | 0.00% | 0.00% | 0.00% | 0.44% |
| | ii) Movement of NPAs (Gross) | | | | |
| | a) Opening Balance | 1,118.40 | 258.50 | 298.68 | 38.82 |
| | b) Additions during the period/years | 819.21 | 1,280.83 | 409.40 | 299.41 |
| | c) Reductions during the period/years | (810.12) | (420.93) | (449.58) | (39.55) |
| | d) Closing balance | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| | iii) Movement of Net NPAs | | | | |
| | a) Opening Balance | - | - | - | - |
| | b) Additions during the period/years | - | - | - | - |
| | c) Reductions during the period/years | - | - | - | - |
| | d) Closing balance | - | - | - | - |
| | iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | | | |
| | a) Opening Balance | 1,118.40 | 258.50 | 208.97 | 38.82 |
| | b) Provisions made during the period/years | 819.21 | 1,280.83 | 409.39 | 192.11 |
| | c) Write-off/write-back of excess provisions | (810.12) | (420.93) | (359.86) | (21.96) |
| | d) Closing balance | 1,127.49 | 1,118.40 | 258.50 | 208.97 |
| **(F)** | **Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)** | | | | |
| | The Company did not have any overseas assets during the reported period/years | | | | |
| **(G)** | **Off-balance sheet SPVs sponsored** | | | | |
| | (which are required to be consolidated as per accounting norms) | | | | |
| | The Company did not sponsor any SPVs during the reported period/years | | | | |
| **ix)** | **Disclosure of customer complaints** | | | | |
| | No. of complaints pending at the beginning of the period/years | 20 | 34 | 74 | 110 |
| | No. of complaints received during the period/years | 269 | 650 | 766 | 690 |
| | No. of complaints redressed during the period/years | 241 | 664 | 806 | 726 |
| | No. of complaints pending at the end of the period/years | 48 | 20 | 34 | 74 |
| **x)** | **Information on instances of fraud identified during the period/years** | | | | |
| | Nature of fraud | | | | |
| | **A. Cash embezzlement** | | | | |
| | No. of cases | 79 | 101 | 9 | 4 |
| | Amount of fraud | 2.89 | 21.06 | 2.76 | 1.45 |
| | Recovery (*) | 1.96 | 10.76 | 1.06 | 0.07 |
| | Amount provided for | 0.93 | 10.30 | 1.70 | 1.38 |
| | **B. Loans given against fictitious documents** | | | | |
| | No. of cases | 6 | - | 1 | - |
| | Amount of fraud | 5.35 | - | 0.50 | - |
| | Recovery (*) | 0.29 | - | - | - |
| | Amount provided for | 5.06 | - | 0.50 | - |
| | **C. Others (Snatching etc.)** | | | | |
| | No. of cases | 13 | 60 | 32 | 17 |
| | Amount of fraud | 0.93 | 7.15 | 3.99 | 2.30 |
| | Recovery (*) | 0.50 | 4.94 | 0.81 | - |
| | Amount provided for | 0.43 | 2.21 | 3.18 | 2.30 |
| | (*) Includes claims receivable filed with insurance company. | | | | |
| **xi)** | **Information on net interest margin (qualifying asset)** | | | | |
| | Average Interest (a) | 20.65% | 20.82% | 20.89% | 22.11% |
| | Average effective cost of borrowing (b) | 10.70% | 10.86% | 10.94% | 12.45% |
| | Net Interest margin (a-b) | 9.95% | 9.96% | 9.95% | 9.66% |

**Arohan Financial Services Limited**

**Annexure 5 - Notes to Restated Financial Information**

**53 Asset Liability Management**

**Maturity pattern of assets and liability as on September 30, 2020** *(Amounts in ₹ millions)*

| Particulars | 1 to 7 days | 8 to 14 days | 15 to 30/31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits (with banks) | 2,654.14 | 4,594.00 | 3,238.06 | 9.50 | 54.75 | 287.07 | 462.21 | 845.07 | - | - | **12,144.80** |
| Advances (Micro Finance Portfolio) | 573.48 | 955.81 | 2,293.94 | 2,780.85 | 2,788.49 | 8,093.26 | 13,676.31 | 10,828.51 | 1,441.12 | - | **43,431.77** |
| Advances (Other than Micro Finance) | 38.47 | 64.12 | 153.88 | 240.87 | 216.05 | 568.57 | 797.20 | 305.22 | 133.15 | - | **2,517.53** |
| Investments | - | - | - | - | - | - | - | - | - | - | **-** |
| Borrowings | 711.86 | 506.32 | 1,277.26 | 2,078.05 | 2,726.29 | 6,410.50 | 12,121.49 | 17,484.13 | 2,890.00 | 250.00 | **46,455.90** |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

**Maturity pattern of assets and liability as on March 31, 2020** *(Amounts in ₹ millions)*

| Particulars | 1 to 7 days | 8 to 14 days | 15 to 30/31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits (with banks) | 407.29 | - | 25.34 | 46.61 | 84.28 | 64.14 | 386.53 | 817.78 | 5.00 | - | **1,836.97** |
| Advances (Micro Finance Portfolio) | - | - | - | 32.59 | - | 3,576.26 | 16,620.46 | 20,894.55 | 879.01 | - | **42,002.87** |
| Advances (Other than Micro Finance) | 7.04 | 13.23 | 7.88 | 17.51 | 24.18 | 350.11 | 1,216.58 | 1,128.44 | 134.89 | - | **2,899.86** |
| Investments | - | - | - | - | - | - | - | - | - | - | **-** |
| Borrowings | 751.11 | 242.77 | 448.29 | 824.73 | 2,013.44 | 6,513.61 | 11,838.10 | 15,911.30 | 1,559.05 | 1,750.00 | **41,852.40** |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

Arohan Financial Services Limited

Annexure 5 - Notes to Restated Financial Information

**53 Asset Liability Management**

**Maturity pattern of assets and liability as on March 31, 2019** *(Amounts in ₹ millions)*

| Particulars | 1 to 7 days | 8 to 14 days | 15 to 30/31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits (with banks) | 2.16 | 200.00 | 906.27 | 27.62 | 40.77 | 49.22 | 212.69 | 507.87 | - | - | **1,946.60** |
| Advances (Micro Finance Portfolio) | 5.99 | 10.37 | 2,288.38 | 2,339.33 | 2,289.47 | 6,565.99 | 10,266.13 | 7,878.14 | 147.47 | - | **31,791.27** |
| Advances (Other than Micro Finance) | 24.93 | 49.86 | 168.94 | 251.67 | 229.96 | 669.09 | 1,071.40 | 1,099.05 | 83.50 | - | **3,648.40** |
| Investments | - | - | - | - | - | - | - | - | - | 0.33 | **0.33** |
| Borrowings | 379.41 | 98.14 | 622.04 | 1,054.32 | 1,294.98 | 4,795.97 | 8,838.47 | 9,983.47 | 1,536.70 | 1,500.00 | **30,103.50** |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

**Maturity pattern of assets and liability as on March 31, 2018 (Proforma)** *(Amounts in ₹ millions)*

| Particulars | 1 to 7 days | 8 to 14 days | 15 to 30/31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | Over 1 year and upto 3 years | Over 3 year and upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits (with banks) | 503.92 | 191.15 | 5.92 | 24.01 | 14.54 | 69.78 | 101.05 | 361.66 | 50.36 | - | **1,322.39** |
| Advances (Micro Finance Portfolio) | 713.17 | 1,261.76 | 3,510.99 | 1,317.19 | 1,252.82 | 3,556.65 | 4,941.09 | 2,676.90 | 244.55 | - | **19,475.12** |
| Advances (Other than Micro Finance) | 34.39 | 60.85 | 169.33 | 72.43 | 72.99 | 201.53 | 219.67 | 248.89 | 20.28 | - | **1,100.36** |
| Investments | 0.19 | - | - | - | - | - | - | - | - | 0.33 | **0.52** |
| Borrowings | 123.48 | 55.83 | 315.93 | 673.80 | 722.59 | 2,949.27 | 4,747.28 | 7,066.33 | 596.12 | 1,400.00 | **18,650.63** |
| Foreign Currency assets | - | - | 0.14 | - | - | - | - | - | - | - | **0.14** |
| Foreign Currency liabilities | | | | | | | | | | | **-** |

**Notes:**

a. The above borrowings and deposits excludes accrued interest.

b. The advances comprise of gross loan portfolio and does not include interest accrued and other Ind AS adjustments.

c. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.

d. Advances and borrowings are adjusted for moratorium granted pursuant to RBI guidelines relating to COVID-19 Regulatory Package dated 27 March, 2020, 17 April, 2020 and 23 May 2020.

Arohan Financial Services Limited

Annexure 5 - Notes to Restated Financial Information

**54 Disclosures pursuant to RBI notifications:**

**(A) Disclosures pursuant to Reserve Bank of India notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020**

**As at September 30, 2020** *(Amounts in ₹ millions)*

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms (*) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| (A) | (B) | (C) | (D) | (E=C-D) | (F) | (G=D-F) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 43,925.60 | 482.91 | 43,442.69 | 175.07 | 307.84 |
| | Stage 2 | 1,295.16 | 875.02 | 420.14 | 2.98 | 872.04 |
| **Sub-total** | | **45,220.76** | **1,357.93** | **43,862.83** | **178.05** | **1,179.88** |
| **Non-Performing Assets NPA)** | | | | | | |
| Sub-standard | Stage 3 | 1,127.49 | 1,127.49 | - | 283.21 | 844.28 |
| Doubtful - up to 1 year | | - | - | - | - | - |
| Doubtful - 1 - 3 years | | - | - | - | - | - |
| Doubtful - more than 3 years | | - | - | - | - | - |
| **Sub-total for doubtful** | | **1,127.49** | **1,127.49** | **-** | **283.21** | **844.28** |
| Loss | Stage 3 | - | - | - | - | - |
| **Sub-total for NPA** | | - | - | - | - | - |
| 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 | - | - | - | - | - |
| **Sub-total** | | **-** | **-** | **-** | **-** | **-** |
| **Total** | **Stage 1** | **43,925.60** | **482.91** | **43,442.69** | **175.07** | **307.84** |
| | **Stage 2** | **1,295.16** | **875.02** | **420.14** | **2.98** | **872.04** |
| | **Stage 3** | **1,127.49** | **1,127.49** | **-** | **283.21** | **844.28** |
| | **Total** | **46,348.25** | **2,485.42** | **43,862.83** | **461.26** | **2,024.16** |

**As at March 31, 2020** *(Amounts in ₹ millions)*

| Asset Classification as per RBI Norms | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms (*) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| (A) | (B) | (C) | (D) | (E=C-D) | (F) | (G=D-F) |
| **Performing Assets** | | | | | | |
| Standard | Stage 1 | 43,057.82 | 274.95 | 42,782.87 | 170.69 | 104.26 |
| | Stage 2 | 1,170.91 | 481.87 | 689.04 | 4.38 | 477.49 |
| **Sub-total** | | **44,228.73** | **756.82** | **43,471.91** | **175.07** | **581.75** |
| **Non-Performing Assets NPA)** | | | | | | |
| Sub-standard | Stage 3 | 1,118.40 | 1,118.40 | - | 272.21 | 846.19 |
| Doubtful - up to 1 year | | - | - | - | - | - |
| Doubtful - 1 - 3 years | | - | - | - | - | - |
| Doubtful - more than 3 years | | - | - | - | - | - |
| **Sub-total for doubtful** | | **-** | **-** | **-** | **-** | **-** |
| Loss | Stage 3 | - | - | - | - | - |
| **Sub-total for NPA** | | **1,118.40** | **1,118.40** | **-** | **272.21** | **846.19** |
| 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 | - | - | - | - | - |
| **Sub-total** | | - | - | - | - | - |
| **Total** | **Stage 1** | **43,057.82** | **274.95** | **42,782.87** | **170.69** | **104.26** |
| | **Stage 2** | **1,170.91** | **481.87** | **689.04** | **4.38** | **477.49** |
| | **Stage 3** | **1,118.40** | **1,118.40** | **-** | **272.21** | **846.19** |
| | **Total** | **45,347.13** | **1,875.22** | **43,471.91** | **447.28** | **1,427.94** |

**Note:**

The disclosures as required vide the above Notification dated March 13, 2020 are relevant for year ended March 31, 2020 and onwards, hence prior year reporting is not required.

(*) The amount of securitisation portfolio has been considered off book balances for limited purpose of computation provision as per RBI norms.

**(B) Disclosures pursuant to Reserve Bank of India notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020**

*(Amounts in ₹ millions)*

| Particulars | Six months period ended September 30, 2020 | Year ended March 31, 2020 |
|---|---|---|
| Amount in SMA/ overdue category where the moratorium deferment was extended to customers | 2,714.89 | 2,810.64 |
| Amount where asset classification benefit is extended | 1,889.63 | 1,802.74 |

**55 Disclosure of Restructured Accounts**

*(Amounts in ₹ millions)*

| Sl. No. | Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|---|
| | Asset classification | | Standard | Sub-standard | Doubtful | Loss | Total |
| | Details | | | | | | |
| 1 | Restructured Accounts as on April 01, 2020 (*) | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 2 | Fresh Restructuring during the year | No. of borrowers | - | 10,759 | - | - | 10,759 |
| | | Amount outstanding | - | 265.65 | - | - | 265.65 |
| | | Provision thereon | - | 265.65 | - | - | 265.65 |
| 3 | Upgradations to restructured standard category during the FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 5 | Down gradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 6 | Write-offs of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 7 | Restructured Accounts as on September 30, 2020 (*) | No. of borrowers | - | 10,711 | - | - | 10,711 |
| | | Amount outstanding | - | 261.97 | - | - | 261.97 |
| | | Provision thereon | - | 261.97 | - | - | 261.97 |
| (*) | Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable). | | | | | | |

| Sl. No. | Type of Restructuring | | Others | | | | |
|---|---|---|---|---|---|---|---|
| | Asset classification | | Standard | Sub-standard | Doubtful | Loss | Total |
| | Details | | | | | | |
| 1 | Restructured Accounts as on 01 April 2019 (*) | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 2 | Fresh Restructuring during the year | No. of borrowers | - | 794 | - | - | 794 |
| | | Amount outstanding | - | 12.54 | - | - | 12.54 |
| | | Provision thereon | - | 12.54 | - | - | 12.54 |
| 3 | Upgradations to restructured standard category during the FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 4 | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 5 | Down gradations of restructured accounts during the FY | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| 6 | Write-offs of restructured accounts during the FY | No. of borrowers | - | 793 | - | - | 793 |
| | | Amount outstanding | - | 11.17 | - | - | 11.17 |
| | | Provision thereon | - | - | - | - | - |
| 7 | Restructured Accounts as on 31 March 2020 (*) | No. of borrowers | - | - | - | - | - |
| | | Amount outstanding | - | - | - | - | - |
| | | Provision thereon | - | - | - | - | - |
| (*) | Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable). | | | | | | |

**Notes:**

The outstanding amount and number of borrowers are after considering recoveries made during the respective years.

CDR and SME debt restructuring segments are Nil.

One loan account was collected and closed during the financial year.

Details are provided only for the period/years when restructuring was undertaken by the Company.

**56 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 have been given below:**

**(i) Funding Concentration based on significant counterparty on borrowings**

**As at September 30, 2020**

| Number of Significant Counterparties | (Amounts in ₹ millions) | % of Total deposits | % of Total Liabilities |
|---|---|---|---|
| 21 | 41,849.81 | Not applicable | 87.23% |

**As at March 31, 2020**

| Number of Significant Counterparties | (Amounts in ₹ millions) | % of Total deposits | % of Total Liabilities |
|---|---|---|---|
| 25 | 37,780.83 | Not applicable | 87.50% |

**Notes:**

a) A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

b) Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ millions and % of total deposits) -** Not applicable

**(iii) Top 10 borrowings**

| As at September 30, 2020 | | As at March 31, 2020 | |
|---|---|---|---|
| (Amounts in ₹ millions) | % of total borrowings (#) | (Amounts in ₹ millions) | % of total borrowings (#) |
| 30,215.59 | 65.04% | 26,190.80 | 62.58% |

**Note:**

(*) Accrued interest on borrowings not considered.

(#) Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

**(iv) Funding Concentration based on significant instrument / product**

| | As at September 30, 2020 | | As at March 31, 2020 | |
|---|---|---|---|---|
| Name of the instrument/product | (Amounts in ₹ millions) | % of total liabilities | Amount | % of total liabilities |
| Debt securities | 6,500.00 | 13.55% | - | - |
| Borrowings (other than debt securities) | 37,855.91 | 78.90% | 40,002.39 | 92.65% |
| Subordinated liabilities | 2,100.00 | 4.38% | 1,850.00 | 4.28% |

**Note:**

(a) A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

(b) Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(c) Accrued interest on borrowings not considered.

**(v) Stock Ratios:**

| Stock Ratio (in terms of percentage) | As at September 30, 2020 | As at March 31, 2020 |
|---|---|---|
| 1. Commercial papers as a % of total liabilities | Not Applicable | Not Applicable |
| 2. Commercial papers as a % of total assets | Not Applicable | Not Applicable |
| 3. Commercial papers as a % of public fund | Not Applicable | Not Applicable |
| 4. Non-convertible debentures (original maturity of less than one year) as a % of total liabilities | 0% | 0% |
| 5. Non-convertible debentures (original maturity of less than one year) as a % of total assets | 0% | 0% |
| 6. Non-convertible debentures (original maturity of less than one year) as a % of public fund | 0% | 0% |
| 7. Other short-term liabilities as a % of total liabilities | 56.70% | 55.16% |
| 8. Other short-term liabilities as a % of total assets | 46.80% | 45.10% |
| 9. Other short-term liabilities as a % of pubic fund | 58.26% | 56.80% |

**(vi) Institutional set-up for Liquidity Risk Management**

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/ approval/ ratification.

**57 First time adoption of Ind AS**

**A. First Ind AS financial statements**

For the periods upto and including the year ended March 31, 2019, the Company had prepared its financial statements in accordance with the Accounting Standards notified under section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) - ('Indian GAAP'). The financial statements for the year ended March 31, 2018 have been prepared on Proforma basis ('Proforma Ind AS financial information') in accordance with the requirements of SEBI Circular dated March 31, 2016 and Guidance Note on Reports in Company Prospectuses issued by the ICAI. For the purposes of Proforma Ind AS financial information, the Company has followed the same accounting policy and accounting policy choices (both mandatory exemptions and optional exemptions availed as per Ind AS 101) as initially adopted on the transition date i.e. April 1, 2018.

Ind AS 101 allows first time adopters certain exemptions and certain optional exceptions from the retrospective application of certain requirements under Ind AS as follows:

**(i) Exemptions applied**

**a. Deemed cost of property, plant and equipment and intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Asset. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**b. Leases**

Ind AS 116 requires an entity to assess whether a contract or arrangement contains a lease. According to Ind AS 116, this assessment should be carried out at the inception of the contract or arrangement. However the Company has used Ind AS 101 exemption and assessed all arrangements based on conditions in place as the date of transition.

**c. Business combination**

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from April 1,2018. As such, Indian GAAP balances relating to business combinations entered into before that date, have been carried forward.

**d. Share based payments**

Ind AS 102 share based payments requires an entity to recognise the equity settled share based payment plans based on fair value of the stock options granted to employees instead of intrinsic value. Ind AS 101 permits a first time adopter to ignore such requirement for the options already vested as on transition date. The Company has elected to apply this exemptions for such vested options.

**(ii) Mandatory exceptions**

**a. Estimates**

Ind AS estimates as at March 31, 2018 (Proforma) are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:
a) Investment in equity instruments carried at FVOCI; and
b) Impairment of financial assets based on expected credit loss model

**b. Classification and measurement of financial assets and liabilities**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has complied with the same.

**c. De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Company has applied the de-recognition requirements of Ind AS 109 prospectively for transactions appearing on or after the date of transition to Ind AS.

**d. Impairment of financial assets**

Ind AS 101 provides relaxation from applying the impairment related requirements of Ind AS 109 retrospectively. At the date of transition, it requires an entity to use reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised and compare that to the credit risk at the date of transition to Ind AS or recognise a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is de-recognised, if at the date of transition to Ind AS, determination of credit risk involves undue cost or effort. The Company has elected to apply Ind AS 109 prospectively from the date of transition to Ind AS.

**B. First time adoption reconciliations**

**i) Equity reconciliation** *(Amounts in ₹ millions)*

| **Particulars** | **Notes to first time adoption** | **As at March 31, 2019** | **As at March 31, 2018 (Proforma)** | **As at April 01, 2017 (Proforma)** |
|---|---|---|---|---|
| Total equity (shareholder's funds) as per Indian GAAP | | 6,812.19 | 3,804.47 | 3,411.72 |
| Ind AS adjustments: | | | | |
| Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method | B (iv)(a) | 62.89 | 29.76 | 10.60 |
| Net gain on derecognition of loans sold under assignment transaction | B (iv)(b) | 207.43 | - | - |
| Impact on account of application of Ind AS 116 (net) | B (iv)(h) | (2.06) | (2.36) | - |
| Fair valuation of financial assets and liabilities | B (iv)(e) | (30.14) | (0.18) | (0.16) |
| Others | | (0.08) | (4.48) | (4.51) |
| Tax impact of above adjustments | B (iv)(k) | (78.66) | (8.58) | (3.43) |
| **Total adjustments** | | **159.38** | **14.16** | **2.50** |
| **Equity as per Ind AS** | | **6,971.57** | **3,818.63** | **3,414.22** |

**57 First time adoption of Ind AS**

**ii) Reconciliation of total comprehensive income** *(Amounts in ₹ millions)*

| **Particulars** | **Notes to first time adoption** | **Year ended March 31, 2019** | **Year ended March 31, 2018 (Proforma)** |
|---|---|---|---|
| Net profit as per Indian GAAP | | 1,120.75 | 296.64 |
| Ind AS adjustments: | | | |
| Impact on recognition of financial asset and financial liabilities at amortised cost by application of effective interest rate method | B (iv)(a) | 32.72 | 19.17 |
| Net gain on derecognition of loans sold under assignment transaction | B (iv)(b) | 207.43 | - |
| Fair valuation of financial assets and liabilities | B (iv)(a,e) | (0.08) | 0.03 |
| Impact on account of application of Ind AS 116 (net) | B (iv)(h) | (2.05) | (2.36) |
| Share based payments | B (iv)(f) | (10.35) | (2.04) |
| Remeasurement of post employment benefit obligations | B (iv)(i) | 11.61 | 5.31 |
| Tax impact of above adjustments | B (iv)(k) | (83.63) | (7.00) |
| **Profit after tax as per Ind AS** | | **1,276.40** | **309.75** |
| Other comprehensive income | | | |
| Remeasurement of post employment benefit obligations | B (iv)(i) | (11.61) | (5.31) |
| Fair valuation of financial assets | B (iv)(e) | (29.94) | (0.02) |
| Tax impact of above adjustments | B (iv)(k) | 14.52 | 1.86 |
| **Total comprehensive income for the year** | | **1,249.37** | **306.28** |

**iii) Reconciliation of cash flows**

a. Impact of Ind AS adoption on statement of cash flows for the year ended on March 31, 2019:

*(Amounts in ₹ millions)*

| **Particulars** | **Amount as per Indian GAAP** | **Ind AS adjustments** | **Amount as per Ind AS** |
|---|---|---|---|
| Net cash used in operating activities | (12,580.49) | (505.41) | (13,085.90) |
| Net cash used in investing activities | (43.94) | (11.17) | (55.11) |
| Net cash generated from financing activities | 12,779.59 | 513.67 | 13,293.26 |
| **Net Increase/ (decrease) in cash and cash equivalent** | **155.16** | **(2.91)** | **152.25** |
| Cash and cash equivalent as at March 31, 2018 (Proforma) | 1,586.39 | 1.42 | 1,587.81 |
| **Cash and cash equivalent as at March 31, 2019** | **1,741.55** | **(1.49)** | **1,740.06** |

b. Impact of Ind AS adoption on statement of cash flows for the year ended on March 31, 2018 (Proforma):

*(Amounts in ₹ millions)*

| **Particulars** | **Amount as per Indian GAAP** | **Ind AS adjustments** | **Amount as per Ind AS** |
|---|---|---|---|
| Net cash used in operating activities | (9,347.48) | (1,228.89) | (10,576.37) |
| Net cash used in investing activities | (31.17) | (2.64) | (33.81) |
| Net cash generated from financing activities | 9,118.80 | 1,231.88 | 10,350.68 |
| **Net Increase/ (decrease) in cash and cash equivalent** | **(259.85)** | **0.35** | (259.50) |
| Cash and cash equivalent as at April 01, 2017 (Proforma) | 1,846.24 | 1.07 | 1,847.31 |
| **Cash and cash equivalent as at March 31, 2018** | **1,586.39** | **1.42** | **1,587.81** |

**iv) Notes to first time adoption**

**a Interest income and expense measured using effective interest method**

Borrowings

Under Indian GAAP, the transaction costs related to borrowings were recognised upfront on disbursal in the statement of profit and loss. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the statement of profit and loss.

Loans

Under Indian GAAP, origination fees was recognised on cash basis and transaction cost was recognised on accrual basis upfront. Under Ind AS, such fees and costs is amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under Indian GAAP, interest income on non performing assets (i.e. loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are recognised on their net carrying amount.

Security deposits

Under previous GAAP, security deposits were initially recognised at transaction price. Subsequently, finance income was recognised based on contractual terms, if any. Under Ind AS, such security deposits are initially recognised at fair value and subsequently carried at amortised cost and determined using the effective interest rate. Any difference between transaction price and fair value is recognised in statement of profit and loss unless it quantifies for recognition as some other type of asset.

**b Recognition of interest only strip receivable on assigned loans**

Under Indian GAAP, gain/(loss) on account of assignment deals was recognised as and when due. Under Ind AS, gain/(loss) on account of assignment is recognised on the date of derecognition. Accordingly, Company has created an Interest only strip receivable with corresponding credit to the statement of profit and loss for the year/retained earnings, which has been computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk has also been made.

**57 First time adoption of Ind AS**

**c Securitisation**

Under Indian GAAP, the Company used to de-recognise the securitised loan assets and excess interest spread income was recognised on receipt basis. Under Ind AS 109, securitised loan assets do not meet de-recognition criteria and accordingly, the Company continues to recognise such loan assets and also recognises a liability for the amount received on sale of such securitised loans. Accordingly, securitised loan assets and related liability is measured at amortised cost using effective interest method.

**d Impairment allowance for expected credit loss**

Under Indian GAAP, the Company were created impairment allowance on loan assets basis the provisioning norms prescribed by RBI. Under Ind AS, impairment allowance has been determined based on expected credit loss ('ECL') model.

**e Fair valuation of investments**

Under Indian GAAP, investments in long-term equity instruments were carried at cost and tested for diminution (other than temporary in nature). Under Ind AS, such investments are carried either at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Under Indian GAAP, investments in mutual funds were carried at lower of cost or net realisable value. Under Ind AS, such investments are carried at FVTPL.

**f Share based payment**

Under Previous GAAP, the intrinsic value of the employee stock option plan was recognised as an expense over the vesting period. Under Ind AS, the compensation cost of employee stock option plan is recognised based on the fair value of the options determined using an appropriate pricing model at the date of grant.

**g Adjustments for consolidation of Arohan Employees Benefit and Welfare Trust ('ESOP Trust')**

ESOP Trust, financed through interest free loan by the Company which have not vested yet, for distribution to employees of the Company, has been consolidated on line by line basis by reducing the value of such shares held by the trust from Other equity of the Company (as treasury shares).

**h Lease accounting**

Under the Indian GAAP, lease rentals related to operating lease were accounted as expense in the statement of profit and loss. Under Ind AS, lease liability and right of use is recorded at present value of future contractual rent payment on initial date of lease. Subsequently, finance cost is accrued on lease liability and lease payments are recorded by way of reduction in lease liability. Right of use asset is depreciated over lease term.

**i Remeasurement of defined benefit obligations**

Under the Indian GAAP, actuarial gains / losses on defined benefit obligations were recognised in the statement of profit and loss. Under Ind AS, remeasurements i.e. actuarial gains and losses, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of the statement of profit and loss.

**j Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit and loss but are shown in the statement of profit and loss as other comprehensive income includes re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and their corresponding income tax effects. The concept of other comprehensive income did not exist under Indian GAAP.

**k Deferred tax**

The various transitional adjustments have led to temporary differences and accordingly, the Company has accounted for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or as a separate component of equity.

Arohan Financial Services Limited

Annexure 5 - Notes to Restated Financial Information

57 First time adoption of Ind AS

C. Effect of Ind AS adoption

i) Effect of Ind AS adoption on the Balance Sheet as at March 31, 2018 (Proforma)

*(Amounts in ₹ millions)*

| Particulars | Note | As at March 31, 2018 (Proforma) | | |
|---|---|---|---|---|
| | | Indian GAAP (*) | Ind AS adjustments | Proforma Ind AS |
| **Assets** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | B (iv)(g) | 1,586.39 | 1.42 | 1,587.81 |
| Other bank balances | | 658.33 | - | 658.33 |
| Trade receivables | | 21.92 | - | 21.92 |
| Loans | B (iv)(a,d) | 20,341.95 | 42.60 | 20,384.55 |
| Investments | B (iv)(e) | 0.66 | (0.14) | 0.52 |
| Other financial assets | B (iv)(a) | 104.47 | (1.43) | 103.04 |
| **Total financial assets** | | **22,713.72** | **42.45** | **22,756.17** |
| **Non-financial assets** | | | | |
| Current tax assets (net) | | 0.84 | - | 0.84 |
| Deferred tax assets (net) | B (iv)(k) | 78.51 | (8.67) | 69.84 |
| Property, plant and equipment | | 49.92 | - | 49.92 |
| Intangible assets | | 53.41 | - | 53.41 |
| Right of use asset | B (iv)(h) | - | 40.25 | 40.25 |
| Other non-financial assets | B (iv)(a,g) | 68.66 | (2.39) | 66.27 |
| **Total non-financial assets** | | **251.34** | **29.19** | **280.53** |
| **Total assets** | | **22,965.06** | **71.64** | **23,036.70** |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| **Financial liabilities** | | | | |
| Payables | | | | |
| Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - | - |
| Debt securities | B (iv)(a) | 1,169.49 | (0.03) | 1,169.46 |
| Borrowings (other than debt securities) | B (iv)(a) | 16,019.35 | 14.76 | 16,034.11 |
| Subordinated liabilities | | 1,497.60 | - | 1,497.60 |
| Other financial liabilities | B (iv)(h) | 339.25 | 42.61 | 381.86 |
| **Total financial liabilities** | | **19,025.69** | **57.34** | **19,083.03** |
| **Non-financial liabilities** | | | | |
| Current tax liabilities (net) | | - | - | - |
| Provisions | | 26.19 | - | 26.19 |
| Other non-financial liabilities | B (iv)(g) | 108.71 | 0.14 | 108.85 |
| **Total non-financial liabilities** | | **134.90** | **0.14** | **135.04** |
| **Total liabilities** | | **19,160.59** | **57.48** | **19,218.07** |
| **Equity** | | | | |
| Share capital | B (iv)(g) | 882.24 | 2.41 | 884.65 |
| Other equity | B (iv)(a to k) | 2,922.23 | 11.75 | 2,933.98 |
| **Total equity** | | **3,804.47** | **14.16** | **3,818.63** |
| **Total liabilities and equity** | | **22,965.06** | **71.64** | **23,036.70** |

(*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III for the purpose of this note. After reclassification, effect has been given for transition adjustments.

**57 First time adoption of Ind AS**

**ii) Effect of Ind AS adoption on the Balance Sheet as at March 31, 2019**

*(Amounts in ₹ millions)*

| Particulars | Note | As at March 31, 2019 | | |
|---|---|---|---|---|
| | | Indian GAAP (*) | Ind AS adjustments | Restated Ind AS |
| **Assets** | | | | |
| **Financial assets** | | | | |
| Cash and cash equivalents | B (iv)(g) | 1,740.02 | 0.04 | 1,740.06 |
| Other bank balances | | 881.88 | - | 881.88 |
| Trade receivables | | 56.63 | - | 56.63 |
| Loans | B (iv)(a,c,d) | 34,531.70 | 620.46 | 35,152.16 |
| Investments | B (iv)(e) | 0.50 | (0.17) | 0.33 |
| Other financial assets | B (iv)(b) | 154.94 | 206.38 | 361.32 |
| **Total financial assets** | | **37,365.67** | **826.71** | **38,192.38** |
| **Non-financial assets** | | | | |
| Current tax assets (net) | | 32.40 | - | 32.40 |
| Deferred tax assets (net) | B (iv)(k) | 115.15 | (78.68) | 36.47 |
| Property, plant and equipment | | 60.10 | - | 60.10 |
| Intangible assets under development | | 0.53 | - | 0.53 |
| Intangible assets | | 57.04 | - | 57.04 |
| Right of use asset | B (iv)(h) | - | 64.57 | 64.57 |
| Other non-financial assets | B (iv)(a) | 86.46 | 1.02 | 87.48 |
| **Total non-financial assets** | | **351.68** | **(13.09)** | **338.59** |
| **Total assets** | | **37,717.35** | **813.62** | **38,530.97** |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| **Financial liabilities** | | | | |
| Payables | | | | |
| Trade payables | | | | |
| - Total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - | - |
| Debt securities | B (iv)(a,c) | 624.43 | 0.16 | 624.59 |
| Borrowings (other than debt securities) | B (iv)(a) | 27,171.44 | 587.34 | 27,758.78 |
| Subordinated liabilities | | 1,851.52 | - | 1,851.52 |
| Other financial liabilities | B (iv)(h) | 975.91 | 66.74 | 1,042.65 |
| **Total financial liabilities** | | **30,623.30** | **654.24** | **31,277.54** |
| **Non-financial liabilities** | | | | |
| Current tax liabilities (net) | | - | - | - |
| Provisions | | 52.37 | - | 52.37 |
| Other non-financial liabilities | | 229.49 | - | 229.49 |
| **Total non-financial liabilities** | | **281.86** | **-** | **281.86** |
| **Total liabilities** | | **30,905.16** | **654.24** | **31,559.40** |
| **Equity** | | | | |
| Share capital | B (iv)(g) | 1,011.61 | 15.13 | 1,026.74 |
| Other equity | B (iv)(a to k) | 5,800.58 | 144.25 | 5,944.83 |
| **Total equity** | | **6,812.19** | **159.38** | **6,971.57** |
| **Total liabilities and equity** | | **37,717.35** | **813.62** | **38,530.97** |

(*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III for the purpose of this note. After reclassification, effect has been given for transition adjustments.

**57 First time adoption of Ind AS**

**iii) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2018 (Proforma)**

*(Amounts in ₹ millions)*

| Particulars | Note | For the year ended March 31, 2018 (Proforma) | | |
|---|---|---|---|---|
| | | Indian GAAP (*) | Ind AS adjustments | Restated Ind AS |
| **Revenue from operations** | | | | |
| Interest income | B (iv)(a) | 3,076.83 | 19.96 | 3,096.79 |
| Fees and commission income | | 129.27 | - | 129.27 |
| Net gain on derecognition of financial instruments | | - | - | - |
| Other operating income | | 4.63 | - | 4.63 |
| **Total revenue from operations** | | **3,210.73** | **19.96** | **3,230.69** |
| Other income | B (iv)(a,e) | 47.71 | 0.31 | 48.02 |
| **Total income** | | **3,258.44** | **20.27** | **3,278.71** |
| **Expenses** | | | | |
| Finance costs | B (iv)(a,h) | 1,235.74 | 5.52 | 1,241.26 |
| Impairment on financial instruments | B (iv)(d) | 483.35 | - | 483.35 |
| Employee benefits expenses | B (iv)(f,i) | 691.58 | (3.27) | 688.31 |
| Depreciation and amortisation | B (iv)(h) | 30.48 | 9.79 | 40.27 |
| Other expenses | B (iv)(a,h) | 363.09 | (11.88) | 351.21 |
| **Total expenses** | | **2,804.24** | **0.16** | **2,804.40** |
| **Profit before tax** | | **454.20** | **20.11** | **474.31** |
| **Tax expenses:** | | | | |
| - Current tax | | 202.60 | - | 202.60 |
| - Deferred tax expense/(credit) | B (iv)(k) | (44.04) | 7.00 | (37.04) |
| - Excess tax provisions written back | | (1.00) | - | (1.00) |
| | | 157.56 | 7.00 | 164.56 |
| **Profit for the year** | | **296.64** | **13.11** | **309.75** |
| **Other comprehensive income (OCI)** | | | | |
| (A) Items that will not be reclassified to profit or loss | | | | |
| Remeasurement loss of defined benefit plans | B (iv)(i) | - | (5.31) | (5.31) |
| Fair value of equity instruments | B (iv)(e) | - | (0.02) | (0.02) |
| Income tax related to these items | B (iv)(k) | - | 1.86 | 1.86 |
| **Sub-total (A)** | | **-** | **(3.47)** | **(3.47)** |
| (B) Items that will be reclassified to profit or loss | | | | |
| Fair valuation of financial assets | | - | - | - |
| Income tax related to these items | | - | - | - |
| **Sub-total (B)** | | **-** | **-** | **-** |
| **Total other comprehensive income (A + B)** | B (iv)(j) | **-** | **(3.47)** | **(3.47)** |
| **Total comprehensive income** | | **296.64** | **9.64** | **306.28** |

(*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III for the purpose of this note. After reclassification, effect has been given for transition adjustments.

**57 First time adoption of Ind AS**

**iv) Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended March 31, 2019**

*(Amounts in ₹ millions)*

| Particulars | Note | For the year ended March 31, 2019 | | |
|---|---|---|---|---|
| | | Indian GAAP (*) | Ind AS adjustments | Restated Ind AS |
| **Revenue from operations** | | | | |
| Interest income | B (iv)(a) | 6,027.90 | (179.52) | 5,848.38 |
| Fees and commission income | | 198.44 | - | 198.44 |
| Net gain on derecognition of financial instruments | B (iv)(b) | - | 426.96 | 426.96 |
| Other operating income | | 14.84 | - | 14.84 |
| **Total revenue from operations** | | **6,241.18** | **247.44** | **6,488.62** |
| Other income | B (iv)(a) | 27.04 | 0.27 | 27.31 |
| **Total income** | | **6,268.22** | **247.71** | **6,515.93** |
| **Expenses** | | | | |
| Finance costs | B (iv)(a,h) | 2,536.06 | 11.79 | 2,547.85 |
| Impairment on financial instruments | | 368.43 | - | 368.43 |
| Employee benefits expenses | B (iv)(a,h) | 1,173.85 | (1.27) | 1,172.58 |
| Depreciation and amortisation | B (iv)(h) | 40.96 | 11.76 | 52.72 |
| Other expenses | B (iv)(a,h) | 616.83 | (13.85) | 602.98 |
| **Total expenses** | | **4,736.13** | **8.43** | **4,744.56** |
| **Profit before tax** | | **1,532.09** | **239.28** | **1,771.37** |
| **Tax expenses:** | | | | |
| - Current tax | | 458.52 | - | 458.52 |
| - Deferred tax expense/(credit) | B (iv)(k) | (36.64) | 83.63 | 46.99 |
| - Excess tax provisions written back | | (10.54) | - | (10.54) |
| | | **411.34** | **83.63** | **494.97** |
| **Profit for the year** | | **1,120.75** | **155.65** | **1,276.40** |
| **Other comprehensive income (OCI)** | | | | |
| (A) Items that will not be reclassified to profit or loss | | | | |
| Remeasurement loss of defined benefit plans | B (iv)(i) | - | (11.61) | (11.61) |
| Income tax related to these items | B (iv)(k) | - | 4.06 | 4.06 |
| **Sub-total (A)** | | **-** | **(7.55)** | **(7.55)** |
| (B) Items that will be reclassified to profit or loss | | | | |
| Fair valuation of financial assets | B (iv)(e) | - | (29.94) | (29.94) |
| Income tax related to these items | B (iv)(k) | - | 10.46 | 10.46 |
| **Sub-total (B)** | | **-** | **(19.48)** | **(19.48)** |
| **Total other comprehensive income (A + B)** | | **-** | **(27.03)** | **(27.03)** |
| **Total comprehensive income** | | **1,120.75** | **128.62** | **1,249.37** |

(*) The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements i.e. basis Division III of Schedule III for the purpose of this note. After reclassification, effect has been given for transition adjustments.

**D. Proforma Ind AS adjustments**

**(i)** The Company has recognised Right-of-use assets and lease liabilities in the books on April 1, 2018, which is the date of transition to Ind AS 116. For the purpose of Proforma Restated Financial Information for year ended March 31, 2018, transition date of Ind AS 116 is considered as April 1, 2017. Such change in transition date has resulted into a net adjustment of ₹ 1.53 millions which has been recognized in the Proforma Restated Financial Information for the year ended March 31, 2018.

**(ii)** The Company has recognised security deposits in the books on April 1, 2018, at amortised cost and determined it using the effective interest rate. For the purpose of Proforma Restated Financial Information for year ended March 31, 2018, transition date has been considered as April 1, 2017. Such change in transition date has resulted into a net adjustment of ₹ 0.03 millions which has been recognized in the Proforma Restated Financial Information for the year ended March 31, 2018.

**58 Impact of COVID-19**

COVID-19, a global pandemic has affected the world economy including India, leading to significant decline and volatility in financial markets and decline in economic activities. The Company's business is expected to be impacted by lower lending opportunities and decline in collection efficiencies. The impact of COVID-19 on Company's result remain uncertain and dependent on extent of spread of COVID-19, steps taken by the Government and central bank to mitigate the economic impact, steps taken by the Company and the time it takes for economic activities to resume at normal levels as a result of which, actual results may differ. The Company's capital and liquidity position remains strong and would continue to be the focus area for the Company.

In accordance with the Reserve Bank of India ("the RBI") guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Company has granted moratorium upto six months on payment of all installments and/ or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all the eligible borrowers as per the Company's policy. For all such loans where moratorium is granted, the Company has kept ageing of such loans and their asset classification standstill during the moratorium period.

The Company has recognized provisions as on September 30, 2020 towards its loan assets, based on the information available at this point of time, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial results. However, the impact assessment of COVID-19 is a continuing process given its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

**59** The Hon'ble Supreme Court of India through an interim order dated September 3, 2020 (Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India & ANR), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders, Basis the said interim order, the Company has not classified any account as NPA, as per RBI norms, after August 31, 2020 which was not NPA as of August 31, 2020. The Company continues to hold provisions towards such borrower accounts, as if these accounts were classified as impaired (Stage 3) as per the Ind AS 109 as at September 30, 2020. The Company has made additional provisions towards such borrower accounts at rates applicable to Stage 3 cases as per Ind AS 109 as at September 30, 2020.

**60** The Government of India, Ministry of Finance vide its Notification, dated October 23, 2020, had announced the scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months (March 1, 2020 to August 31, 2020) to borrowers in specified loan accounts ("the Guidelines") as per the eligibility criteria and other aspects specified therein and irrespective of whether moratorium availed or not. This amounts needed to be credited to the loan account of such borrowers on or before November 5, 2020. The Company has completed the process within the specified due date as mentioned in the Guidelines and has filed the claim with the appropriate authorities.

**61** The Company has invoked the restructuring of customer accounts as per the Board approved plan to provide loan restructuring option to its customers and the same would be implemented within 90 days from the date of invocation in accordance with the RBI Resolution Framework for COVID-19 related Stress Notification dated August 06, 2020. Accordingly ,the days past due (DPD)of JLG loans aggregating to ₹ 13,740.20 millions has been kept at a standstill as at September 30, 2020.

**62** Government of India's Code for Social Security 2020 ("the Code) received assent from the President in September 2020. However, the date from which the Code will become applicable and the Rules have not yet been notified. The Company will assess the impact of the Code and account for the same once the effective date and their rules are notified.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Manish Gujral**
Partner
Membership No.: 105117

Place: Mumbai
Date: February 10, 2021

For and on behalf of the Board of Directors of
**Arohan Financial Services Limited**

**Manoj Kumar N Nambiar**
Managing Director
DIN No.: 03172919
Place: Kolkata

**Anurag Agrawal**
Director
DIN No.: 02385780
Place: Mumbai

**Milind R Nare**
Chief Financial Officer
Place: Kolkata

**Anirudh Singh G Thakur**
Company Secretary
Place: Kolkata

Date: February 10, 2021

## OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

| Particulars | For the six month period ended September 30, 2020 | As at and for the year ended March 31, 2020 | As at and for the year ended March 31, 2019 | As at and for the year ended March 31, 2018 |
|---|---|---|---|---|
| Basic earnings per share (in ₹) | 5.75* | 12.07 | 14.05 | 3.52 |
| Diluted earnings per share (in ₹) | 5.74* | 12.05 | 14.02 | 3.51 |
| Return on net worth (%) | 12.29% | 13.17% | 18.31% | 8.11% |
| Net asset value per share (in ₹) | 91.32 | 87.26 | 67.90 | 43.17 |
| Pre-provision operating profit before tax (in ₹ million) | 1,448.57 | 3,234.65 | 2,139.80 | 957.66 |
| EBITDA | 3,225.48 | 5,564.83 | 4,371.94 | 1,755.84 |

**Notes:** *The ratios have been computed as under:*

1. *Basic and diluted EPS:*
   *Basic Earnings per Share and Diluted Earnings per Share calculations are done in accordance with the notified Indian Accounting Standard (Ind AS) 33 "Earnings Per Share" prescribed by the Companies (Indian Accounting Standard) Rules, 2015 as per Restated Financial Information, as follows:*

   $$\textit{Basic Earnings per Share} = \frac{\textit{Net Profit After Tax, as restated, attributable to equity shareholders}}{\textit{Weighted average number of equity shares outstanding during the year/period}}$$

   $$\textit{Diluted Earnings per Share} = \frac{\textit{Net Profit After Tax, as restated, attributable to equity shareholders}}{\textit{Weighted average number of diluted equity shares outstanding during the year/period}}$$

   **Basic and Diluted Earnings per Share for the six months ended September 30, 2020 are not annualised.*

2. *Return on net worth %:*
   *Return on Net Worth (%) is calculated as Profit after tax for the relevant year/period as a percentage of Net Worth as of the last day of the relevant year/period*

3. *Net worth:*
   *Net Worth as of the last day of the relevant year/period represents net worth which includes paid up share capital and all reserves and surplus and securities premium account including ESOP reserve as per the Restated Financial Information.*

4. *Net assets value per share (in ₹):*
   *Net Asset Value per Share represents Net Asset Value per Equity Share as per Restated Financial Information. It is calculated as Net Worth as of the end of relevant year/period divided by the number of Equity Shares outstanding at the end of such year/period.*

5. *Pre-provision operating profit before tax:*
   *Pre-provision operating profit before tax represents profit before tax after adding back impairment on financial instruments as per the Restated Financial Information*

6. *EBIDTA:*
   *EBITDA represents Profit before tax after adding back finance costs and depreciation and amortization of the relevant year/period as per Restated Financial information*

7. *Accounting and other ratios are derived from the Restated Financial Information.*

### Reconciliation of Net Profit for the year to EBITDA

*(₹ in million)*

| Particulars | For the six month period ended September 30, 2020 | As at and for the year ended March 31, 2020 | As at and for the year ended March 31, 2019 | As at and for the year ended March 31, 2018 |
|---|---|---|---|---|
| Profit for the period/ year (I) | 625.64 | 1,268.01 | 1,276.40 | 309.75 |
| Total tax expense (II) | 189.46 | 407.85 | 494.97 | 164.56 |
| Impairment on financial instruments (III) | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Finance Cost (IV) | 2,376.42 | 3,822.01 | 2,547.85 | 1,241.26 |

| Particulars | For the six month period ended September 30, 2020 | As at and for the year ended March 31, 2020 | As at and for the year ended March 31, 2019 | As at and for the year ended March 31, 2018 |
|---|---|---|---|---|
| Depreciation and amortisation (V) | 33.96 | 66.96 | 52.72 | 40.27 |
| Pre-provision operating profit before tax (I+II+III) | 1,448.57 | 3,234.65 | 2,139.80 | 957.66 |
| **EBITDA* (I+IV+V)** | **3,225.48** | **5,564.83** | **4,371.94** | **1,755.84** |

***** *EBITDA represents Profit before tax after adding back finance costs and depreciation and amortization of the relevant year/period as per Restated Financial information*

In accordance with the SEBI ICDR Regulations the audited financial statements of our Company as at and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018 (collectively, the "**Audited Financial Statements**") are available on our website at https://www.arohan.in/resources.php.

*Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company and should not be relied upon or used as a basis for any investment decision.*

*None of our Company or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.*

**RELATED PARTY TRANSACTIONS**

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 'Related Party Disclosures' for the six month period ended September 30, 2020 and as at and for the Financial Year ended March 31, 2020, March 31, 2019 and March 31, 2018, and as reported in the Restated Financial Information, see "*Financial Statements*" beginning on page 202.

## CAPITALIZATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2020, derived from Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" on pages 280 and 24, respectively.

(*₹ in million*)

| **Particulars** | **Pre-Offer as at September 30, 2020** | **As adjusted for the proposed Offer*** |
|---|---|---|
| **Total borrowings (A)** | 46,693.80 | **[●]** |
| | | |
| **Equity** | | |
| - Share capital | 1,111.71 | **[●]** |
| - Other equity | 9,040.95 | **[●]** |
| **Total Equity (B)** | **10,152.66** | **[●]** |
| | | |
| **Ratio: Total borrowings/Total equity (A/B)** | 4.60 | **[●]** |

**These amounts (as adjusted for the Offer) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.*

*Notes:*

1) *The amounts disclosed above are based on the Restated Financial Information*
2) *The above Statement should be read with the Annexure 5 to the Restated Financial Information at "Financial Statements - Summary of significant accounting policies and other explanatory information" on page 202.*

## FINANCIAL INDEBTEDNESS

Our Company has availed of loans in the ordinary course of business, typically for the purposes of on-lending to microfinance borrowers. For the purposes of the Offer, except as disclosed in "*Risk Factors – 24. We are yet to obtain consent from some of our lenders for the Offer and are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire. We have not been, and may continue to not be, in compliance with certain financial covenants under certain of our financing agreements*" on page 37, our Company has obtained the necessary consents required under the relevant documentation for its borrowings in relation to the Offer, including for undertaking activities such as change in its capital structure, change in its shareholding pattern or change or amendment to the constitutional documents of our Company.

A brief summary of the financial indebtedness of our Company as of December 31, 2020* is disclosed below:

*(₹ in Million)*

| Nature of Borrowing | Amount Sanctioned | Amount Outstanding |
|---|---|---|
| *Secured Borrowings* | | |
| Term loans | 64,450.00 | 31,726.84 |
| Cash credit, working capital and overdraft facilities | 1,153.90 | 352.97 |
| Non-convertible debentures | 9,150.00 | 9361.54 |
| *Unsecured Borrowings* | | |
| Term loans | 900.00 | 906.30 |
| Non-convertible debentures | 1,350.00 | 1,409.79 |
| **Total** | **77,003.90** | **43,757.44** |

** represents IND AS balance of borrowings as on December 31, 2020*

Principal terms of the borrowings availed by our Company are disclosed below:

1. *Interest:* The interest rate applicable to our borrowing facilities is typically tied to the respective lender's lending rate prevailing at the time, as applicable and which may vary for each facility. The typical spread applicable to our borrowings ranges from 8.35% below to 4.80% above the relevant lender's lending rate. With respect to the outstanding non-convertible debentures issued by us, the coupon rate ranges from 10.25% to 14.25%.

2. *Tenor:* The tenor of the facilities availed by us typically ranges from 12 months to 85 months. Further, the redemption period of the non-convertible debentures issued by our Company ranges from 15 to 85 months. Our Company has also availed certain working capital facilities that may be repayable on demand.

3. *Security:* Our borrowings are typically secured by a first exclusive charge by way of hypothecation on the designated current assets, both present & future, including the designated book debts, loan instalments, receivables and underlying assets arising out of finance of the Company. The nature of the securities described is indicative and there may be additional requirements for creation of security under various borrowing arrangements entered into by our Company.

4. *Pre-payment and premature redemption:* Facilities availed by us typically have pre-payment provisions which allow for pre-payment of the outstanding loan amount, by serving a notice to the relevant lender or on receiving prior approval from the relevant lender, subject to such pre-payment penalties as may be decided by the lender at the time of such prepayment, or as set out in the facility agreements or the debenture trust deeds, as the case may be. However, we have entered into arrangements with certain lenders that do not allow prepayment of the facility prior to the due date.

   Among the facilities which specify a pre-payment penalty, the penalty typically ranges from 1.00% to 3.00% of the amount outstanding and proposed to be pre-paid in the case of our borrowing facilities and 1.00% to 5.00% of the amount outstanding and proposed to be redeemed prematurely in the case of non-convertible debentures issued by our Company.

5. *Events of Default:* The financing arrangements entered into by us contain standard events of default including, among others:

(i) non-payment or default of any amounts due on the facility or loan obligations;
(ii) breach of covenants and conditions stipulated in the loan documents;
(iii) failure to create security as stipulated in the loan documents;
(iv) default on amounts due to or facilities extended by any other lenders;
(v) proceedings relating to winding up, liquidation or insolvency being initiated against us; and
(vi) our Company ceasing or threatening to cease to carry on its business.

The details above are indicative and there may be additional terms that may amount to an event of default under the various financing arrangements entered into by us, such as any amendment to our Memorandum and Articles of Association or any change in our management or shareholding without the prior consent of the lenders.

*6.* *Penalty:* Facilities availed by us contain provisions prescribing penalties for delayed payment or delay in submission of documents required under such facility documents, non-creation of security and default in our repayment obligations, which typically ranges from 1.00% to 2.00% of the amounts due and payable.

*7.* *Restrictive Covenants:* Certain borrowing arrangements entered into by us contain restrictive covenants, including covenants restricting certain actions except with the prior approval of the lender. An indicative list of such restrictive covenants is disclosed below.

(i) lender's unconditional right to revise or cancel the terms of the facility (including the credit limits, rates of interest and repayment schedule) at its sole discretion, without notice and without assigning reasons;
(ii) lender's right to accelerate payments, recall the amount under the facility or cancel the undrawn portion of the sanctioned amount;
(iii) lender's absolute right to settle any indebtedness owed by our Company by adjusting balance of any account of our Company without prior notice;
(iv) lender's right to nominate a Director on the Board of Directors of our Company;
(v) lender's right to seek certain amendments to the constitutional documents of our Company;
(vi) lender's right to seek conversion of debt into equity upon default;
(vii) restriction on assignment of our Company's obligations under the facility documents;
(viii) restriction on undertaking certain corporate actions except with the prior approval of the lender, including:

- effecting any change in our capital structure including by way of fresh issuance of Equity Shares;
- amendments to the Memorandum of Association and Articles of Association of our Company;
- undertaking guarantee obligations on behalf of any third party;
- formulating any scheme of amalgamation or reconstruction;
- change in the constitution of our Company, including shareholding pattern, ownership, controlling interest and control;
- change in the management of our Company, including changes in the composition of the Board of Directors and the Key Managerial Personnel of our Company;
- investment by way of share capital or extending loans or advances or placing deposits with any other entity (including our Group Companies and associate companies, if any);
- declaration of dividend except out of profits relating to the Financial Year;
- carrying out any change of business; and
- making any pre-payment of principal amounts due under the facilities.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by us.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Restated Financial Information, which are included in this Draft Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations are based on our Restated Financial Information, including the related notes and reports, which are prepared under Ind AS (in the case of Fiscals 2019 and 2020 and the six months ended September 30, 2020) and restated in accordance with Ind AS (in the case of Fiscal 2018), in accordance with requirements of the Companies Act, and restated in accordance with the SEBI ICDR Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Our Restated Financial Information have been derived from our audited financial statements. Accordingly, the degree to which our Restated Financial Information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" on pages 24 and 22, respectively.*

*Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.*

### Overview

We are a leading NBFC-MFI with operations in financially under-penetrated Low Income States of India. We provide income generating loans and other financial inclusion related products to customers who have limited or no access to financial services. As of September 30, 2020, our Gross Loan Portfolio ("**GLP**") was ₹48.57 billion. We were the largest NBFC-MFI in Eastern India and the fifth largest NBFC-MFI in India based on Gross Loan Portfolio as of September 30, 2020. Between Fiscal 2017 to Fiscal 2020, we had the second highest GLP CAGR of 68.00% among the top five NBFC-MFIs in India, as well as the highest customer growth among the top five NBFC-MFIs at 49.00% CAGR between Fiscal 2018 to Fiscal 2020 (Source: CRISIL Report). As of September 30, 2020, 76.78% of our microfinance portfolio was in non-urban areas of India and women constituted more than 97.00% of our total customers.

We are registered with and our business is regulated by the RBI as an NBFC-MFI. We commenced microfinance operations in 2006. As of September 30, 2020, we served approximately 2.21 million borrowers in 17 states. These included 12 of the 14 Low Income States in India (as defined in the CRISIL Report). As of that date, our microfinance business' branch network consisted of 710 branches in 11 states and our MSME lending business' branch network consisted of 10 branches in eight states. We offer a broad range of products to financially underserved customers. Our financial products are classified into credit and insurance products. Our credit products include income generating loans and other loan products for various household purposes. Our insurance products include life and health insurance covers issued and underwritten by certain Indian insurance companies with whom we have entered into tie-ups. We also offer term loans to small microfinance institutions ("**MFIs**").

We are focussed on optimising our customer sourcing channels, maintaining well-established loan origination, credit underwriting and loan management processes, as well as adopting and integrating technology into our business to improve lending outcomes and operational efficiency. Our organic growth approach involves setting up our own branches, onboarding employees, and providing credit to customers through our branch networks. In addition, our inorganic growth approach involves establishing partnerships with other MFIs pursuant to which they act as our business correspondents in sourcing and collections (i.e., sourcing new customers and collecting loan repayments from customers on our behalf) in line with our processes and policies. As of September 30, 2020, 3.31% of our GLP was derived from our sourcing and collections portfolio, as well as from term loans issued to our MFI partners.

Our Promoters, Aavishkaar Venture Management Services Private Limited ("**AVMS**") and Intellectual Capital Advisory Services Private Limited ("**I-Cap**") are part of the Aavishkaar Group. The Aavishkaar Group provides business solutions to assist sustainable enterprises dedicated to social and environmental change, has advised a large number of organisations on inclusive business strategies and has provided significant amounts of venture capital funding to social impact businesses. As of September 30, 2020, the Aavishkaar Group had an AUM of approximately US$1.00 billion across Asia. As of the date of this Draft Red Herring Prospectus, our institutional investors also included Tano India Private Equity Fund II, Maj Invest Financial Inclusion Fund II K/S, Michael & Susan Dell Foundation, TR Capital III Mauritius, ASK Financial Holding Private Limited and Kiran Vyapar Limited.

We were certified as a "Great Place to Work" and were ranked 86th among the best companies to work for in India by the Great Place to Work Institute India, in 2020. In the same year, we were in the top 25 companies among the banking, financial services and insurance industry, and among the top three NBFC-MFIs to be certified as a Great Place to Work. We were awarded the "Microfinance Organization of the Year" award by Access Assist at the Inclusive Finance India Awards 2018. We were also awarded the "Microfinance Institution of the Year" award in 2010 in the "Small and Medium Category" by Access Assist.

**Significant Factors Affecting our Results of Operations**

The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial results:

***Performance of the Indian micro-finance industry and the Indian economy***

As an NBFC-MFI, we are impacted by the performance of the microfinance industry in India. The low penetration of banking credit in rural India provides an opportunity for all lending and deposit accepting institutions to expand their businesses in rural areas. CRISIL Research notes that as of the end of March 2020, the microfinance industry's GLP has grown at a CAGR of 24.00% between Fiscal 2017 and Fiscal 2020 to reach ₹3.20 trillion, despite various setbacks. However, the microfinance industry has been adversely impacted by external events which have had an impact on the industry, including disbursements, repayment and collection efficiency.

In November 2016, the Indian government announced the demonetisation of bank notes of ₹500.00 and ₹1,000.00. Around 86.00% of Indian currency in terms of value was removed from circulation. CRISIL Research notes that the GLP of the MFI industry fell significantly alongside disbursements. NBFC-MFIs and small finance banks observed significant deterioration in their asset quality as a result. Our results of operations were impacted as well and we recorded impairment charges driven primarily by the impact of the demonetisation. Subsequently, the outbreak of the COVID-19 pandemic has impacted the Indian economy and our industry. CRISIL Research estimates that the Indian economy will shrink by 7.70% in Fiscal 2021 due to the COVID-19 pandemic. In light of COVID-19 outbreak the overall growth of India's microfinance sector is expected to remain subdued in Fiscal 2021. For details, see "*Industry Overview*" beginning on page 102.

As a financial institution operating in India, our financial condition and results of operations are influenced by the general economic conditions prevailing in India, especially in the Low Income States in which we focus our business. Various factors beyond our control, such as impact of the COVID-19 pandemic, a rise in unemployment, prolonged recessionary conditions, a rise in interest rates, movements in exchange rates, increased competition and changes in Indian laws, regulations and policies could have an adverse impact on the Indian economy and the quality of our loan portfolio. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could also have an adverse impact on our business.

***Ability to manage our operating expenses***

Controlling our operating expenses is critical in maintaining our profitability. As part of our growth strategy, we intend to expand our branch network through expansion in the Low Income States where we are currently present and potentially also into the neighbouring Low Income States. Our results of operations will be affected by our ability to manage operating expenses as we expand, in particular our employee benefits expense. As we have expanded our branch network, we have increased our employee headcount (in particular, loan officers). As we further expand our branch network, we will need to increase headcount, adding branch managers, area managers and other support staff. For the Fiscals 2018, 2019 and 2020 and the six months ended September 30, 2020, our employee benefits expenses were ₹688.31 million, ₹1,172.58 million, ₹1,570.08 million, and ₹938.93 million, respectively. Our employee benefits expenses were 20.99%, 18.00%, 16.80% and 18.50% of our total income, respectively, for the Fiscals 2018, 2019 and 2020 and the six months ended September 30, 2020.

As our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimising our operating expenses. Further, we expect to derive scale and cost benefits, as there is no incremental sourcing cost for existing customers and they may be eligible to borrow higher loan amounts from us since they have progressed to higher loan cycles. In addition, we continue to identify and implement measures that we believe will enable us to sustain and further decrease the ratio of our operating expenses to our total revenue. For example, we continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies. Any failure to derive benefits or utilise technology to maintain or lower our operating expenses to revenue ratio will adversely affect our profitability.

***Availability of cost-effective sources of funding and volatility in interest rates***

Our funding sources are varied, as we believe a diversified debt profile ensures we are not overly dependent on any one type or source for funding. As an NBFC-MFI, we have access to diverse sources of liquidity, including from both domestic and international financial markets. Our primary sources of funds include proceeds from non-convertible debentures, term loans from banks and financial institutions, other external commercial borrowings, cash credit facilities, subordinated debt instruments and securitisation and assignment of loan portfolios. This enables us to optimise our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. For more information, see "*Our Business*" beginning on page 136.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds by issuing equity and debt securities and to borrow from various external sources on suitable interest rates and competitive terms in a timely manner. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings, cash flows and available credit limits.

Our results of operations depend substantially on the level of our net interest income, which represents interest income from our loan portfolio as reduced by interest expenses. We had the third lowest average interest rates among top 10 NBFC-MFIs and lowest among the east/northeast-based NBFC-MFIs as of September 30, 2020 (Source: MFIN Micrometer).

The table below sets out certain key financial indicators as of or for the year/period specified in connection with this factor.

***(₹ in million)***

| **Particulars** | **As of** | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| Total Borrowings | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |
| Revenue from operations | 4,959.88 | 9,218.00 | 6,488.62 | 3,230.69 |
| Finance costs | 2,376.42 | 3,822.01 | 2,547.85 | 1,241.26 |
| Net Interest Income(1) | 2,532.07 | 4,773.46 | 3,220.80 | 1,852.85 |
| Net Interest Margin (%)(2) | 11.11 | 11.89 | 11.49 | 12.49 |

*Figures disclosed in the above table, except for "Total Borrowings", "Revenue from Operations" and "Finance costs" are not measures of financial position, financial performance or cash flows defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.*

*Notes:*

(1) *Net Interest Income represents interest on loans in the relevant year as reduced by interest expenses in such year/period as per the Restated Financial Information.*

(2) *Net Interest Margin (%) represents interest on loans to customers for the relevant year/period as a percentage of Average Loan to Customers for such year/period. Average Loan to Customers represents the simple average of our loan to customers as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

***Credit quality and provisioning***

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets ("**NPAs**"), is a key driver of our results of operations.

The Company follows a "three stage" model for impairment based on changes in credit quality since initial recognition. The expected credit loss ("**ECL**") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss, or "**LTECL**"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL ("**12mECL**"). For further details, see "*Key Regulations and Policies*" on page 160 and "*– Significant Accounting Policies - Impairment of financial assets – Loan assets*" on page 284.

The following table illustrates our NPAs as of the dates indicated:

| **Particulars** | **As of** | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| Gross NPAs (₹ in million)[(1)] | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| Gross NPAs/Loans to customer outstanding(%)[(2)] | 2.43 | 2.47 | 0.73 | 1.44 |
| Net NPAs (₹ in million)[(3)] | 0.00 | 0.00 | 0.00 | 89.71 |
| Net NPAs/Loans to customer outstanding (%)[(4)] | 0.00 | 0.00 | 0.00 | 0.44 |

*Notes:*

(1) *Gross NPAs represents Stage 3 Assets which are outstanding and overdue for 90 days or more as of the last day of the relevant year/period.*

(2) *Gross NPAs/Loans to customer outstanding (%) represents Gross NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

(3) *Net NPAs represents Gross NPAs as of the last day of the relevant year/period as reduced by the Impairment allowance on Stage 3 assets.*

(4) *Net NPAs/Loans to customers outstanding (%) represents Net NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

(5) We anticipate material increases in our impairment of financial instruments allowance in the current Fiscal due to losses arising from the COVID-19 pandemic and of local unrest in certain of the Low Income States in which we operate, particularly Assam. For details of the impact of the COVID-19 pandemic on our Company's provisioning and asset classification, see "*Financial Statements*" beginning on page 202. For details of the impact of local unrest on our business and portfolio, see "*Risk Factors — A significant portion of our loans are to customers located in Low Income States, including West Bengal, Assam, Bihar and Odisha and any adverse changes in the conditions affecting these regions including local unrest, may have an adverse effect on our business and results of operations*" on page 28.

***Government Policy and Regulation***

As an NBFC-MFI, we will continue to be affected by a number of regulations promulgated by the RBI that regulate, among other things, capital adequacy norms, pricing guidelines and other lending stipulations and other operational restrictions. For details, see "*Key Regulations and Policies"* beginning on page 160. Any change in the regulatory framework affecting NBFC-MFIs, and in particular those requiring to maintain certain financial ratios, accessing funds or lending to NBFC-MFIs by banks among others including priority-sector lending norms, would adversely affect our results of operations and growth.

The RBI, pursuant to its circulars dated March 27, 2020, April 17, 2020, and May 23, 2020 announced certain regulatory measures, including, among others, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of these circulars, lending institutions were permitted to grant a moratorium of three months in respect of all term loans (i.e., from March 1, 2020 until May 31, 2020), which was subsequently extended for a further period of three months (i.e., until August 31, 2020). In line with these requirements, we provided a moratorium of six months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers, resulting in a decline in our collections during such period. For details of the impact of the COVID-19 pandemic, including our Company's provisioning and asset classification in relation to the moratorium period, see

"*Financial Statements*" beginning on page 202. For all loans for which a moratorium has been granted, the Company has kept ageing of such loans and their asset classification at a standstill and interest continues to accrue during the moratorium period. We requested our lenders to also grant us a moratorium during this period, which some of them have provided in respect of principal and/or interest payments due.

We have introduced product interventions for all customers to provide liquidity and to better manage their loan repayments. This has helped us to improve our collection efficiency notwithstanding the COVID-19 pandemic. The table below sets forth our collection efficiency for the months indicated:

| **Month (2020)** | **Collection efficiency (%)(1)** |
|---|---:|
| April | 0.51 |
| May | 20.64 |
| June | 59.10 |
| July | 74.45 |
| August | 74.49 |
| September | 84.47 |

*(1) Collection efficiency represents total business collections (excluding MSME lending portfolio and inorganic portfolio) during the month by total demand for the month. For the period from March 2020 to August 2020 (i.e., the moratorium period), the demand amount for February 2020 was used as the monthly demand. Collections include the collection against the month's demand, outstanding demand, advance and against pre-closure.*

The Supreme Court of India has directed that accounts which were not declared NPAs before August 31, 2020 shall not be declared as NPAs until further orders. The Company has not classified any account as an NPA after August 31, 2020 which was not NPA as of August 31, 2020. The Company continues to maintain provisions in respect of such borrower accounts at rates applicable to Stage 3 classification under Ind AS.

## Significant Accounting Policies

Our significant accounting policies are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require our management's most difficult, subjective or complex judgements. In many cases, the accounting treatment of a particular transaction is specifically dictated by applicable accounting policies with no need for the application of our judgement. In certain circumstances, however, the preparation of financial statements in conformity with applicable accounting policies requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the end of the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, significant accounting estimates are reflective of significant judgments and uncertainties and are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our significant accounting estimates are those described below.

### *Property, plant and equipment*

*Recognition and initial measurement*

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

*Subsequent measurement (depreciation method, useful lives and residual value)*

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the written down method over the useful life of the assets as prescribed under Part C of Schedule II of the Companies Act, 2013, which is also the management's estimates of useful lives of such assets.

| Asset class | Useful life |
|---|---:|
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Computer Servers | 6 years |
| Furniture and fixtures | 10 years |

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

*De-recognition*

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

*Capital work-in-progress*

Capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses acquire property, plant and equipment. Assets which are not ready to its intended use are also shown under capital work-in-progress.

*Transition to Ind AS*

The Company has elected to measure all its property, plant and equipment at the previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

***Intangible assets***

*Recognition and initial measurement*

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

*Subsequent measurement (depreciation method, useful lives and residual value)*

Intangible assets are amortised over a period of five years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

*Transition to Ind AS*

The Company has elected to measure all its intangible at the previous Indian GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

***Intangible assets under development***

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

a. The development costs can be measured reliably
b. The project is technically and commercially feasible
c. The company intends to and has sufficient resources to complete the project
d. The company has the ability to use or sell such intangible asset
e. The asset will generate probable future economic benefits.

***Revenue recognition***

*Interest and processing fee income on loans*

Interest and processing fee income is recorded on accrual basis using the effective interest rate ("**EIR**") method. Additional overdue interest/ penal charges, if any, are recognised only when it is reasonable certain that the ultimate collection will be made.

*Income from assignment transactions*

Income from assignment transactions, i.e., present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

*Commission income*

Income from business correspondent and cross sale services is recognised as and when the services are rendered as per agreed terms and conditions of the contract.

*Interest on fixed deposits*

Interest income on deposits with banks is recognised in time proportion basis taking into account the amount outstanding and the rate applicable using the EIR method.

*Dividend income*

Dividend income is recognised at the time when the right to receive is established by the reporting date.

*Miscellaneous income*

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/collection.

***Borrowing costs***

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

***Taxation***

Current tax: Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation an establishes provisions where appropriate.

Deferred Tax: Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity.

Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognised in other comprehensive income or directly in equity.

***Employee benefits***

*Short term employee benefits*

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:**

*Defined contribution plans*

The company has a defined contribution plans like provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of profit and loss.

*Defined benefit plans*

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee’s length of service and last drawn salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (“**DBO**”) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

*Other long-term employee benefits*

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The liability in respect of accumulating compensated absences is estimated on the basis of an actuarial valuation performed by an independent actuary. Actuarial gains and losses arising from changes in actuarial assumptions are charged to Statement of profit and loss in the year in which such gain or losses are determined.

*Share based payments*

The Company has formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity.

The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

Treasury shares are presented as a deduction from equity. The original cost of treasury shares and the proceeds of any subsequent sale are presented as movements in equity.

***Impairment of non-financial assets***

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

***Impairment of financial assets***

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company's policies for determining if there has been a significant increase in credit risk are as follows:

*Loan assets*

The Company follows a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:
• Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
• Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
• Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The ECL is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

*Probability of Default ("**PD**")*

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

*Loss Given Default (“**LGD**”)*

LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

*Exposure at Default (“**EAD**”)*

EAD is based on the amounts the Company expects to be owed at the time of default.

Management overlay is included in determining the 12-month and lifetime ECL. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

***Trade receivables***

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

***Other financial assets***

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

***Write off***

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. However financial assets that are written off could still be enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand (including interest), demand deposits and short-term highly liquid investments (certificate of deposits and commercial paper) that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. The Company nets off the balance of bank overdraft with cash and cash equivalents for cash flow statement.

***Provisions, contingent assets and contingent liabilities***

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:
- Possible obligations which will be confirmed only by future events not wholly within the control of the Company

or

• Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

***Leases***

*The Company as a lessee*

The Company's lease asset classes primarily consist of leases for office premises. 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 recognises a right-of-use asset ("**ROU**") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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 recognised 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.

The lease liability is initially measured at amortised 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 in the country of domicile of these leases. 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.

*Transition to Ind AS*

The Company has valued its rights to use assets equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet on the date of transition to Ind AS.

***Financial instruments***

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

***Non-derivative financial assets***

*Subsequent measurement*

*Financial assets carried at amortised cost*

A financial asset is measured at the amortised cost if both the following conditions are met:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Non-performing financial assets are carried at amortised cost in the financial statement.

*Financial assets carried at fair value through other comprehensive income ("**FVOCI**")*

A financial asset is measured at FVOCI if both the following conditions are met:

a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets; and
b) the contractual terms of the financial asset meet the SPPI test.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

*Investments*

Investment in mutual funds are measured at fair value through profit and loss ("**FVTPL**").
Investment in equity are measured at FVOCI.

*De-recognition of financial assets*

Financial assets or a part of financial asset are derecognised when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

***Non-derivative financial liabilities***

*Subsequent measurement*

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the EIR method.

*De-recognition of financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there are a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

***Business combination***

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company.

Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognised for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognised in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or to recognise any new assets or liabilities. A common control business combination, involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where the control is not transitory, is accounted for using the pooling of interests method. Other business combinations, involving entities or businesses are accounted for using acquisition method.

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

***Earnings per equity share***

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

***Segment reporting***

The Company identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the chief operating decision maker and in assessing performance. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship with the operating activities of the segment.

***Government grants***

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

***Foreign currency***

*Functional and presentation currency*

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company’s functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non- monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

*Events after reporting date*

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

***Significant accounting estimates, judgements, estimates and assumptions***

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

*Business model assessment*

The Company determines the business model at a level that reflects how the 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 accordingly prospective change to the classification of those assets are made.

*Defined employee benefit assets and liabilities*

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

*Fair value measurements*

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

*Impairment of loan portfolio*

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans and advances. In estimating these cash flows, the Company makes judgments about the borrower’s financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

*Provisions*

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate, which reflects both current interest rates and the risks specific to that provision.

*Useful lives of depreciable/ amortisable assets*

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

**Principal Components of our Profit and Loss Statement**

***Revenue***

Our revenue comprises 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 on derecognition of financial instruments and (iv) Other operating income. Interest income further includes interest on loans amounting to ₹4,865.70 million, ₹8,472.64 million, ₹5,720.87 million and ₹3,072.14 million for the six months ended September 30, 2020 and Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively, interest on margin money deposits placed to avail term loan from banks and financial institutions amounting to ₹47.44 million, ₹65.50 million, ₹39.72 million and ₹24.65 million for the six months ended September 30, 2020 and Fiscal 2020, Fiscal 2019 and Fiscal 2018, interest income on unwinding of assigned portfolio amounting to nil, ₹74.89 million, ₹77.11 million and nil for the six months ended September 30, 2020 and Fiscal 2020, Fiscal 2019 and Fiscal 2018, and other interest income amounting to ₹0.64 million, ₹1.60 million, ₹1.25 million and nil million for the six months ended September 30, 2020 and Fiscal 2020, Fiscal 2019 and Fiscal 2018, respectively.

The following table sets forth a breakdown of our revenue from operations for the year/period indicated:

| **Particulars** | **Six months ended September 30, 2020** | | **Fiscal 2020** | | **Fiscal 2019** | | **Fiscal 2018** | |
|---|---|---|---|---|---|---|---|---|
| | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** |
| Interest income | 4,913.78 | 99.07 | 8,614.63 | 93.45 | 5,848.38 | 90.13 | 3,096.79 | 95.86 |
| Fees and commission income | 41.88 | 0.84 | 252.52 | 2.74 | 198.44 | 3.06 | 129.27 | 4.00 |
| Net gain on derecognition of financial instruments | 0.00 | 0.00 | 332.48 | 3.61 | 426.96 | 6.58 | 0.00 | 0.00 |
| Other operating income | 4.22 | 0.09 | 18.37 | 0.20 | 14.84 | 0.23 | 4.63 | 0.14 |
| **Total revenue from operations** | **4,959.88** | **100.00** | **9,218.00** | **100.00** | **6,488.62** | **100.00** | **3,230.69** | **100.00** |

*Other income*

Our other income primarily consists of: (i) interest incomes on fixed deposits, income-tax refund, (ii) gain on sale of current investments, (iii) gain on sale of property, plant and equipment, (iv) sundry balances written back, (v) grant received and (vi) miscellaneous income.

***Expenses***

Our expenses comprise: (i) employee benefits expense, (ii) finance costs, (iii) depreciation, amortisation and impairment, (iv) impairment on financial instruments, and (v) other expenses.

*Employee benefits expense*

Our employee benefits expense comprises: (i) salaries and wages, (ii) contribution to provident and other funds, (iii) share based payment to employees, and (iv) staff welfare expenses.

*Finance costs*

Our finance costs comprise interest expenses and other borrowing costs.

The following table sets forth a breakdown of our finance cost for the period indicated:

| **Particulars** | **Six months ended September 30, 2020** | | **Fiscal 2020** | | **Fiscal 2019** | | **Fiscal 2018** | |
|---|---|---|---|---|---|---|---|---|
| | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** | **(₹ in million)** | **(%)** |
| Interest expenses | 2,333.63 | 98.20 | 3,699.18 | 96.79 | 2,500.07 | 98.12 | 1,219.29 | 98.23 |
| Other interest expenses | 42.79 | 1.80 | 122.83 | 3.21 | 47.78 | 1.88 | 21.97 | 1.77 |
| **Total finance costs** | **2,376.42** | **100.00** | **3,822.01** | **100.00** | **2,547.85** | **100.00** | **1,241.26** | **100.00** |

*Depreciation, amortisation and impairment*

Our depreciation, amortisation and impairment comprise depreciation of tangible assets (property, plant and equipment), amortisation charge on right of use assets and intangible assets. Tangible assets are depreciated on the written down method over the useful life of the assets. Please see "--*Significant Accounting Policies*" above.

*Impairment on financial instruments*

Our impairment on financial instruments consists of (i) impairment on loans, (ii) bad debt written off and (iii) loss on unwinding of assigned portfolio. Impairment on loans is based on the ECL allowance on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). Please see "--*Significant Accounting Policies*" above.

*Other expenses*

Our other expenses primarily comprise: (i) rent, (ii) printing and stationery, (iii) repairs and maintenance (iv) legal and professional expenses, (v) recruitment and induction expenses, (vi) insurance, (vii) corporate social responsibility expenses, (viii) directors' commission, (ix) payment to auditors, and (x) travel and conveyance, etc.

***Tax expenses***

Our tax expense comprises: (i) current tax, (ii) tax expense for earlier years and (iii) deferred tax expense/credit.

***Other comprehensive income***

Items of income and expense that are not recognised in profit and loss but are shown in the statement of profit and loss as other comprehensive income include re-measurements of defined benefit plans and fair value gains or (losses) on FVOCI equity instruments and their corresponding income tax effects.

**Key Financial Indicators**

In evaluating our business, we consider and use certain key financial indicators that are presented below as supplemental measures to review and assess our operating and financial performance. The presentation of these key financial indicators is not intended to be considered in isolation or as a substitute for the Restated Financial Information included in this Draft Red Herring Prospectus. We present these key financial indicators because they are used by our management to evaluate our operating and financial performance. These key financial indicators have limitations as analytical tools. Further, these key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to our Restated Financial Information.

The following table sets forth certain key performance indicators for the period indicated therein:

***(₹ in million, except for percentages)***

| **Particulars** | **As of** | | | |
|---|---|---|---|---|
| | **Six months ended September 30, 2020** | **Fiscal 2020** | **Fiscal 2019** | **Fiscal 2018** |
| Gross Disbursements[(1)] | 8,300.31 | 49,957.39 | 46,771.09 | 26,935.87 |
| AUM[(2)] | 48,567.80 | 48,539.34 | 40,448.83 | 21,712.32 |
| Net Interest Income[(3)] | 2,532.07 | 4,773.46 | 3,220.80 | 1,852.85 |
| Net Interest Margin (%)[(4)] | 11.11 | 11.89 | 11.49 | 12.49 |
| Operating expenses/ Average AUM (%)[(5)] | 5.13 | 5.14 | 5.88 | 6.78 |
| Impairment on financial instruments / Average Loan to Customers (%)[(6)] | 2.78 | 3.88 | 1.31 | 3.26 |
| Gross NPAs/Loans to Customers Outstanding (%)[(7)] | 2.43 | 2.47 | 0.73 | 1.44 |
| Return on Average AUM (%)[(8)] | 2.57 | 2.85 | 4.11 | 1.95 |
| Return on Average Net Worth (%)[(9)] | 12.62 | 15.28 | 23.66 | 8.57 |

*Figures disclosed in the above table, are not measures of financial position, financial performance or cash flows defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.*

*Notes*

(1) *Gross Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant year/period.*

(2) *AUM as of the last day of the relevant year/period represents the aggregate of principal outstanding including principal overdue, if any, for all loans to customers held by the Company and assets transferred by way of assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*

(3) *Net Interest Income represents interest on loans in the relevant year/period as reduced by interest expenses in such year/period as per the Restated Financial Information.*

(4) *Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average Loan to Customers for such year/period. Average Loan to Customers represents the simple average of our loan to customers as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

(5) *Operating Expenses/ Average AUM (%) represents operating expense for the relevant year/period as a percentage of Average AUM for such year/period. Average AUM represents the simple average of our AUM as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

(6) *Impairment on financial instruments/loans outstanding to customers (%) represents impairment on financial instruments for the relevant year/period as a percentage of the aggregate of principal outstanding including principal overdue, if any, for all loans to customers held by the company as of the last day of the relevant year/period.*

(7) *Gross NPAs/Loans to customer outstanding (%) represents Gross NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

(8) *Return on Average AUM (%) is calculated as Profit After Tax for the relevant year/period as a percentage of Average AUM for such year/period. Average AUM represents simple average of our AUM as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

(9) *Return on Average Net Worth(%) is calculated as Profit After Tax for the relevant year/period as a percentage of Average Net Worth for such year/period. Average Net Worth represents the simple average of our Net Worth as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

***Gross Disbursements and AUM***

Our disbursements increased by 73.64% from ₹26,935.87 million in Fiscal 2018 to ₹46,771.09 million in Fiscal 2019. Our disbursements further increased by 6.81% from ₹46,771.09 million in Fiscal 2019 to ₹49,957.39 million in Fiscal 2020. Our disbursements in the six months ended September 30, 2020 were muted, amounting to ₹8,300.31 million, primarily due to lockdown restrictions as a result of the COVID-19 pandemic.

The increase in our disbursements during the last three Fiscals was primarily driven by an increase in our branch network from 435 branches in Fiscal 2018 to 593 branches in Fiscal 2019 and further to 711 branches in Fiscal 2020 and an increase in customer base from approximately 1.14 million customers in Fiscal 2018 to approximately 1.87 million customers in Fiscal 2019, further to approximately 2.31 million customers in Fiscal 2020. As of September 30, 2020, we had 720 branches and approximately 2.21 million customers.

Our AUM increased by 86.29% from ₹21,712.32 million as of March 31, 2018 to ₹40,448. 83 million as of March 31, 2019. Our AUM further increased by 20.00% from ₹40,448.83 million as of March 31, 2019 to ₹48,539.34 million as of March 31, 2020. The increases in AUM during the last three Fiscals was primarily driven by increases in our branch network and customer base. Our AUM amounted to ₹48,567.80 million as of September 30, 2020, representing muted growth as a result of reduced disbursements during the six months ended September 30, 2020.

***Net Interest Margin***

Our Net Interest Margin decreased from 12.49% in Fiscal 2018 to 11.49% in Fiscal 2019, mainly due to the base effect of growth in AUM in Fiscal 2019 as compared to Fiscal 2018, and also due to the assignment of a substantial portfolio during Fiscal 2019, income from which is reflected in other operating income.

Our Net Interest Margin increased from 11.49% in Fiscal 2019 to 11.89% in Fiscal 2020 due to an increase in Tier I capital in Fiscal 2020 as compared to Fiscal 2019.

Our Net Interest Margin amounted to 11.11% in the six months ended September 30, 2020, which is marginally lower than previous years, as the Company has been carrying surplus liquidity during the COVID-19 pandemic to mitigate liquidity risk, which has an adverse impact on Net Interest Margin.

*Operating Expenses/ Average AUM*

Our Operating Expenses/ Average AUM decreased from 6.78% in Fiscal 2018 to 5.88% in Fiscal 2019 and further to 5.14% in Fiscal 2020, and was 5.13% in the six months ended September 30, 2020. These decreases were primarily due to an increase in productivity of field staff resulting from better use of technology, more branches achieving efficiencies as they age, and increased economies of scale. In addition, our operating expenses were reduced due to lockdown restrictions during the six months ended September 30, 2020.

*Impairment on financial instruments*

Our impairment on financial instruments/Average Loan to Customers decreased from 3.26% in Fiscal 2018 to 1.31% in Fiscal 2019. This was primarily a result of the demonetisation announced by the Government of India in November 2016, which adversely impacted the efficiency of collections and resulted in higher impairment on financial instruments during Fiscal 2018. See " – *Significant Factors Affecting our Results of Operations – Performance of the Indian micro-finance industry and the Indian economy*" on page 281.

Our impairment on financial instruments/Average Loan to Customers increased from 1.31% in Fiscal 2019 to 3.88% in Fiscal 2020. This increase was mainly due to the impact of local unrest in Assam, which resulted in a disruption of microfinance activities in Assam, leading to higher impairment on financial instruments in Fiscal 2020. See "*Our Business*" beginning on page 136.

Our impairment on financial instruments/Average Loan to Customers was 2.78% in the six months ended September 30, 2020 and was driven primarily by the moratorium and forbearance provided by Reserve Bank of India in response to the COVID-19 pandemic. See " – *Significant Factors Affecting our Results of Operations – Government Policy and Regulation*" on page 283.

*Gross NPAs/ Loans to Customers Outstanding*

Our Gross NPAs/Loans to Customer Outstanding decreased from 1.44% in Fiscal 2018 to 0.73% in Fiscal 2019. This decrease was primarily due to a decrease in sub-standard assets from ₹298.68 million in Fiscal 2018 to ₹258.50 million in Fiscal 2019 and higher growth in loans to customers outstanding from ₹20,575.49 million in Fiscal 2018 to ₹35,469.59 million in Fiscal 2019.

Our Gross NPA/Loans to Customer Outstanding increased from 0.73% in Fiscal 2019 to 2.47% in Fiscal 2020. This increase was primarily due to an increase in sub-standard assets from ₹258.50 million in Fiscal 2019 to ₹1,118.40 million in Fiscal 2020 due to local unrest in Assam.

Our Gross NPA/Loans to Customer Outstanding was 2.43% in the six months ended September 30, 2020, and was primarily due to moratorium and forbearance provided by Reserve Bank of India. See " – *Significant Factors Impacting our Results of Operations – Government Policy and Regulation*".

*Return on Average Net Worth*

Our Return on Average Net Worth increased from 8.57% in Fiscal 2018 to 23.66% in Fiscal 2019. This increase was primarily due to the increase in total comprehensive income because of lower impairment on financial instruments, better operating expense ratio and higher other income.

Our Return on Average Net Worth decreased from 23.66% in Fiscal 2019 to 15.28% in Fiscal 2020. This decrease was mainly due to additional impairment on financial instruments due to the impact on microfinance activities resulting from local unrest in Assam and higher net worth on account of an equity infusion of ₹700.00 million by Intellectual Capital Advisory Services Private Limited and ₹600.00 million by Aavishkaar Venture Management Services Private Limited.

Our Return on Average Net Worth was 12.62% in the six months ended September 30, 2020, and was impacted primarily by higher impairment on financial instruments due to local unrest in Assam and the ongoing impact of the COVID-19 pandemic.

**Results of Operations**

The following table sets forth our statement of profit and loss for the year/period indicated:

***(₹ in million)***

| Particulars | Six months ended September 30, 2020 | | Fiscal 2020 | | Fiscal 2019 | | Fiscal 2018 | |
|---|---|---|---|---|---|---|---|---|
| | (₹ in million) | (%)* | (₹ in million) | (%)* | (₹ in million) | (%)* | (₹ in million) | (%)* |
| **Revenue** | | | | | | | | |
| Revenue from operations | 4,959.88 | 97.75 | 9,218.00 | 98.64 | 6,488.62 | 99.58 | 3,230.69 | 98.54 |
| Other income | 114.05 | 2.25 | 127.06 | 1.36 | 27.31 | 0.42 | 48.02 | 1.46 |
| **Total Income** | **5,073.93** | **100.00** | **9,345.06** | **100.00** | **6,515.93** | **100.00** | **3,278.71** | **100.00** |
| **Expenses** | | | | | | | | |
| Employee benefits expense | 938.93 | 18.50 | 1,570.08 | 16.80 | 1,172.58 | 18.00 | 688.31 | 20.99 |
| Finance costs | 2,376.42 | 46.84 | 3,822.01 | 40.90 | 2,547.85 | 39.10 | 1,241.26 | 37.86 |
| Depreciation and amortisation | 33.96 | 0.67 | 66.96 | 0.72 | 52.72 | 0.81 | 40.27 | 1.23 |
| Impairment on financial instruments | 633.47 | 12.48 | 1558.79 | 16.68 | 368.43 | 5.65 | 483.35 | 14.74 |
| Other expenses | 276.05 | 5.44 | 651.36 | 6.97 | 602.98 | 9.25 | 351.21 | 10.71 |
| **Total expenses** | **4,258.83** | **83.94** | **7,669.20** | **82.07** | **4,744.56** | **72.81** | **2,804.40** | **85.53** |
| **Profit before tax** | **815.10** | **16.06** | **1,675.86** | **17.93** | **1,771.37** | **27.19** | **474.31** | **14.47** |
| **Total tax expense** | **189.46** | **3.73** | **407.85** | **4.36** | **494.97** | **7.60** | **164.56** | **5.02** |
| **Profit after tax** | **625.64** | **12.33** | **1,268.01** | **13.57** | **1,276.40** | **19.59** | **309.75** | **9.45** |
| **Other comprehensive income** | **-111.98** | **-2.21** | **83.05** | **0.89** | **-27.03** | **-0.41** | **-3.47** | **-0.11** |
| | | | | | | | | |
| **Total comprehensive income** | **513.66** | **10.12** | **1,351.06** | **14.46** | **1,249.37** | **19.17** | **306.28** | **9.34** |

** (%) column represents percentage of total income.*

**Six months ended September 30, 2020**

***Revenue***

Our total income was ₹5,073.93 million in the six months ended September 30, 2020. This was driven primarily by (i) revenue from operations of ₹4,959.88 million and (ii) other income of ₹114.05 million.

*Revenue from operations*

Our revenue from operations was ₹4,959.88 million in the six months ended September 30, 2020. This was driven primarily by (i) interest income of ₹4,913.78 million in the six months ended September 30, 2020, (ii) fees and commission income from ₹41.88 million and (iii) other operating income ₹4.22 million.

*Interest income*: Our interest income was ₹4,913.78 million in the six months ended September 30, 2020. This was driven primarily by (i) interest on loan portfolio of ₹4,865.70 million in the six months ended September 30, 2020, (ii) interest on deposits with banks of ₹47.44 million and (iii) other interest income of ₹0.64 million.

*Fees and commission income*: Our fees and commission income was ₹41.88 million in the six months ended September 30, 2020. This was driven primarily by (i) income from cross sell business of ₹41.38 million in the six months ended September 30, 2020 and (ii) interest from partnership business of ₹0.49 million.

*Net gain on derecognition of financial instruments*: Our Net gain on derecognition of financial instruments was nil in the six months ended September 30, 2020.

*Other operating income*: Our other operating income was ₹4.22 million in the six months ended September 30, 2020.

*Other income*

Our other income was ₹114.05 million in the six months ended September 30, 2020. This was driven primarily by interest on bank deposits.

***Expenses***

Our total expenses were ₹4,258.83 million in the six months ended September 30, 2020. This was driven primarily by our: (i) employee benefits expense, (ii) finance costs, and (iii) impairment on financial instruments.

*Employee benefits expenses*

Our employee benefits expenses were ₹938.93 million in the six months ended September 30, 2020. This was driven primarily by salaries and wages, which amounted to ₹832.65 million.

*Finance costs*

Our finance costs were ₹2,376.42 million in the six months ended September 30, 2020. This was driven primarily by an increase in our average borrowings, which increased from ₹36,083.01 million in Fiscal 2020 to ₹44,312.47 million in the six months ended September 30, 2020.

*Depreciation and amortisation*

Our depreciation and amortisation was ₹33.96 million in the six months ended September 30, 2020. This was driven primarily by (i) depreciation on property, plant and equipment of ₹13.00 million, (ii) depreciation of right to use assets of ₹10.79 million and (iii) amortisation of intangible assets of ₹10.17 million.

*Impairment on financial instruments*

Our impairment on financial instruments was ₹633.47 million in the six months ended September 30, 2020. This was due primarily to impairment on financial instruments taken because of local unrest in Assam and the continuing impact of the COVID-19 pandemic.

*Other expenses*

Our other expenses were ₹276.05 million in the six months ended September 30, 2020. This was marginally muted due primarily to lockdown restrictions during the six months ended September 30, 2020.

***Profit before tax***

As a result of the foregoing, our profit before tax was ₹815.10 million in the six months ended September 30, 2020.

***Tax expense***

Our tax expense was ₹189.46 million in the six months ended September 30, 2020.

***Other comprehensive income***

Our other comprehensive income was recorded as a loss of ₹111.98 million in the six months ended September 30, 2020. This was driven primarily by the fair value of financial assets.

***Total comprehensive income for the period***

Due to the factors discussed above, our total comprehensive income was ₹513.66 million in the six months ended September 30, 2020.

**Fiscal 2020 compared to Fiscal 2019**

***Revenue***

Our total income increased by 43.42% to ₹9,345.06 million in Fiscal 2020 from ₹6,515.93 million in Fiscal 2019, due to an increase in our: (i) revenue from operations (from ₹6,488.62 million in Fiscal 2019 to ₹9,218.00 million in Fiscal 2020), and (ii) other income (from ₹27.31 million in Fiscal 2019 to ₹127.06 million in Fiscal 2020).

*Revenue from operations*

Our revenue from operations increased by 42.06% to ₹9,218.00 million in Fiscal 2020 from ₹6,488.62 million in Fiscal 2019, primarily due to an increase in our: (i) interest income (from ₹5,848.38 million in Fiscal 2019 to ₹8,614.63 million in Fiscal 2020), and (ii) fees and commission income (from ₹198.44 million in Fiscal 2019 to ₹252.52 million in Fiscal 2020).

*Interest income*: Our interest income increased by 47.30% to ₹8,614.63 million in Fiscal 2020 from ₹5,848.38 million in Fiscal 2019, which was primarily due to an increase in our annual average AUM. Our annual average AUM increased from ₹31,080.57 million in Fiscal 2019 to ₹44,494.09 million in Fiscal 2020 on account of higher disbursements achieved due to increase in branch network.

*Fees and commission income*: Our fees and commission income from our business increased by 27.25% to ₹252.52 million in Fiscal 2020 from ₹198.44 million in Fiscal 2019, which was primarily due to an increase in our cross sell income which increased from ₹72.98 million in Fiscal 2019 to ₹134.49 million in Fiscal 2020 and increase in our insurance business income which increased from ₹75.00 million in Fiscal 2019 to ₹100.69 million in Fiscal 2020.

*Net gain on derecognition of financial instruments*: Our Net gain on derecognition of financial instruments decreased by 22.13% to ₹332.48 million in Fiscal 2020 from ₹426.96 million in Fiscal 2019, which was primarily due to an decrease in assignment transactions which decreased from ₹7,381.04 million in Fiscal 2019 to ₹6,343.95 million in Fiscal 2020.

*Other operating income*: Our other operating income increased by 23.79% to ₹18.37 million in Fiscal 2020 from ₹14.84 million in Fiscal 2019.

*Other income*

Our other income increased by 365.25% to ₹127.06 million in Fiscal 2020 from ₹27.31 million in Fiscal 2019, primarily due to an increase in interest income on deposits with banks (from ₹21.30 million in Fiscal 2019 to ₹123.42 million in Fiscal 2020).

***Expenses***

Our total expenses increased by 61.64% to ₹7,669.20 million in Fiscal 2020 from ₹4,744.56 million in Fiscal 2019, primarily due to an increase in our: (i) employee benefits expense, (ii) finance costs, and (iii) impairment on financial instruments.

*Employee benefits expenses*

Our employee benefits expenses increased by 33.90% to ₹1,570.08 million in Fiscal 2020 from ₹1,172.58 million in Fiscal 2019, primarily due to an increase in salaries and wages (from ₹1,055.49 million in Fiscal 2019 to ₹1,378.44 million in Fiscal 2020) as a result of an increase in the number of our branches from 593 branches in Fiscal 2019 and to 711 branches in Fiscal 2020 and consequently an increase in the number of our employees from 4,765 employees as of March 31, 2019 to 6,272 employees as of March 31, 2020 as well as an increase in salary levels due to annual increments.

*Finance costs*

Our finance costs increased by 50.01% to ₹3,822.01 million in Fiscal 2020 from ₹2,547.85 million in Fiscal 2019 due to an increase in our average borrowing which increased from ₹24,468.03 million in Fiscal 2019 to ₹36,083.01 million in Fiscal 2020 in order to fund our business growth during this period.

*Depreciation and amortisation*

Our depreciation and amortisation increased by 27.01% to ₹66.96 million in Fiscal 2020 from ₹52.72 million in Fiscal 2019, due to an increase in: (i) depreciation on property, plant and equipment from ₹25.89 million in Fiscal 2019 to ₹27.20 million in Fiscal 2020, (ii) depreciation of right to use assets from ₹11.76 million in Fiscal 2019 to ₹21.11 million in Fiscal 2020, and (iii) amortisation of intangible assets from ₹15.07 million in Fiscal 2019 to ₹18.65 million in Fiscal 2020. These increases were due to the addition of assets resulting from an increase in the number of branches.

*Impairment on financial instruments*

Our impairment on financial instrument substantially increased by 323.09% to ₹1,558.79 million in Fiscal 2020 from ₹368.43 million in Fiscal 2019. This was due to additional provisions taken due to the impact on microfinance activities of local unrest in Assam.

*Other expenses*

Our other expenses increased by 8.02% to ₹651.36 million in Fiscal 2020 from ₹602.98 million in Fiscal 2019, primarily due to an increase in overheads resulting from an increase in the number of our branches from 593 in Fiscal 2019 to 711 in Fiscal 2020 and an increase in the number of employees from 4,765 as of March 31, 2019 to 6,272 as of March 31, 2020.

***Profit before tax***

As a result of the foregoing, our profit before tax decreased by 5.39% to ₹1,675.86 million in Fiscal 2020 from ₹1,771.37 million in Fiscal 2019.

***Tax expense***

Our tax expense decreased by 17.60% to ₹407.85 million in Fiscal 2020 from ₹494.97 million in Fiscal 2019, primarily due to a decrease in profit before tax.

***Other comprehensive income***

Our other comprehensive income increased to ₹83.05 million in Fiscal 2020 from a negative balance of ₹27.03 million in Fiscal 2019, primarily due to an increase in the fair value of financial assets.

***Total comprehensive income for the year***

Due to the factors discussed above, our total comprehensive income increased by 8.14% to ₹1,351.06 million in Fiscal 2020 from ₹1,249.37 million in Fiscal 2019.

**Fiscal 2019 compared to Fiscal 2018**

***Revenue***

Our total income increased by 98.73% to ₹6,515.93 million in Fiscal 2019 from ₹3,278.71 million in Fiscal 2018. This increase was primarily due to an increase in our revenue from operations (from ₹3,230.69 million in Fiscal 2018 to

₹6,488.62 million in Fiscal 2019), offset in part by a decrease in other income (from ₹48.02 million in Fiscal 2018 to ₹27.31 million in Fiscal 2019).

*Revenue from operations*

Our revenue from operations increased by 100.84% to ₹6,488.62 million in Fiscal 2019 from ₹3,230.69 million in Fiscal 2018, primarily due to an increase in our: (i) interest income (from ₹3,096.79 million in Fiscal 2018 to ₹5,848.38 million in Fiscal 2019), and (ii) fees and commission income (from ₹129.27 million in Fiscal 2018 to ₹198.44 million in Fiscal 2019).

*Interest income*: Our interest income increased by 88.85% to ₹5,848.38 million in Fiscal 2019 from ₹3,096.79 million in Fiscal 2018, which was primarily due to an increase in our annual average AUM. Our annual average AUM outstanding increased from ₹15,925.15 million in Fiscal 2018 to ₹31,080.57 million in Fiscal 2019 on account of higher disbursements achieved due to an increase in branch network from 435 branches in Fiscal 2018 to 593 branches in Fiscal 2019.

*Fees and commission income*: Our fees and commission income increased by 53.51% to ₹198.44 million in Fiscal 2019 from ₹129.27 million in Fiscal 2018. This increase was primarily due to an increase in our cross sell income, which increased from ₹55.43 million in Fiscal 2018 to ₹72.98 million in Fiscal 2019, and an increase in insurance business income from ₹18.62 million in Fiscal 2018 to ₹75.00 million in Fiscal 2019.

*Net gain on derecognition of financial instruments*: Our net gain on derecognition of financial instruments stood at ₹426.96 million in Fiscal 2019, which was primarily due to an increase in assignment transactions, which grew from ₹401.21 million in Fiscal 2018 to ₹7,381.04 million in Fiscal 2019.

*Other operating income*: Our other operating income materially increased by 220.52% to ₹14.84 million in Fiscal 2019 from ₹4.63 million in Fiscal 2018.

*Other income*

Our other income decreased by 43.13% to ₹27.31 million in Fiscal 2019 from ₹48.02 million in Fiscal 2018, primarily due to decrease in miscellaneous income (from ₹24.09 million in Fiscal 2018 to ₹5.10 million in Fiscal 2019).

***Expenses***

Our total expenses increased by 69.18% to ₹4,744.56 million in Fiscal 2019 from ₹2,804.40 million in Fiscal 2018, primarily due to an increase in our: (i) employee benefits expense; (ii) finance costs; and (iii) other expenses.

*Employee benefits expenses*

Our employee benefits expenses increased by 70.36% to ₹1,172.58 million in Fiscal 2019 from ₹688.31 million in Fiscal 2018, primarily due to an increase in our salaries and wages (from ₹615.50 million in Fiscal 2018 to ₹1,055.49 million in Fiscal 2019) as a result of an increase in the number of our branches from 435 branches in Fiscal 2018 to 593 branches in Fiscal 2019 and consequently an increase in the number of our employees from 3,318 employees as of March 31, 2018 to 4,765 employees as of March 31, 2019 as well as an increase in salary levels due to annual increments.

*Finance costs*

Our finance costs increased by 105.26% to ₹2,547.85 million in Fiscal 2019 from ₹1,241.26 million in Fiscal 2018 due to an increase in our average annual borrowing which increased from ₹13,524.06 million in Fiscal 2018 to ₹24,468.03 million in Fiscal 2019 in order to fund our business growth during this period.

*Depreciation and amortisation*

Our depreciation and amortisation increased by 30.92% to ₹52.72 million in Fiscal 2019 from ₹40.27 million in Fiscal

2018, due to an increase in: (i) depreciation on property, plant and equipment from ₹15.40 million in Fiscal 2018 to ₹25.89 million in Fiscal 2019, and (ii) depreciation of right to use assets from ₹9.75 million in Fiscal 2018 to ₹11.76 million in Fiscal 2019.

*Impairment on financial instruments*

Our impairment on financial instruments decreased by 23.78% to ₹368.43 million in Fiscal 2019 from ₹483.35 million in Fiscal 2018. This was primarily due to increased impairment on financial instruments in Fiscal 2018 due to the impact of demonetisation, which adversely impacted the efficiency of collections and required us to take additional provisions.

*Other expense*

Our other expense increased by 71.69% to ₹602.98 million in Fiscal 2019 from ₹351.21 million in Fiscal 2018, primarily due to increase in overheads resulting from an increase in the number of our branches from 435 branches in Fiscal 2018 to 593 branches in Fiscal 2019 and an increase in the number of employees from 3,318 as of March 31, 2018 to 4,765 as of March 31, 2019.

***Profit before tax***

As a result of the foregoing, our profit before tax increased by 273.46% to ₹1,771.37 million in Fiscal 2019 from ₹474.31 million in Fiscal 2018.

***Tax expense***

Our tax expense increased by 200.78% to ₹494.97 million in Fiscal 2019 from ₹164.56 million in Fiscal 2018, primarily due to increase in profit before tax.

***Other comprehensive income***

Our other comprehensive income decreased from a negative balance of ₹3.47 million in Fiscal 2018 to a negative balance of ₹27.03 million in Fiscal 2019, primarily due to the fair valuation of financial assets.

***Total comprehensive income for the year***

Due to the factors discussed above, our total comprehensive income increased by 307.92% to ₹1249.37 million in Fiscal 2019 from ₹306.28 million in Fiscal 2018.

**Financial Position**

Our net worth was ₹10,152.66 million in the six months ended September 30, 2020. This was driven primarily by total comprehensive income of ₹513.66 million.

Our net worth increased by 38.08% to ₹9,626.31 million for Fiscal 2020 from ₹6,971.57 million for Fiscal 2019. This increase was primarily due to retained earnings in 2019 and an equity infusion of ₹700.00 million by Intellectual Capital Advisory Services Private Limited and ₹600.00 million by Aavishkaar Venture Management Services Private Limited.

Our net worth increased by 82.57% to ₹6,971.57 million for Fiscal 2019 from ₹3,818.63 million for Fiscal 2018 primarily due to equity infusion of ₹1,930.00 million by Aavishkaar Venture Management Services Private Limited, Aavishkaar Capital Advisors LLP, Maj Invest Financial Inclusion Fund II, TR Capital III Mauritius and other shareholders.

**Assets**

The following table sets forth the principal components of our assets as of the dates indicated:

*(₹ in million)*

| Assets | As of | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 11,476.28 | 6,885.83 | 1,740.06 | 1,587.81 |
| Other bank balances | 1,817.45 | 1,516.56 | 881.88 | 658.33 |
| Trade receivables | 16.85 | 53.20 | 56.63 | 21.92 |
| Loans | 43,862.83 | 43,471.91 | 35,152.16 | 20,384.55 |
| Investments | 0.00 | 0.00 | 0.33 | 0.52 |
| Other financial assets | 133.11 | 212.26 | 361.32 | 103.04 |
| **Total financial assets** | **57,306.52** | **52,139.76** | **38,192.38** | **22,756.17** |
| | | | | |
| **Non-financial Assets** | | | | |
| Current tax assets (net) | 38.10 | 41.07 | 32.40 | 0.84 |
| Deferred tax assets (net) | 534.25 | 352.76 | 36.47 | 69.84 |
| Property, plant and equipment | 57.91 | 64.91 | 60.10 | 49.92 |
| Intangible assets under development | 2.33 | 0.48 | 0.53 | 0.00 |
| Other intangible assets | 45.52 | 53.88 | 57.04 | 53.41 |
| Right of use asset | 63.24 | 74.03 | 64.57 | 40.25 |
| Other non-financial assets | 83.30 | 81.32 | 87.48 | 66.27 |
| **Total non-financial assets** | **824.65** | **668.45** | **338.59** | **280.53** |
| **Total assets** | **58,131.17** | **52,808.21** | **38,530.97** | **23,036.70** |

***Financial assets***

*Cash and cash equivalents*

Our total cash and cash equivalents were ₹11,476.28 million as of September 30, 2020, ₹6,885.83 million as of March 31, 2020, ₹1,740.06 million as of March 31, 2019 and ₹1,587.81 million as of March 31, 2018. The increase in cash and cash equivalents from March 31, 2018 to March 31, 2019 was due to higher drawdowns banks and financial institutions in the last few days of Fiscal 2019. The cash and cash equivalents increased from March 31, 2019 to March 31, 2020 primarily due to higher cash and cash equivalents being maintained in Fiscal 2020 to mitigate liquidity risk during the unprecedented uncertainty prevailing as a result of a countrywide lockdown due to the outbreak of the COVID-19 pandemic. Our cash and cash equivalents as of September 30, 2020 were driven primarily by the maintenance of higher liquidity due to impact of the COVID-19 pandemic.

*Other bank balances*

Our other bank balances were ₹1,817.45 million as of September 30, 2020, ₹1,516.56 million as of March 31, 2020, ₹881.88 million as of March 31, 2019 and ₹658.33 million as of March 31, 2018. The increase in other bank balance from March 31, 2019 to March 31, 2020 and from March 31, 2018 to March 31, 2019 was due to higher fixed deposits due to higher borrowings over these periods. The bank balances as of September 30, 2020 are also attributable to increased fixed deposits due to higher borrowings over the period.

*Trade Receivables*

Our trade receivables were ₹16.85 million as of September 30, 2020, ₹53.20 million as of March 31, 2020, ₹56.63 million as of March 31, 2019 and ₹21.92 million as of March 31, 2018. Our trade receivables as of September 30, 2020 were driven primarily by fees and commission receivable. The decrease in trade receivables from March 31, 2019 to March 31, 2020 was due to better working capital management. The increase in trade receivables from March 31, 2018 to March 31, 2019 was due to higher cross-sell and insurance business in Fiscal 2019 compared to Fiscal 2018.

*Loans*

Our loans were ₹43,862.83 million as of September 30, 2020, ₹43,471.91 million as of March 31, 2020, ₹35,152.16 million as of March 31, 2019 and ₹20,384.55 million as of March 31, 2018. Our loans as of September 30, 2020 were impacted primarily by muted disbursements and were driven primarily by the capitalisation of interest on loans subject to the moratorium. See "*Significant Factors Impacting our Results of Operations – Government Policies and Regulations*". The increase in our loans was primarily on account of expansion in our branch network from 435 in Fiscal 2018 to 593 in Fiscal 2018 and further to 711 in Fiscal 2020, with a corresponding increase in our customer base from approximately 1.14 million customers in Fiscal 2018 to approximately 1.87 million customers in Fiscal 2019 and further to approximately 2.31 million customers in Fiscal 2020.

*Investments*

As of September 30, 2020 and March 31, 2020, our investments were fully impaired. However, our investments were ₹0.33 million as of March 31, 2019 and ₹0.52 million as of March 31, 2018, due to investments in liquid mutual funds during Fiscals 2018 and 2019.

*Other financial assets*

Our other financial assets were ₹133.11 million as of September 30, 2020, ₹212.26 million as of March 31, 2020, ₹361.32 million as of March 31, 2019 and ₹103.04 million as of March 31, 2018. Our other financial assets as of September 30, 2020 were impacted primarily by repayment by the customer of the assigned portfolio, with no new assignment transactions being undertaken during this period. The increase in our other financial assets from March 31, 2018 to March 31, 2019 was primarily due to an increase in assignment transactions, resulting in higher receivables on assigned loans in Fiscal 2019. The decrease in our other financial assets from March 31, 2019 to March 31, 2020 was primarily due to repayment by the customer of the assigned portfolio, with fewer assignment transactions undertaken in Fiscal 2020.

***Non-financial assets***

*Current tax assets (net)*

Our current tax assets (net) were ₹38.10 million as of September 30, 2020, ₹41.07 million as of March 31, 2020, ₹32.40 million as of March 31, 2019 and ₹0.84 million as of March 31, 2018. These increases in current tax assets (net) from Fiscal 2018 to Fiscal 2020 were primarily due to higher advance tax pay-outs in each Fiscal, and the current tax assets (net) as of September 30, 2020 were attributable to a lower advance tax pay-out in September 30, 2020.

*Deferred tax assets (net)*

Our deferred tax assets (net) were ₹534.25 million as of September 30, 2020, ₹352.76 million as of March 31, 2020, ₹36.47 million as of March 31, 2019 and ₹69.84 million as of March 31, 2018. The increase in our deferred tax assets (net) as of September 30, 2020 was primarily due to timing differences in recording impairment loss on financial assets, resulting in the creation of deferred tax assets. The decrease in our deferred tax assets (net) from March 31, 2018 to March 31, 2019 was primarily due to higher deferred tax liability because of gain arising on derecognition of financial instruments. The increase in our deferred tax assets (net) from March 31, 2019 to March 31, 2020 was primarily due to higher impairment loss on financial assets.

*Property, plant and equipment*

Our total property, plant and equipment were ₹57.91 million as of September 30, 2020, ₹64.91 million as of March 31, 2020, ₹60.10 million as of March 31, 2019 and ₹49.92 million as of March 31, 2018. Our total property, plant and equipment as of September 30, 2020 were impacted by a slower rate of expansion of new branches due to the impact of lockdown and COVID-19 related restrictions and the impact of depreciation. The increases in our property, plant and equipment as of March 31, 2020, 2019 and 2018 were primarily on account of additions of computer and accessories as well as furniture and fixtures due to branch expansion from 435 branches in Fiscal 2018 to 593 branches in Fiscal 2019 to 711 branches in Fiscal 2020.

*Intangible assets under development*

Our intangible assets under development were ₹2.33 million as of September 30, 2020, ₹0.48 million as of March 31, 2020, ₹0.53 million as of March 31, 2019. We did not record any intangible assets under development as of March 31, 2018.

*Other intangible assets*

Our other intangible assets were ₹45.52 million as of September 30, 2020, ₹53.88 million as of March 31, 2020, ₹57.04 million as of March 31, 2019 and ₹53.41 million as of March 31, 2018.

*Right of use asset*

Our right of use asset was ₹63.24 million as of September 30, 2020, ₹74.03 million as of March 31, 2020, ₹64.57 million as of March 31, 2019 and ₹40.25 million as of March 31, 2018. Our right of use asset as of September 30, 2020 was primarily attributable to holding fewer long-term lease agreements during the six months ended September 30, 2020. The increases in our right of use asset as of March 31, 2020, 2019 and 2018 were primarily on account of additions of long-term lease premises due to business expansion.

*Other non-financial assets*

Our other non-financial assets were ₹83.30 million as of September 30, 2020, ₹81.32 million as of March 31, 2020, ₹87.48 million as of March 31, 2019 and ₹66.27 million as of March 31, 2018.

**Liabilities and Provisions**

The following table sets forth the principal components of our liabilities and provisions as of the dates indicated.

***(₹ in million)***

| Liabilities | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| **Financial liabilities** | | | | |
| Borrowings | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |
| Other financial liabilities | 720.21 | 903.18 | 1,042.65 | 381.86 |
| **Total financial liabilities** | **47,414.01** | **42,834.31** | **31,277.54** | **19,083.03** |
| **Non-financial liabilities** | | | | |
| Current tax liabilities (net) | 208.90 | 4.43 | 0.00 | 0.00 |
| Provisions | 164.02 | 142.30 | 52.37 | 26.19 |
| Other non-financial liabilities | 191.58 | 200.86 | 229.49 | 108.85 |
| **Total non-financial liabilities** | **564.50** | **347.59** | **281.86** | **135.04** |
| **Total outside liabilities** | **47,978.51** | **43,181.90** | **31,559.40** | **19,218.07** |

***Financial liabilities***

*Borrowings*

Our borrowings were ₹46,693.80 million as of September 30, 2020, driven primarily by additional borrowings availed by the Company. Our borrowings increased to ₹41,931.13 million as of March 31, 2020 from ₹30,234.89 million as of March 31, 2019 and ₹18,701.17 million as of March 31, 2018, primarily due to additional borrowings availed by the Company.

*Other financial liabilities*

Our other financial liabilities were ₹720.21 million as of September 30, 2020, primarily due to amounts collected in trust for assignment transactions. Our other financial liabilities decreased to ₹903.18 million as of March 31, 2020 from ₹1,042.65 million as of March 31, 2019 and increased to ₹1,042.65 million as of March 31, 2019 from ₹381.86 million as of March 31, 2018. The decrease in our other financial liabilities from March 31, 2019 to March 31, 2020 was primarily due to lower payables in respect of loan assignments as a result of fewer assignments overall and fewer repayments of assigned loans. The increase in other financial liabilities from March 31, 2018 to March 31, 2019 was primarily on account of higher payables towards assignment deals as a result of a higher number of assignments and higher borrowings against assigned loans.

***Non-financial liabilities***

*Current tax liabilities (net)*

Our current tax liabilities (net) were ₹208.90 million as of September 30, 2020 and ₹4.43 million as of March 31, 2020. We did not record any current tax liabilities (net) as of March 31, 2019 and March 31, 2018.

*Provisions*

Our provisions were ₹164.02 million as of September 30, 2020. Our provisions increased to ₹142.30 million as of March 31, 2020 from ₹52.37 million as of March 31, 2019 and ₹26.19 million as of March 31, 2018, due to an increase in liability towards staff compensated benefits.

*Other non-financial liabilities*

Our other non-financial liabilities were ₹191.58 million as of September 30, 2020, and were impacted primarily by a relatively slower rate of expansion due to the COVID-19 pandemic, which resulted in lower non-financial liabilities. Our other non-financial liabilities decreased to ₹200.86 million as of March 31, 2020 from ₹229.49 million as of March 31, 2019, due to lower advances against our cross sell business. Our other non-financial liabilities increased to ₹229.49 million as of March 31, 2019 from ₹108.85 million in March 31, 2018, due to advance repayment instalments received.

**Total equity**

As of September 30, 2020, our total equity was ₹10,152.66 million, representing 17.47% of our total assets, and as of March 31, 2020, our total equity was ₹9,626.31 million, representing 18.23% of our total assets. Our total equity increased to ₹9,626.31 million as of March 31, 2020 from ₹6,971.57 million as of March 31, 2019, primarily due to increase in retained earnings and capital infusion during the year.

**Liquidity and Capital Resources**

The purpose of the liquidity management function is to ensure that we have funds available to extend loans to our customers across our various financing products, to repay principal and interest on our borrowings and to fund our working capital requirements. We endeavour to diversify our sources of capital. We have funded the growth in our operations and loan portfolio through equity issuances, debt securities, loans with various maturities raised from banks and other entities and the assignment/securitisation of loans. As of September 30, 2020, we had cash and cash equivalents of ₹11,476.28 million. We typically invest our surplus cash reserves in short term bank deposits. Based upon our current level of expenditures, we believe our current working capital, together with cash flows from operating activities and the proceeds from the offerings contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditures, servicing liabilities and working capital requirements for at least the next 12 months.

We actively manage our liquidity and capital position by raising funds on a continuous basis on terms that, we believe, are favourable to us. We regularly monitor our funding levels to ensure we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other entities, issue of equity shares and debentures, retained earnings, repayment from customers and proceeds from assignments/securitisation of loans. All our loan agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions which allow the lender, at its discretion to call for repayment of the loan at short notice and/or require us to prepay on a *pari passu* basis. Such covenants, if acted upon, may have an impact on our liquidity.

For more information about our liquidity management, see "*Our Business*" beginning on page 136.

***Cash flows***

The following table sets out a condensed summary of our cash flows for the period/year indicated.

***(₹ in million)***

| **Particulars** | **Six months ended September 30, 2020** | **Fiscal 2020** | **Fiscal 2019** | **Fiscal 2018** |
|---|---|---|---|---|
| Net cash used in operating activities | (89.27) | (7,614.04) | (13,085.90) | (10,576.37) |
| Net cash generated from financing activities | 4,689.38 | 12,807.26 | 13,293.26 | 10,350.68 |
| Net cash used in investing activities | (9.66) | (47.45) | (55.11) | (33.81) |
| Cash and cash equivalents at the beginning of the year/period | 6,885.83 | 1,740.06 | 1,587.81 | 1,847.31 |
| Cash and cash equivalents at the end of the year/period | 11,476.28 | 6,885.83 | 1,740.06 | 1,587.81 |

*Operating activities*

*Six months ended September 30, 2020*

Our net cash used in operating activities was ₹89.27 million in the six months ended September 30, 2020. Our operating profit before working capital changes was ₹1,558.77 million in the six months ended September 30, 2020, which was primarily adjusted by direct taxes paid (net) of ₹125.83 million. Our changes in working capital in the six months ended September 30, 2020 primarily consisted of an increase in loans of ₹1,103.22 million.

*Fiscal 2020*

Our net cash used in operating activities was ₹7,614.04 million in Fiscal 2020. Our operating profit before working capital changes was ₹3,068.20 million in Fiscal 2020, which was primarily adjusted by direct taxes paid (net) of ₹756.33million. Our changes in working capital in Fiscal 2020 primarily consisted of an increase in loans of ₹9,709.60 million.

*Fiscal 2019*

Our net cash used in operating activities was ₹13,085.90 million in Fiscal 2019. Our operating profit before working capital changes was ₹1,821.10 million in Fiscal 2019, which was primarily adjusted by direct taxes paid (net) of ₹479.53 million. Our changes in working capital in Fiscal 2019 primarily consisted of an increase in loans of ₹15,161.57 million.

*Fiscal 2018*

Our net cash used in operating activities was ₹10,576.37 million in Fiscal 2018. Our operating profit before working capital changes was ₹977.54 million in Fiscal 2018, which was primarily adjusted by direct tax paid (net) of ₹198.33 million. Our changes in working capital in Fiscal 2018 primarily consisted of an increase in loans of ₹11,599.57 million.

*Investing Activities*

*Six months ended September 30, 2020*

Net cash used in investing activities was ₹9.66 million in the six months ended September 30, 2020. This was primarily due to purchase of property, plant and equipment of ₹6.00 million and purchase of intangible assets and intangible assets under development of ₹3.66 million.

*Fiscal 2020*

Net cash used in investing activities was ₹47.45 million in Fiscal 2020. This was primarily due to purchase of property, plant and equipment of ₹32.01 million and purchase of intangible assets and intangible assets under development of ₹15.44 million.

*Fiscal 2019*

Net cash used in investing activities was ₹55.11 million in Fiscal 2019. This was primarily due to purchase of property, plant and equipment of ₹36.10 million and purchase of intangible assets and intangible assets under development of ₹19.19 million, partially offset by proceeds from sale of investments of ₹0.18 million.

*Fiscal 2018*

Net cash used in investing activities was ₹33.81 million in Fiscal 2018. This was primarily due to purchase of investments of ₹17,271.70 million, purchase of property, plant and equipment of ₹41.46 million, and purchase of intangible assets and intangible assets under development of ₹13.78 million, which was partially offset by proceeds from sale of investments of ₹17,292.77 million and proceeds from sale of property, plant and equipment of ₹0.36 million.

*Financing activities*

*Six months ended September 30, 2020*

Net cash generated from financing activities was ₹4,689.38 million in the six months ended September 30, 2020. This was primarily due to proceeds from borrowings (net) of ₹4,703.02 million.

*Fiscal 2020*

Net cash generated from financing activities was ₹12,807.26 million in Fiscal 2020. This was primarily due to proceeds from borrowings (net) of ₹11,556.27 million and proceeds from issue of equity shares (including premium) of ₹1,300.00 million.

*Fiscal 2019*

Net cash generated from financing activities was ₹13,293.26 million in Fiscal 2019. This was primarily due to proceeds from issue of equity shares (including premium) of ₹1,934.53 million, proceeds from borrowings (net) of ₹11,416.00 million.

*Fiscal 2018*

Net cash generated from financing activities was ₹10,350.68 million in Fiscal 2018. This was primarily due to proceeds from borrowings (net) of ₹10,361.79 million.

**Indebtedness**

As of September 30, 2020, we had a total outstanding indebtedness of ₹46,693.80 million, which consisted of debentures, term loans from banks and others. For further details related to our indebtedness, please see "*Financial Indebtedness*" beginning on page 278.

The following table sets out contractual maturities of debt securities, borrowings other than debts securities and subordinated liabilities as total borrowings as of September 30, 2020:

*(₹ in million)*

| Particulars | As of September 30, 2020 - Payment due by Period | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less than 1 Year** | **1-3 Years** | **3-4 Years** | **More than 4 Years** |
| Total Borrowings | 46,455.90 | 25,831.77 | 17,484.13 | 1,390.00 | 1,750.00 |

**Contractual obligation and commitments**

The following table sets forth certain information relating to future payments due under known contractual obligations and commitments as of September 30, 2020:

*(₹ in million)*

| Particulars | Payment due by period | | | |
|---|---|---|---|---|
| | **Total** | **Less than one year** | **Between one and five years** | **Later than five years** |
| Leases | 93.10 | 24.89 | 42.06 | 26.15 |
| Capital commitment (net of advance) | 19.77 | 19.77 | 0.00 | 0.00 |

**Assignment Arrangements**

The following table sets forth information regarding our assignment activities in Fiscals 2018, 2019 and 2020 and the six months ended September 30, 2020:

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Total number of loans assigned | 0 | 2,83,399 | 4,44,506 | 22,622 |
| Book value of loans assigned (₹ in million) | 0.00 | 6,343.95 | 7,381.04 | 401.21 |
| Sale consideration received for loans assigned (₹ in million) | 0.00 | 6,343.95 | 7,381.04 | 401.21 |
| Gain/(loss) on account of direct assigned | 0.00 | 0.00 | 0.00 | 0.00 |
| Net gain on derecognition of financial instruments | 0.00 | 332.48 | 426.96 | 0.00 |

**Off-balance Sheet Arrangements and Contingent Liabilities**

We do not have any off-balance sheet arrangements or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

The following table sets our contingent liabilities not provided for as at September 30, 2020:

*(₹ in million)*

| Particulars | As of September 30, 2020 |
|---|---|
| Corporate guarantee provided to a bank towards partnership agreement | 7.50 |
| Demand for income tax | 3.82 |
| **Total** | **11.32** |

**Debt/Equity Ratio**

Our debt/equity ratio was 4.60 as of September 30, 2020 and 4.36 as of March 31, 2020.

“Total debt” represents the sum of all borrowings of the Company.

“Equity” represents share capital and other equity.

**Capital Expenditures**

Our capital expenditures include expenditures on tangible, intangible assets and right to use assets. Tangible assets primarily include furniture and fixtures, computer and accessories and office equipment. Intangible assets comprise computer software, intangible assets under development and right of use assets. The following table sets out capital expenditures (addition) for the period indicated:

***(in ₹million)***

| Particulars | Six months ended September 30, 2020 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Property, plant and equipment | 6.00 | 32.01 | 36.10 | 39.57 |
| Intangible assets under development | 1.85 | 15.49 | 18.71 | 45.12 |
| Intangible assets | 1.81 | 0.00 | 0.53 | 5.73 |
| Right of use asset | 0.00 | 44.34 | 33.72 | 3.46 |
| **Total** | **9.66** | **91.84** | **89.06** | **93.88** |

We expect to meet our funds, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating and financing activities.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, changes in growth strategy, additional investment in technology, operating performance, financial condition, changes in the local economy in India, changes in the legislative and regulatory environment and other factors that are beyond our control.

**Capital to Risk-Weighted Assets Ratios**

The RBI monitors capital to risk-weighted assets ratios based on financial information. The following table sets forth our capital to risk-weighted assets ratios as of the dates indicated:

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| CRAR (%) | 25.78 | 24.80 | 23.60 | 24.62 |
| CRAR Tier-I Capital (%) | 21.01 | 19.93 | 18.41 | 17.37 |
| CRAR Tier-II Capital (%) | 4.77 | 4.87 | 5.19 | 7.25 |
| Amount of subordinated debt raised as Tier-II capital during the year/period (₹ in million) | 0.00 | 250.00 | 350.00 | 1,150.00 |

For more information, see "*Selected Statistical Information*", "*Key Regulations and Policies*" and "*Our Business*" beginning on pages 316, 160 and 136, respectively.

**Credit Ratings**

The following table sets forth our credit ratings as of the date of this Draft Red Herring Prospectus:

| Instrument | Rating Agency | Rating |
|---|---|---|
| Long-term Bank facilities | CARE/ICRA | A- |
| Non-convertible debentures | CARE/ICRA | A- |
| Unsecured subordinated Tier II debt | CARE | A- |

**Related Party Transactions**

For details of related parties transactions entered into by our Company, please see "*Financial Statements*" on page 202.

**Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to various types of market risks during the normal course of business such as interest rate risk, liquidity risk, credit risk, portfolio risk, operational risk, foreign currency risk and inflation risk. For further details, please see "*Our Business – Risk Management*" on page 152.

**Credit Risk**

Credit risk is the risk of loss that may occur from defaults by our Customers under our loan agreements. In order to address credit risk, we have stringent credit policies for customer selection. We follow a systematic methodology in the selection of new geographies where we open branches, which takes into account factors such as the PAR % of the proposed district, potential for micro-lending and socio-economic risk evaluation (for e.g., the risk of communal riots or natural disasters). Further, once we open a branch in a new area, our customer due diligence procedures encompass multiple levels of checks such as KYC verification, credit bureau check and physical verification, designed to assess the quality of the proposed group and to confirm that they meet our criteria. We have also implemented risk tools and techniques and data analytics, such as static pools, vintage curves, roll rates, geo-risk maps, and risk models, to establish risk thresholds and benchmarks, which are then used for field-level reviews, business expansion plans, and our business strategy.

**Interest Rate Risk**

We are subject to interest rate risk, principally because we lend to customers at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. For details, see "*Risk Factors*" beginning on page 24.

**Liquidity Risk**

Liquidity risk arises due to the unavailability of adequate funds at an appropriate cost or tenure. Our resource mobilisation department sources funds from multiple sources, including from banks, NBFCs and other financial institutions. Our resource mobilisation department is responsible for diversifying fundraising sources, managing interest rate risks and maintaining a strong relationship with banks, NBFCs, other domestic and foreign financial institutions and rating agencies. For details, see "*Risk Factors*" and "*Our Business*" beginning on pages 24 and 136, respectively.

**Operational Risk**

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls. Our dedicated operation risk management team identifies all people and process related risks and updates the operational policy accordingly. In addition, we have leveraged technology to protect us from fraud by taking measures such as verifying customer details and documentation online and using credit bureau data to get information on potential frauds. Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards. For details, see "*Risk Factors*" and "*Our Business*" beginning on pages 24 and 136, respectively.

**Cash Management Risk**

Our branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. We ensure that cash collected up to a certain time is deposited at local bank branches on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular internal audits to ensure the highest levels of compliance with our cash management systems. Currently, our disbursements are cashless to mitigate cash management risk. For details, see "*Risk Factors*" and "*Our Business*" beginning on pages 24 and 136, respectively.

**Inflation Risk**

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our loans. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

**Unusual or Infrequent Events or Transactions**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations**

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 our income from continuing operations identified above in "– *Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" beginning on page 24.

**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 the uncertainties described in "*Risk Factors*" beginning on page 24, including but not limited changes related to the COVID-19 pandemic. To our knowledge, 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 revenues or income of our Company from continuing operations.

**Future Relationship between Cost and Revenue**

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 24, 136 and 280, respectively, to our knowledge there are no known factors that may affect the future relationship between cost and revenue.

**New Products or Business Segments**

Other than as disclosed in "*Our Business*" beginning on page 136, there are no new products or business segments that are currently proposed to be developed or launched.

**Dependence on a Few Customers**

Given the nature of our business operations, our business is not dependent on any single or a few customers.

**Seasonality of Business**

Our business generally sees higher borrowings by our customers during the third and fourth quarter of each fiscal. Accordingly, we also typically have higher drawdowns under our facilities in the third and fourth quarter of each fiscal.

**Competitive Conditions**

We operate in a competitive environment. See "*Our Business*", "*Industry Overview*" and "*Risk Factors*" beginning on pages 136, 102 and 24, respectively, for further information on our industry and competition.

**Significant Developments after September 30, 2020**

Due to the ongoing impact of the COVID-19 pandemic the Company's business is expected to be impacted by lower lending opportunities and decline in collection efficiencies. The specific nature of the impact on the Company's results remains uncertain and dependent on the extent and duration of the spread of COVID-19, steps taken by the Government and RBI to mitigate the economic impact, and the time it takes for economic activities to resume at normal levels. We anticipate material increases in our impairment of financial instruments allowance in the current Fiscal due to losses arising from the COVID-19 pandemic and local unrest in certain of the Low Income States in which we operate, particularly Assam. This increase is primarily attributable towards delay in payments due to the impact of COVID-19 which in turn has impacted our Total Comprehensive Income. We believe the Company's capital and liquidity position remains strong and would continue to be a focus area for the Company. The Company will continue to monitor any material changes to future economic conditions. In accordance with the RBI Resolution Framework for COVID-19 related Stress Notification dated August 6, 2020, the days past due ("**DPD**") of JLG loans aggregating to ₹13,740.20 million has been kept at a standstill as of September 30, 2020.

The RBI has released a discussion paper titled "Revised Regulatory Framework for NBFCs – A Scale Based Approach" dated January 22, 2021 and has requested public comments thereon. The discussion paper sets out the discussions for the proposed revisions to the existing regulatory framework applicable to NBFCs. If the discussion paper results in revised regulations and a new regulatory framework for NBFCs, the Company will need to abide by these. For further details on the discussion paper, see "*Key Regulations and Policies*" on page 160.

On December 30, 2020, the Assam legislative assembly unanimously passed "The Assam Micro Finance Institutions (Regulation of Money Lending) Bill, 2020" (the "**Assam Bill**")**.** The Assam Bill aims to regulate money lending activities of MFIs or money lending agencies or organisations operating in the state (the "**Money Lenders**"). As of September 30, 2020, Assam constituted 19.73% of our total GLP. The Assam Bill, among others, provides that: (i) all Money Lenders must register themselves and disclose all the details as specified in the Assam Bill; (ii) the registration shall only be valid for two years, and must be renewed by the Money Lenders to continue operations in the state of Assam; (iii) the registration of the Money Lender may be cancelled by the authority at any time, either of its own accord or on receipt of a complaint from a borrower. As of the date of filing this Draft Red Herring Prospectus, the bill has not been enacted and has not taken effect. For further details on the Assam Bill, see "*Key Regulations and Policies*" on page 160.

The Government of India's Code for Social Security 2020 (the "**Social Security Code**") received assent from the President in September 2020. However, the date from which the Social Security Code will become applicable and its implementing rules have not yet been notified. The Company will assess the impact of the Social Security Code and account for the same once the effective date and implementing rules are notified.

Except as set out in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since September 30, 2020 which have materially or adversely affected or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## SELECTED STATISTICAL INFORMATION

*The following information is included for analytical purposes and should be read in conjunction with our "Financial Statements" on page 202, as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 136 and 280, respectively.*

*Certain non-Ind AS financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-Ind AS 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-Ind AS financial measures and other statistical and operational information when reporting their financial results. However, note that these non-Ind AS financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.*

The following financial and statistical information relates to our Company and should be read in conjunction with our "*Financial Statements*" on page 202.

### Return on Equity and Assets

The following table sets forth information relating to the Return on Equity and Assets for our Company for the year/periods indicated:

***(₹ in million, except for percentages)***

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Profit After Tax(1) | 625.64 | 1,268.01 | 1,276.40 | 309.75 |
| Total Comprehensive Income(2) | 513.66 | 1,351.06 | 1,249.37 | 306.28 |
| Pre-provision operating profit before tax(3) | 1,448.57 | 3,234.65 | 2,139.80 | 957.66 |
| Total Assets(4) | 58,131.17 | 52,808.21 | 38,530.97 | 23,036.70 |
| AUM(5) | 48,567.80 | 48,539.34 | 40,448.83 | 21,712.32 |
| Average AUM(6) | 48,553.57 | 44,494.09 | 31,080.57 | 15,925.15 |
| Net Worth or Total equity (7) | 10,152.66 | 9,626.31 | 6,971.57 | 3,818.63 |
| Average Net Worth(8) | 9,889.49 | 8,298.94 | 5,395.10 | 3,616.43 |
| Total Borrowings(9) | 46,693.80 | 41,931.13 | 30,234.89 | 18,701.17 |
| Average Borrowings(10) | 44,312.47 | 36,083.01 | 24,468.03 | 13,524.06 |
| Return on Average AUM (%)(11) | 2.57 | 2.85 | 4.11 | 1.95 |
| Return on Average Net Worth (%)(12) | 12.62 | 15.28 | 23.66 | 8.57 |
| Average Borrowings/ Average Net Worth(13) | 4.48 | 4.35 | 4.54 | 3.74 |
| Average Net Worth/Average AUM (%)(14) | 20.37 | 18.65 | 17.36 | 22.71 |
| Basic Earnings per Share(15) | 5.75* | 12.07 | 14.05 | 3.52 |
| Diluted Earnings per Share(15) | 5.74* | 12.05 | 14.02 | 3.51 |
| Net Asset Value per Equity Share(15) | 91.32 | 87.26 | 67.90 | 43.17 |

*Figures disclosed in the above table, except "Profit After Tax", "Total Comprehensive Income", "Total Borrowings", "Basic Earnings per Share" and "Diluted Earnings per Share" are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.*

*Notes:*
**Not annualised.*

(1) *Profit After Tax represents profit after tax for the relevant year/period as per the Restated Financial Information.*
(2) *Total Comprehensive Income represents total comprehensive income for the relevant year/period as per the Restated Financial Information.*
(3) *Pre-provision operating profit before tax represents profit before tax after adding back impairment on financial instruments as per the Restated Financial Information.*
(4) *Total Assets represents total assets as of the last day of the relevant year/period.*
(5) *AUM as of the last day of the relevant year/period represents aggregate of principal outstanding including principal overdue if any for all loans to customers held by the Company and assets transferred by way of securitisation, assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*
(6) *Average AUM represents simple average of our AUM as of the last day of the relevant year/period and that as of the last day of the previous year/period.*
(7) *Net Worth as of the last day of the relevant year/period represents net worth which includes paid up share capital and all reserves and surplus and securities premium account including ESOP reserve as per the Restated Financial Information.*
(8) *Average Net Worth represents the simple average of our Net Worth as of the last day of the relevant year/period and that as of the last day of the previous year/period.*
(9) *Total Borrowings as of the last day of the relevant year/period represents aggregate of Borrowings including Debt securities, subordinate liabilities, borrowing other than debt securities as per Restated Financial Information.*
(10) *Average Borrowings represents the simple average of Total Borrowings outstanding as of the last day of the relevant year/period and that as of the last day of the previous year/period.*
(11) *Return on Average AUM (%) is calculated as Profit After Tax for the relevant year/period as a percentage of Average AUM for such year/period.*
(12) *Return on Average Net Worth is calculated as Profit After Tax for the relevant year/period as a percentage of Average Net Worth for such year/period.*
(13) *Average Borrowings/ Average Net Worth is calculated as Average Borrowings for the relevant year/period as a percentage of Average Net Worth for such year/period.*
(14) *Average Net Worth/ Average AUM (%) is calculated as the Average Net Worth for the relevant year/period as a percentage of Average AUM for such year/period.*
(15) *Basic Earnings per Share and Diluted Earnings per Share calculations are done in accordance with the notified Indian Accounting Standard (Ind AS) 33 "Earnings Per Share" prescribed by the Companies (Indian Accounting Standard) Rules, 2015.as per Restated Financial Information, as follows:*

$$\text{Basic Earnings per Share} = \frac{\text{Net Profit After Tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Diluted Earnings per Share} = \frac{\text{Net Profit After Tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year/period}}$$

*Basic and Diluted Earnings per Share for the six months ended September 30, 2020 are not annualised.*

(16) *Net Asset Value per Equity Share represents Net Asset Value per Equity Share as per Restated Financial Information. It is calculated as Net Worth as of the end of relevant year/period divided by the number of Equity Shares outstanding at the end of such year/period.*

## Financial Ratios

The following table sets forth certain financial ratios for our Company for the year/period indicated:

***(₹ in million, except for percentages and number)***

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Gross Disbursements(1) | 8,300.31 | 49,957.39 | 46,771.09 | 26,935.87 |
| Disbursement Growth (%)(2) | - | 6.81 | 73.64 | - |
| AUM(3) | 48,567.80 | 48,539.34 | 40,448.83 | 21,712.32 |
| Average AUM(4) | 48,553.57 | 44,494.09 | 31,080.57 | 15,925.15 |

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| AUM Growth (%)(5) | | 20.00 | 86.29 | |
| Number of active customers (million)(6) | 2.21 | 2.31 | 1.87 | 1.14 |
| Number of active loan accounts(7) | 2,253,336 | 2,358,168 | 1,922,939 | 1,171,576 |
| Revenue from Operations(8) | 4,959.88 | 9,218.00 | 6,488.62 | 3,230.69 |
| Other income(9) | 114.05 | 127.06 | 27.31 | 48.02 |
| Total Income(10) | 5,073.93 | 9,345.06 | 6,515.93 | 3,278.71 |
| Finance costs(11) | 2,376.42 | 3,822.01 | 2,547.85 | 1,241.26 |
| Net Interest Income(12) | 2,532.07 | 4,773.46 | 3,220.80 | 1,852.85 |
| Net Interest Margin(%)(13) | 11.11 | 11.89 | 11.49 | 12.49 |
| Depreciation and amortisation (14) | 33.96 | 66.96 | 52.72 | 40.27 |
| Total expenses(15) | 4,258.83 | 7,669.20 | 4,744.56 | 2,804.40 |
| Operating expenses(16) | 1,248.94 | 2,288.40 | 1,828.28 | 1,079.79 |
| Operating expenses/ Average AUM (%)(17) | 5.13 | 5.14 | 5.88 | 6.78 |
| Impairment on financial instruments(18) | 633.47 | 1,558.79 | 368.43 | 483.35 |
| Impairment on financial instruments Average Loans to Customers (%)(19) | 2.78 | 3.88 | 1.31 | 3.26 |
| Credit cost (based on closing AUM) (%)(20) | 1.30 | 3.21 | 0.91 | 2.23 |
| Credit cost (based on Average AUM) (%)(21) | 1.30 | 3.50 | 1.19 | 3.04 |
| Operating Cost to Total Income Ratio (%)(22) | 24.61 | 24.49 | 28.06 | 32.93 |
| PAR>30(23) | 2,422.65 | 2,289.31 | 393.73 | 402.45 |
| PAR>90(24) | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| Gross NPAs(25) | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| Gross NPAs/Loans to customers outstanding (%)(26) | 2.43 | 2.47 | 0.73 | 1.44 |
| Net NPAs(27) | 0.00 | 0.00 | 0.00 | 89.71 |
| Net NPAs/Loans to customers outstanding (%)(28) | 0.00 | 0.00 | 0.00 | 0.44 |

*Figures disclosed in the above table, except for "Revenue from Operations", "Other income", "Total Income", "Finance costs" "Depreciation and amortisation expense", "Total expenses", and "Provision and write offs" are not measures of financial position, financial performance or cash flows defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.*

*Notes:*

(1) *Gross Disbursements represent the aggregate of all loan amounts extended to all our customers for the relevant year/period.*

(2) *Disbursement Growth (%) represents percentage of growth in Disbursements for the relevant year/period over Disbursements for the previous year/period.*

(3) *AUM as of the last day of the relevant year/period represents aggregate of principal outstanding including principal overdue if any for all loans to customers held by the Company and assets transferred by way of securitisation, assignment of receivables and business correspondent receivables outstanding as of the last day of the relevant year/period.*

(4) *Average AUM represents the average of AUM as of the last day of the relevant year/period and that as of the last day of the previous year/period.*

(5) *AUM Growth (%) represents percentage of growth in AUM as of the last day of the relevant year/period over that as of last day of the previous year/period.*
(6) *Number of active customers represents the total number of active customers of our Company as of the last day of the relevant year/period.*
(7) *Number of active loan accounts represents the total number of active loan accounts of our Company as of the last day of the relevant year/period.*
(8) *Revenue from Operations represents revenue from operations as per the Restated Financial Information.*
(9) *Other income represents other income as per the Restated Financial Information.*
(10) *Total revenue represents the aggregate of Revenue from Operations and other income.*
(11) *Finance costs as per Restated Financial Information for the relevant year/period represents interest expenses and other borrowing costs.*
(12) *Net Interest Income represents Interest on loans in the relevant year/period as reduced by Interest Expenses in such year/period as per the Restated Financial Information.*
(13) *Net Interest Margin (%) represents Net Interest Income for the relevant year/period as a percentage of Average loans to customers for such year/period. Average loans to customers represents the simple average of our loans to customers as of the last day of the relevant year/period and that as of the last day of the previous year/period.*
(14) *Depreciation and amortisation expense represents such expense during the relevant year/period as per the Restated Financial Information.*
(15) *Total expenses represent the aggregate of Finance costs, Employee benefit expense, Depreciation and amortisation expense, Impairment on financial instruments and other expenses as per the Restated Financial Information.*
(16) *Operating expenses represents total expenses as reduced by Finance cost and Impairment on financial instruments for the relevant year/period as per the Restated Financial Information.*
(17) *Operating expense/ Average AUM (%) represents operating expenses for the relevant year/period as a percentage of Average AUM for such year/period.*
(18) *Impairment on financial instruments for the relevant year/period represents such expenses as per Restated Financial Information.*
(19) *Impairment on financial instruments/ Average loans to customers (%) represents impairment on financial instruments for the relevant year/period as a percentage of Average loans to customers for such year/period.*
(20) *Credit cost (based on closing AUM)(%) represents impairment on financial instruments for the relevant year/period as per Restated Financial Information as a percentage of AUM as of the last day of the relevant year/period.*
(21) *Credit cost (based on Average AUM)(%) represents impairment on financial instruments for the relevant year/period as per Restated Financial Information as a percentage of Average AUM.*
(22) *Operating Cost to Total Income Ratio (%) represents operating expenses as a percentage of Total Income.*
(23) *PAR>30 represents the summation of stage 2 and stage 3 assets. Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.*
(24) *PAR>90 represents the stage 3 assets as of the last day of the relevant year/period.*
(25) *Gross NPAs as of the last day of the relevant year/period represents Stage 3 Assets as of the last day of the relevant year/period.*
(26) *Gross NPAs/Loans to customer outstanding (%) represents Gross NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*
(27) *Net NPA as of the last day of the relevant year/period represents Gross NPAs as reduced by the Impairment allowance on Stage 3 assets as per Restated Financial Information.*
(28) *Net NPAs/Loans to customers outstanding (%) represents Net NPAs as of the last day of the relevant year/period as a percentage of loans gross of impairment allowance as per Restated Financial Information for the relevant year/period.*

## Yield and Cost of Funds

The following table sets forth certain information related to our Company's yield and cost of funds for the years/periods indicated:

| Particulars | Six months ended September 30, 2020 | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|---|---|---|---|---|
| Monthly Average Yield on Portfolio Loans Outstanding (%)(1) | 21.36 | 21.24 | 21.35 | 23.49 |
| Monthly Average Cost of Borrowings (%)(2) | 10.80 | 10.89 | 10.88 | 11.40 |
| Spread (%)(3) | 10.56 | 10.35 | 10.47 | 12.09 |

*Notes:*
(1) *Monthly Average Yield on Portfolio Loans Outstanding (%) has been calculated as interest on loan portfolio for the relevant year/period as per the Restated Financial Information on monthly moving average of aggregate of gross principal outstanding including principal overdue if any for all loans held by the company.*

(2) *Monthly Average Cost of Borrowings (%) represents interest cost and other related costs on borrowings for the relevant year/period as a percentage of monthly moving average of gross principal outstanding of borrowings for such year/period.*

(3) *Spread (%) represents excess of Monthly Average Yield on Portfolio Loans Outstanding (%) over Monthly Average Cost of borrowings (%).*

### Productivity Ratios

The following table sets forth certain productivity ratios for our Company as of the dates indicated:

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Number of branches[(1)] | 720 | 711 | 593 | 435 |
| Number of employees[(2)] | 6,395 | 6,272 | 4,765 | 3,318 |
| Number of active customers[(3)] | 2,207,037 | 2,305,034 | 1,865,266 | 1,137,868 |
| Number of active loan accounts[(4)] | 2,253,336 | 2,358,168 | 1,922,939 | 1,171,576 |
| Number of loan officers[(5)] | 3,889 | 3,982 | 3,267 | 2,269 |
| AUM per branch[(6)] (in ₹ million) | 67.46 | 68.27 | 68.21 | 49.91 |
| AUM per employee[(7)] (in ₹ million) | 7.59 | 7.74 | 8.49 | 6.54 |
| AUM per loan officer (in ₹ million) | 12.49 | 12.19 | 12.38 | 9.57 |
| AUM per active customer[(8)] | 22,006 | 21,058 | 21,685 | 19,082 |
| Disbursement per branch[(9)](in ₹ million) | 22.99 | 70.26 | 78.87 | 61.92 |
| Disbursement per employee[(10)](in ₹ million) | 2.59 | 7.97 | 9.82 | 8.12 |
| Disbursement per loan officer [(11)] (in ₹ million) | 2.13 | 11.94 | 13.17 | 11.23 |
| Average ticket size[(12)] | 32,218 | 29,569 | 26,632 | 24,080 |

*Notes:*

(1) *Number of branches represents aggregate number of branches of our Company as of the last day of the relevant year/period.*

(2) *Number of employees represents aggregate number of employees of our Company as of the last day of the relevant year/period.*

(3) *Number of active customers represents aggregate number of active customers of our Company as of the last day of the relevant year/period.*

(4) *Number of active loan accounts represents aggregate number of loan accounts of our Company as of the last day of the relevant year/period.*

(5) *Number of loan officers represents aggregate number of customer sales representative (MFI) and sales managers (MSME) of the company as of the last day of the relevant year/period.*

(6) *AUM per branch represents AUM as of last day of the relevant year/period divided by number of branches.*

(7) *AUM per employee represents AUM as of the last day of the relevant year/period divided by Number of employees as of the last day of such year/period.*

(8) *AUM per active customer represents AUM as of the last day of the year/period divided by number of customers as of the last day of such year/period.*

(9) *Disbursement per branch represents Disbursements in the relevant year/period divided by number of branches.*

(10) *Disbursement per employee represents Disbursements in the relevant year/period divided by number of employees as of the last day of such year/period.*

(11) *Disbursement per loan officer represents Disbursements in the relevant year/period divided by number of loan officers as of the last day of such year/period.*

(12) *Average ticket size represents Gross MFI disbursement divided by number of MFI loan accounts disbursed as of the last date of such year/period.*

### Geographical Spread of Active Customers

The following table sets forth the geographic spread of our Company based on the number of Active Customers as of the years/periods indicated:

| State | Six months ended September 30, 2020 | | Fiscal 2020 | | Fiscal 2019 | | Fiscal 2018 | |
|---|---|---|---|---|---|---|---|---|
| | No. of Active Customers | % of Total | No. of Active Customers | % of Total | No. of Active Customers | % of Total | No. of Active Customers | % of Total |
| Assam[(2)] | 447,503 | 20.28 | 465,861 | 20.21 | 404,691 | 21.70 | 255,135 | 22.42 |
| Bihar | 425,800 | 19.29 | 449,640 | 19.51 | 316,660 | 16.98 | 181,646 | 15.96 |
| Chhattisgarh | 32,010 | 1.45 | 35,830 | 1.55 | 26,673 | 1.43 | 12,103 | 1.06 |
| Gujarat[(1)] | 1 | 0.00 | 1 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Haryana | 158 | 0.01 | 158 | 0.01 | 0 | 0.00 | 0 | 0.00 |
| Jharkhand | 118,660 | 5.38 | 120,576 | 5.23 | 96,855 | 5.19 | 60,469 | 5.31 |
| Karnataka[(1)] | 224 | 0.01 | 268 | 0.01 | 175 | 0.01 | 4 | 0.00 |
| Madhya Pradesh[(2)] | 60,137 | 2.72 | 61,129 | 2.65 | 15,925 | 0.85 | 0 | 0.00 |
| Maharashtra[(1)] | 647 | 0.03 | 846 | 0.04 | 940 | 0.05 | 576 | 0.05 |
| Manipur | 1,961 | 0.09 | 1,958 | 0.08 | 0 | 0.00 | 0 | 0.00 |
| Meghalaya | 5,374 | 0.24 | 5,425 | 0.24 | 3,598 | 0.19 | 3,398 | 0.30 |
| Odisha[(2)] | 261,507 | 11.85 | 274,448 | 11.91 | 273,426 | 14.66 | 197,916 | 17.39 |
| Rajasthan | 91 | 0.00 | 92 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Tripura | 25,610 | 1.16 | 27,090 | 1.18 | 26,859 | 1.44 | 12,522 | 1.10 |
| Telangana[(1)] | 232 | 0.01 | 259 | 0.01 | 30 | 0.00 | 0 | 0.00 |
| Uttar Pradesh[(2)] | 257,527 | 11.67 | 266,058 | 11.54 | 196,250 | 10.52 | 58,693 | 5.16 |
| West Bengal[(2)] | 569,595 | 25.81 | 595,395 | 25.83 | 503,184 | 26.98 | 355,406 | 31.23 |
| **Total** | **2,207,037** | **100.00** | **2,305,034** | **100.00** | **1,865,266** | **100.00** | **1,137,868** | **100.00** |

*Note:*

[(1)] *These states serve only the MSME lending business, part of which we have divested as on the date of this Draft Red Herring Prospectus.*

[(2)] *Includes branches related to both the microfinance and MSME lending businesses.*

### Geographical Spread of AUM

The following table sets forth the state-wise spread of our AUM for the years/periods indicated:

***(₹ in million, except for percentages)***

| State | Six months ended September 30, 2020 | | Fiscal 2020 | | Fiscal 2019 | | Fiscal 2018 | |
|---|---|---|---|---|---|---|---|---|
| | AUM | % of Total | AUM | % of Total | AUM | % of Total | AUM | % of Total |
| Assam[(2)] | 9,581.21 | 19.73 | 9,342.32 | 19.25 | 8,646.59 | 21.38 | 4,845.30 | 22.32% |
| Bihar | 8,882.17 | 18.29 | 9,341.38 | 19.24 | 6,396.40 | 15.81 | 3,180.96 | 14.65% |
| Chhattisgarh | 529.58 | 1.09 | 508.50 | 1.05 | 494.50 | 1.22 | 216.41 | 1.00% |
| Gujarat[(1)] | 0.28 | 0.00 | 0.23 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Haryana | 3.04 | 0.01 | 3.65 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00% |
| Jharkhand | 2,465.55 | 5.08 | 2,378.65 | 4.90 | 1,897.23 | 4.69 | 1,058.63 | 4.88% |
| Karnataka[(1)] | 308.55 | 0.64 | 367.32 | 0.76 | 337.34 | 0.83 | 1.80 | 0.01% |
| Madhya Pradesh[(2)] | 1,108.82 | 2.28 | 1,085.68 | 2.24 | 320.59 | 0.79 | 0.00 | 0.00% |

| State | Six months ended September 30, 2020 | | Fiscal 2020 | | Fiscal 2019 | | Fiscal 2018 | |
|---|---|---|---|---|---|---|---|---|
| | **AUM** | **% of Total** | **AUM** | **% of Total** | **AUM** | **% of Total** | **AUM** | **% of Total** |
| Maharashtra(1) | 695.93 | 1.43 | 821.61 | 1.69 | 1,064.50 | 2.63 | 664.16 | 3.06% |
| Manipur | 33.86 | 0.07 | 34.17 | 0.07 | 0.00 | 0.00 | 0.00 | 0.00% |
| Meghalaya | 117.91 | 0.24 | 113.44 | 0.23 | 78.50 | 0.19 | 53.80 | 0.25% |
| Odisha(2) | 5,786.66 | 11.91 | 5,568.60 | 11.47 | 5,422.18 | 13.41 | 3,699.09 | 17.04% |
| Rajasthan | 1.78 | 0.00 | 2.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tripura | 466.07 | 0.96 | 497.31 | 1.02 | 476.50 | 1.18 | 207.69 | 0.96% |
| Telangana(1) | 373.57 | 0.77 | 412.75 | 0.85 | 24.25 | 0.06 | 0.00 | 0.00% |
| Uttar Pradesh(2) | 4,986.93 | 10.27 | 4,977.16 | 10.25 | 3,636.39 | 8.99 | 1,320.58 | 6.08% |
| West Bengal(2) | 13,225.90 | 27.23 | 13,084.50 | 26.96 | 11,653.86 | 28.81 | 6,463.89 | 29.77% |
| **Total** | **48,567.80** | **100.00** | **48,539.34** | **100.00** | **40,448.83** | **100.00** | **21,712.32** | **100.00%** |

*Note:*

(1) *These states serve only the MSME lending business, part of which we have divested.*

(2) *Includes branches related to both the microfinance and MSME lending businesses.*

## Assignment

The following table sets forth our total assigned assets as of the dates indicated:

***(₹ in million)***

| Particulars | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
|---|---|---|---|---|
| Total assigned assets(1) | 2,456.82 | 3,702.93 | 4,654.20 | 690.62 |

*Note:*

(1) *Total assigned assets as of the last day of the relevant year/period represents aggregate of principal outstanding including overdue Principal if any for loan accounts assigned.*

## Borrowing Profile

The following table sets forth our borrowing profile as of the dates indicated:

***(₹ in million, except for percentages)***

| Particulars | Six months ended September 30, 2020 | | March 31, 2020 | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|---|---|
| | **₹ in million** | **% of Total** | **₹ in million** | **% of Total** | **₹ in million** | **% of Total** | **₹ in million** | **% of Total** |
| **Non-convertible debentures – Secured** | **6,578.71** | **14.09** | **-** | **-** | **624.59** | **2.07** | **1,169.46** | **6.25** |
| Banks | 6,578.71 | 14.09 | - | - | - | - | - | - |
| Financial Institutions | - | - | - | - | 624.59 | 2.07 | 1,169.46 | 6.25 |

| Particulars | Six months ended September 30, 2020 | | March 31, 2020 | | March 31, 2019 | | March 31, 2018 | |
|---|---|---|---|---|---|---|---|---|
| | ₹ in million | % of Total | ₹ in million | % of Total | ₹ in million | % of Total | ₹ in million | % of Total |
| **Subordinated redeemable Non-convertible debentures – Unsecured (Tier II)** | **1,381.43** | **2.96** | **1,341.66** | **3.20** | **1,097.28** | 3.63 | **749.99** | 4.01 |
| Financial Institutions | 1,381.43 | 2.96 | 1,341.66 | 3.20 | 1,097.28 | 3.63 | 749.99 | 4.01 |
| **Subordinated Term Loan – Unsecured (Tier II)** | **756.61** | **1.62** | **755.37** | **1.80** | **754.24** | 2.49 | **747.61** | 4.00 |
| Banks | 756.61 | 1.62 | 755.37 | 1.80 | 754.24 | 2.49 | 247.61 | 1.32 |
| Financial Institutions | - | - | - | - | - | - | 500.00 | 2.67 |
| **Term loans – Secured Rupee Loans** | **37,827.68** | **81.01** | **39,174.23** | **93.43** | **26,441.69** | 87.45 | **15,510.14** | 82.94 |
| Banks | 24,804.06 | 53.12 | 28,582.94 | 68.17 | 18,342.71 | 60.67 | 11,508.54 | 61.54 |
| Financial Institutions | 13,023.62 | 27.89 | 10,591.29 | 25.26 | 8,098.98 | 26.79 | 4,001.60 | 21.40 |
| **Cash Credit – Secured** | **149.37** | **0.32** | **593.21** | **1.41** | **750.97** | 2.48 | **496.66** | 2.66 |
| Banks | 149.37 | 0.32 | 593.21 | 1.41 | 750.97 | 2.48 | 496.66 | 2.66 |
| **Securitisation On Balance Sheet** | **-** | **-** | **66.66** | **0.16** | **566.12** | 1.87 | **-** | - |
| Others | - | - | 66.66 | 0.16 | 566.12 | 1.87 | - | - |
| **Loan related Parties** | **-** | **-** | **-** | **-** | **-** | - | **27.31** | 0.15 |
| Others | - | - | - | - | - | - | 27.31 | 0.15 |
| **Total Borrowings** | **46,693.80** | **100.00** | **41,931.13** | **100.00** | **30,234.89** | **100.00** | **18,701.17** | **100.00** |

### Assets Quality

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The expected credit loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

For further information, see "*Key Regulations and Policies*" on page 160 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Policies*" on page 284.

The following table sets forth the details of the loan assets, including standard and NPAs of the Company as of the dates indicated:

***(₹ million)***

| **Asset Classification** | **As of** | | | |
|---|---|---|---|---|
| | **September 30, 2020** | **March 31, 2020** | **March 31, 2019** | **March 31, 2018** |
| **Portfolio loans outstanding** | | | | |
| Standard (Stage 1 and 2) | 45,220.76 | 44,228.73 | 35,346.25 | 20,392.75 |
| Non-performing (Stage 3) | 1,127.49 | 1,118.40 | 258.50 | 298.68 |
| **Total Portfolio loans outstanding** | **46,348.25** | **45,347.13** | **35,604.75** | **20,691.43** |
| **Expected Credit loss (ECL) allowance for standard and non-performing assets** | | | | |
| Standard (Stage 1 and 2) | 1,357.93 | 756.82 | 194.09 | 97.91 |
| Non-performing (stage 3) | 1,127.49 | 1,118.40 | 258.50 | 208.97 |
| **Total ECL allowance** | **2,485.42** | **1,875.22** | **452.59** | **306.88** |
| **Portfolio loans outstanding (Net)** | | | | |
| Standard Assets (Stage 1 and 2) | 43,862.83 | 43,471.91 | 35,152.16 | 20,294.84 |
| Non-performing (Stage 3) | - | - | - | 89.71 |
| Portfolio loans outstanding (Net) | 43,862.83 | 43,471.91 | 35,152.16 | 20,384.55 |

**Impairment on financial instruments**

The Company has adopted Ind AS, which requires impairment on financial instruments to be computed using the ECL methodology. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Accounting Policies*" on page 284. Impairment on financial instruments calculated under the ECL methodology may differ materially from calculated under the Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms applicable under Indian GAAP.

The following table sets forth the difference between impairment on financial instruments calculated using the ECL methodology and provisions calculated using the IRACP norms as of the dates indicated:

***(₹ in million)***

| **Particulars** | **As of** | |
|---|---|---|
| | **September 30, 2020** | **March 31, 2020** |
| (A) Total loss allowances (provisions) as required under Ind AS 109 | 2,485.42 | 1,875.22 |
| (B) Provisions required as per IRACP norms[(1)] | 461.26 | 447.28 |
| Difference between total loss allowances (provisions) as required under Ind AS 109 and provisions required as per IRACP norms ((A) – (B)) | 2,024.16 | 1,427.94 |

*Note:*

[(1)] *The amount of the securitisation is off-balance sheet under IRACP norms and on-balance sheet under Ind AS for the purpose of computing provisions.*

**Capital to Risk Assets Ratio ("CRAR")**

Our Company is subject to the CRAR requirements prescribed by the RBI. For the years/periods presented, our Company was required to maintain a minimum CRAR of 15%, based on the total capital to risk-weighted assets.

The following table sets forth certain information relating to the CRAR of our Company as of the year/period indicated:

***(₹ in million, except for percentages)***

| Particulars | As of | | | |
|---|---|---|---|---|
| | September 30, 2020 | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Tier I Capital | 9,420.37 | 8,795.63 | 6,495.85 | 3,589.68 |
| Tier II Capital | 2,140.98 | 2,146.18 | 1,829.50 | 1,499.20 |
| **Total Capital** | 11,561.35 | 10,941.81 | 8,325.35 | 5,088.88 |
| **Total Risk Weighted Assets** | 44,839.42 | 44,114.52 | 35,275.75 | 20,668.92 |
| **Capital to Risk Asset Ratio** | | | | |
| Tier I Capital (as a Percentage of Total Risk Weighted Assets) (%) | 21.01 | 19.93 | 18.41 | 17.37 |
| Tier II Capital (as a Percentage of Total Risk Weighted Assets) (%) | 4.77 | 4.87 | 5.19 | 7.25 |
| **Total Capital (as a Percentage of Total Risk Weighted Assets) (%)** | 25.78 | 24.80 | 23.60 | 24.62 |

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as as stated below, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) direct or indirect tax claims, and (iv) litigation proceedings that are otherwise material, in each case, involving our Company, our Promoters and our Directors ("**Relevant Parties**"). Further, except as disclosed in this section, there are no disciplinary actions, including penalties imposed by SEBI or the Stock Exchanges, against our Promoters in the last five Financial Years including any outstanding actions. There are no outstanding litigation proceedings involving any of our Group Companies that have a material impact on our Company.*

*For the purpose of identification of material litigation in (iv) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation involving the Relevant Parties to be disclosed by our Company in this Draft Red Herring Prospectus pursuant to resolution dated February 10, 2021 of our Board:*

*a.* *notices received by the Relevant Parties from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall not be evaluated for materiality until the Relevant Parties are impleaded as defendants in proceedings before any judicial forum; and*

*b.* *all outstanding litigation proceedings (other than criminal proceedings, actions taken by statutory or regulatory authorities, direct or indirect tax claims, and disciplinary actions including penalties imposed by SEBI or the Stock Exchanges against our Promoters) involving the Relevant Parties shall be disclosed: (i) if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of the profit after tax of the Company as per the latest restated annual financial statements (i.e., ₹12.68 million based on the Restated Financial Information as at and for the Financial Year ended March 31, 2020); or (ii) where the monetary liability is not quantifiable for any other outstanding litigation and the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of the Company.*

*Further, pursuant to resolution dated February 10, 2021 of our Board, our Board has considered and adopted a policy on materiality for the purpose of disclosure of material creditors in this Draft Red Herring Prospectus according to which all creditors of our Company to whom the amount due from our Company exceeds 1% of the total trade payables of the Company as per the latest restated financial statements disclosed in this Draft Red Herring Prospectus are material creditors (i.e., ₹0.18 million based on the Restated Financial Information as at and for the six month period ended September 30, 2020).*

### I. Litigation involving our Company

*(a)* *Criminal Proceedings against our Company*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Company other than as disclosed below:

1. A criminal complaint has been filed against, among others, Goutam and Piyali Dey, agents of the Company, by Uttam Kumar Chatterjee, a customer, in the court of the chief judicial magistrate at Alipur, South 24 Parganas. The complaint has been filed for offences committed under Section 447, Section 448, Section 341, Section 323, Section 384, Section 509, Section 504, Section 506(ii) and Section 120B of the IPC. The complainant has alleged that he had availed of certain loans from the Company and subsequently defaulted in the payment of certain fees and charges to the Company. The complainant has alleged that the accused agents, in concert with agents of other banks, had committed acts of, among others, criminal trespass, wrongful restraint and extortion at the complainant's residence and demanding ₹500,000 from the complainant in the presence of witnesses. One of the accused, Goutam Dey, has filed a revision application with the Calcutta High Court seeking the quashing of the complaint against them. The matter is currently pending.

2. An FIR dated January 9, 2021 was filed by Pratima Nayak, a customer of the Company, under Section 294, Section 341, Section 323, Section 354 and Section 506 with the police station at Sarankul, Nayagarh, alleging assault, criminal intimidation, wrongful restraint and use of obscene language by Sibaram Behera, an agent of the Company.

*(b)* *Criminal Proceedings by our Company*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Company other than as disclosed below.

1. Intellecash filed a criminal complaint in the Court of Additional Chief Metropolitan Magistrate 67th Court, Mumbai, for offences under Section 403, Section 406, Section 418, Section 420, Section 34 and Section 120B of the IPC and other relevant provisions of the law, against Karan Mehrotra, Amit Naik, Rashi Choudhary, Jude Miranda, Shadab Samad, Nitin Mukadam and MN&C Supply Links Retail Private Limited. The accused applied for a loan of ₹5,000,000 towards working capital requirements and was disbursed a loan amount of ₹4,886,000, after deduction of ₹114,000 towards processing fee, in connection with their online convenience store business, 'localbanya', with an assurance that the loan would be repaid over a period of eight months. The 'localbanya' business was discontinued with effect from October 20, 2015, without prior intimation to Intellecash, resulting in a breach of the contract. The accused had stopped making payments towards repayment of the loan after the first two weekly instalments and absconded. As on August 4, 2016 a sum of ₹6,006,272 was due and payable by the accused. Intellecash had earlier filed a police complaint dated December 29, 2015 with the police station at Goregaon, Mumbai, but no FIR had been registered in this respect. Accordingly, the present proceedings were initiated. Intellecash had also filed a criminal complaint in the Court of the Metropolitan Magistrate, 43rd Court, Mumbai, under Section 138 of the Negotiable Instruments Act, 1881 against the accused persons named above. The Metropolitan Magistrate had found that prima facie, an offence under Section 138 of the Negotiable Instruments Act, 1881, could be made out against the accused and issued summons against them. Pursuant to the scheme of amalgamation whereby Intellecash merged with and into the Company, our Company has substituted Intellecash in these proceedings. The matter is currently pending. One of the accused, Shadab Samad, has filed a criminal writ petition before the Bombay High Court praying that criminal proceedings initiated against him under Section 138 of the Negotiable Instruments Act, 1881, be quashed. This matter is currently pending before the Bombay High Court.

2. An FIR dated February 5, 2021 was filed by Awdesh Kumar, under Section 392 of the IPC with the police station at Bandhua Kuraba alleging theft of cash amounting to ₹21,300, certain official documents, mobile phone and ATM cards by unknown persons.

3. An FIR dated February 4, 2021 was filed by Mrityunjay Prasad Singh, under Section 392 of the IPC with the police station at Japiur alleging theft of cash amount to ₹61,800 and certain official documents by unknown persons.

4. An FIR dated January 5, 2021 was filed by Riten Moran, under Section 392 of the IPC with the police station at Sadar, Nagaon, alleging extortion and theft of cash amounting to ₹52,200 by unknown persons.

5. An FIR dated December 4, 2020 was filed by Mithilesh Kumar, under Section 356, Section 379 and Section 34 of the IPC with the police station at Bhaktiyarpur, alleging theft of cash amounting to ₹27,050, a cash receipt book and the complainant's mobile phone by unknown persons.

6. An FIR dated December 5, 2020 was filed by Amol Kumar Yadav, under Section 379 of the IPC with the police station at Saharsa, alleging extortion and theft of cash amounting to ₹ 29,700 and the complainant's mobile phone by unknown persons.

7. An FIR dated November 27, 2020 was filed by Ranjan Kumar Khatoi, under Section 34, Section 403 and Section 406 of the IPC with the police station at Keonjhar, Ghasipura, alleging two instances of dishonest misappropriation of property amounting to ₹21,200 and ₹24,056, respectively.

8. An FIR dated November 25, 2020 was filed by Sanatomba Singha, under Section 409 and Section 420 of the IPC with the police station at Sonai, Cachar, alleging fraud amounting to approximately ₹4,500,000 - ₹5,000,000 by Abul Fajal Laskar, a customer service representative of the Company, in connivance with Kulsumi Begum.

9. An FIR dated October 29, 2020 was filed by Ksh Bidyasagar Singha, under Section 409 and Section 420 of the IPC with the police station at Sonai, Cachar, alleging fraud and wrongful appropriation of cash amounting to ₹74,355 by Rahul Amin Mazarbhuiya, a customer service representative of the Company.

10. An FIR dated October 24, 2020 was filed by Abhijit Kalita, under Section 420 and Section 406 of the IPC with the police station at Dibrugarh, alleging cheating and criminal breach of trust amounting to ₹107,491 by one Pran Krishna Kachari.

11. An FIR dated October 23, 2020 was filed by Dipti Ranjan Sahu, under Section 420, Section 418, Section 422, Section 424, Section 427, Section 403, Section 408, Section 500 and Section 34 of the IPC with the police station at Athamallik, Angul, alleging irregularities in amounts collected from customers by Herambo Narayan Ratha, Bikash Pradhan, Dipak Biswal, Baikuntah Naik and Biranchi Khersel, employees of the Company.

12. An FIR dated October 20, 2020 was filed by Hemanta Kumar Hazarika with the police station at Morikolong, alleging extortion and theft of cash amounting to ₹52,677 by unknown persons.

13. An FIR dated October 10, 2020 was filed by Manas Baral, under Section 420 of the IPC with the police station at Niali, Cuttack Rural, alleging cheating and wrongful appropriation of cash amounting to ₹92,800 by Kailash Chandra Sahoo, a customer service representative of the Company.

14. An FIR dated October 9, 2020 was filed by Judhisthir Roy, under Section 406 and Section 420 of the IPC with the police station at English Bazar, Malda, alleging wrongful appropriation of ₹480,843 by Lalchand Mandal, a branch quality head employed by the Company.

15. An FIR dated September 22, 2020 was filed by Omkar Prasad Diwedi, under the IPC with the police station at Pali alleging fraud and wrongful appropriation of cash amounting to ₹186,830 by Rakesh Kumar Ratre, a customer service representative of the Company.

16. An FIR dated August 18, 2020 was filed by Amit Kumar, under Section 408 of the IPC with the police station at Dhaka, Bihar, alleging wrongful appropriation of ₹51,800 by Abhijit Kumar Bharti, a customer service representative of the Company.

17. An FIR dated July 17, 2020 was filed by Ksh Bidyasagar Singha, under Section 409 and Section 420 of the IPC with the police station at UDB, Cachar, alleging theft of ₹749,857.

18. An FIR dated July 8, 2020 was filed by Rohit Kumar with the police station at Lalgunj alleging extortion and theft of cash amounting to ₹9,250 by unknown persons.

19. An FIR dated May 13, 2020 was filed by Srinivas Nag with the police station at Dunguripali, alleging wrongful appropriation of cash amounting to ₹110,759 by Kaspin Kumar Naik, the branch quality head of the Dunguripali branch of the Company.

20. An FIR dated April 14, 2020 was filed by Rasna Ingti, under the IPC with the police station at Jagiroad, Morigaon, alleging theft of cash amounting to ₹174,988 by unknown persons.

21. An FIR dated March 17, 2020 was filed by Ravi Kumar, under Section 406 and Section 420 of the IPC with the police station at Barsoi, alleging wrongful appropriation of cash amounting to ₹676,700 by Hiralal Yadav, a customer service representative of the Company.

22. A criminal complaint dated March 7, 2020 was filed by Lipu Sahu under Section 409 and Section 420 of the IPC in the court of the Judicial Magistrate First Class, Niali. The complainant has alleged theft of ₹67,546 by Samir Kumar Swain, a customer service representative of the Company.

23. An FIR dated March 7, 2020 was filed by Srikanta Rout, under Section 34 and Section 394 of the IPC with the police station at Balasore, alleging theft of cash amounting to ₹90,800 by unknown persons.

24. An FIR dated February 25, 2020 was filed by Ashutosh Padhan, under Section 392 of the IPC with the police station at Katarabaga, Sambalpur, alleging theft of cash amounting to ₹31,250, a mobile phone and other official documents.

25. An FIR dated February 12, 2020 was filed by Chandan Kumar, under Section 392 of the IPC with the police station at Sakara, alleging extortion and subsequent theft of cash amounting to ₹273,801, an office laptop and the complainant's mobile handset.

26. An FIR dated February 7, 2020 was filed by Gopal Kumar, under Section 356 and Section 379 of the IPC with the police station at Masaurhi, alleging theft of cash amounting to ₹34,450 by unknown persons.

27. An FIR dated January 14, 2020 was filed by Rajendra Panigrahi, under Section 394 of the IPC with the police station at Kamakhya Nagar, Dhenkanal, alleging theft of cash amounting to ₹141,100 by unknown persons.

28. An FIR dated January 14, 2020 was filed by Umesh Kumar Mishra, under Section 406 of the IPC with the police station at Duddhi alleging wrongful appropriation of ₹310,744 by Faizan Ahmed, the head of the Duddhi branch of the Company.

29. An FIR dated January 11, 2020 was filed by Debjit Nath, under Section 392 of the IPC with the police station at Rupahihat, Nagaon, alleging theft of cash amounting to ₹168,300 and a collection chart used for recovery by unknown persons.

30. An FIR dated January 9, 2020 was filed by Uttam Das, under Section 392 of the IPC with the police station at Tengakhat, Dibrugarh, alleging theft of cash amounting to ₹58,600 by unknown persons.

31. An FIR dated January 7, 2020 was filed by Sudhamay Das, under Section 392 of the IPC with the police station at Shakaripara alleging extortion and theft of cash amounting to ₹133,800 by unknown persons.

32. A criminal complaint dated December 23, 2019 was filed by Lokanath Sethi under Section 409 and Section 420 of the IPC in the court of the Judicial Magistrate First Class, Nimapara. The complainant has alleged theft of cash amounting to ₹38,750 by Pradip Behera, an employee of the Company. The Judicial Magistrate First Class, Nimapara has passed an order dated January 4, 2020, directing the Nimapara police station to conduct investigation under Section 156(3) of the Code of Criminal Procedure, 1973. An FIR has not been registered by the concerned police station in this regard.

33. An FIR dated December 18, 2019 was filed by Ayush Kumar with the police station at Hajipur alleging fraud wrongful appropriation of cash amounting to ₹269,050 by Avinash Kumar, a customer service representative of the Company.

34. An FIR dated October 28, 2019 was filed by Chinmoy Jyoti Baruah, under Section 380 and Section 457 of the IPC with the police station at Jorhat, alleging theft of cash amounting to ₹440,441 by unknown persons.

35. An FIR dated October 9, 2019 was filed by Mridu Borah with the police station at Tingkhong, alleging extortion and theft of cash amounting to ₹106,850 by unknown persons.

36. An FIR dated September 27, 2019 was filed by Ananda Adhikary under Section 394 and Section 397 of the IPC with the police station at Durgachak, Purba Medinipur, alleging extortion and theft of cash amounting to ₹188,350, a PAN card and an ATM card by unknown persons.

37. An FIR dated January 14, 2019 was filed by Somenath Kundu, under Section 379 of the IPC with the police station at Egra, alleging theft of cash amounting to ₹179,000 and a laptop by unidentified persons.

38. An FIR dated September 11, 2018 was filed by Rajdeep Kumar under Section 379 of the IPC with the police station at Hussainabad, alleging theft of cash amounting to ₹223,372 by unknown persons.

39. An FIR dated September 10, 2018 was filed by Ananta Biswas with the police station at Saktigarh, Burdwan alleging theft of ₹5,080 from a branch office of the Company.

40. An FIR dated December 17, 2018 was filed by Suman Kumar, under Section 392 of the IPC with the police station at Lalgunj, alleging theft of ₹161,772 from a branch office of the Company by unknown persons.

41. An FIR dated June 8, 2018 was filed by Debendra Kumar Nayak, under Section 394 of the IPC and Section 25 of the Arms Act, 1959, as amended, with the police station at Pallahara, Angul, alleging armed robbery of cash amounting to ₹57,350 by three unidentified persons.

42. An FIR dated May 2, 2018 was filed by Lohit Reka, assistant branch head, under Section 392 of the IPC, with the police station at Barama, District Baksa, alleging theft of cash amounting to ₹297,000 and a tablet by unknown persons.

43. An FIR dated April 8, 2018 was filed by Ranjit Kumar Singh, regional head, under Section 406 and Section 34 of the IPC, with the police station at Mahua, alleging misappropriation of an amount of ₹106,134 by the branch head Nilmani Tripathi, the assistant branch head Pappu Kumar and the customer service representative Satyendra Kumar.

44. An FIR dated April 6, 2018 was filed by Bihu Kumar, under Section 336 and Section 379 of the IPC, with the police station at Muzzafarpur, alleging theft of documents, a collection chart, a mobile phone and cash amounting to ₹226,650 by unknown persons.

45. An FIR dated April 4, 2018 was filed by Rakesh Kumar Roshan, under Section 392 of the IPC, with the police station at Talgahat, Saharsa, alleging theft of documents, a tablet, a mobile phone and cash amounting to ₹163,610 by unknown persons.

46. An FIR dated March 5, 2018 was filed by Mohammad Usuf Sarkar, branch manager, under Section 407 of the IPC, with the police station at Belghoria, North 24 Paraganas, alleging criminal breach of trust amounting to ₹620,000 by Muklesur Rehman who was the assistant branch manager at the same branch as Usuf Sarkar.

47. An FIR dated January 18, 2018 was filed by Trapikesh Mishra, under Section 356 and Section 379 of the IPC with the police station at Bahra, Bhojpur alleging theft of cash amounting to ₹161,700 and certain official documents by unknown persons.

48. An FIR dated January 3, 2018 was filed by Sujit Dev Nath, under Section 392 of the IPC with the police station at Tihu, Nalbari alleging theft of cash amounting to ₹252,100 by unknown persons.

49. An FIR dated December 20, 2017 was filed by Trinayan Gogoi, under Section 341 and Section 386 of the IPC, with the police station at Baghjan, Tinsukia alleging theft of cash amounting to ₹150,450, a tablet and certain personal identification documents by unknown persons.

50. An FIR dated December 18, 2017 was filed by Aditya Kumar under Section 409, Section 419 and Section 420 of the IPC with the police station at Dalsinghsarai, Samastipur, alleging cheating and criminal breach of trust amounting to ₹448,000 by one Jaivardhan Kumar

51. An FIR dated November 27, 2017 was filed by Santanu Kumar Bidhar, under Section 394 of the IPC and Section 25 and Section 27 of the Arms Act, 1959, as amended with the police station at Tangi, Khurda, alleging an armed robbery of cash amounting to ₹200,650 by unidentified persons.

52. An FIR dated November 2, 2017 was filed by Avinash Kumar, under Section 392 of the IPC with the police station at Laheria Tola, Lalgunj, alleging armed robbery of cash amounting to ₹304,250, a tablet and SIM cards along with certain personal belongings.

53. An FIR dated November 2, 2017 was filed by Rupesh Kumar Mishra, under Section 379 of the IPC with the police station at Vaishali alleging theft of two mobile phones, a tablet and cash amounting to ₹150,350 by unidentified persons.

54. An FIR dated October 26, 2017 was filed by Mithun Naik, under Section 34 and Section 392 of the IPC with the police station at Baramba, Cuttack Rural alleging theft of cash amounting to ₹52,650 by unknown persons.

55. An FIR dated October 25, 2017 was filed by Danial Sabar, under Section 394 of the IPC with the police station at Banpur, Khurda, alleging theft of documents, valuable securities and cash, of value cumulatively amounting to ₹150,000 by unidentified persons.

56. An FIR dated September 22, 2017 was filed by Kanchan Paswan, field officer, under Section 392 of the IPC with the police station at Mufisil, Eastern Champaran, alleging theft of documents, a tablet and cash amounting to ₹35,300 by unidentified persons.

57. An FIR dated September 18, 2017 was filed by Swadesh Pal, under Section 386 and Section 34 of the IPC with the police station at Bishnupur, alleging extortion of money amounting to ₹187,150 and theft of a tablet device.

58. An FIR dated September 7, 2017 was filed by Suraj Panda, under Section 392 of the IPC, with the police station at Kanpur, Cuttack Rural alleging theft of electronic goods, documents, valuable securities and cash of value cumulatively amounting to ₹160,786 by unidentified culprits.

59. An FIR dated September 7, 2017 was filed by Manish Sharma, under Section 392 of the IPC, with the police station at Sakda, Muzaffarpur alleging theft of cash amounting to ₹120,200, a mobile phone and certain official documents by unknown persons.

60. An FIR dated August 11, 2017 was filed by Prasanta Pal, with the police station at Haripal, Hooghly under Section 380 of the IPC alleging theft of cash amounting to ₹373,360, five mobile phones and three tablets by an unknown person.

61. An FIR dated August 8, 2017 was filed by Trilochan Behera, under Section 394 of the IPC with the police station at Sadar, Dhenkanal alleging theft of cash, personal belongings and certain official documents of value cumulatively amounting to ₹56,200 by unidentified persons.

62. An FIR dated June 27, 2017 was filed by Jyoti Josh, under Section 379 of the IPC with the police station at Katha, Purba Bardhaman, alleging theft of cash amounting to ₹152,129, a mobile phone and certain official documents by unknown persons.

63. An FIR dated June 14, 2017 was filed by Prakash Chandra Behra, under Section 394 of the IPC with the police station at Parjanga, Dhenkanal, alleging theft of electronic goods including a mobile phone and cash of value cumulatively amounting to ₹86,643 by unknown persons.

64. An FIR dated April 13, 2017 was filed by Ranjan Chhatriya, under Section 394 of the IPC with the police station at Balimi, Dhenkanal, alleging theft of cash and machinery, of value cumulatively amounting to ₹59,442.

65. An FIR dated February 25, 2017 was filed by Prakash Kumar Chowdhury, under Section 406 and Section 420 of the IPC with the police station at Bumhra, Bhojpur, alleging that Rahul Kumar, a certain employee of the Company at the Darbhanga Branch, absconded with a sum of ₹105,825.

66. An FIR dated January 15, 2017 was filed by Rajnikant Tiwari, under Section 461 and Section 379 of the IPC with the police station at Bikramganj, alleging dishonest breaking into the branch office and subsequent theft of cash amounting to ₹145,000, a laptop, data card and a printer.

67. An FIR dated January 13, 2017 was filed by Subhash Chandra Das, under Section 381 of the IPC with the police station at Mogra, Hooghly, alleging theft of cash amounting to ₹881,000.

Our Company has filed 177 complaints under Section 138 of the Negotiable Instruments Act, 1881, as amended (including a complaint filed in connection with proceedings at 1. above). The aggregate amount involved in these matters is ₹208.38 million. The matters are pending at different stages of adjudication before different courts.

*(c) Actions and Proceedings initiated by Statutory/Regulatory Authorities involving our Company*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions or proceedings by statutory/regulatory authorities involving our Company.

*(d) Material Civil Litigation involving our Company*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil proceedings involving our Company.

**II. Litigation involving our Directors**

*(a) Criminal Proceedings against our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Directors other than as disclosed below.

1. A criminal complaint has been filed against the Managing Director of the Company by Srimanta Kumar Dutta, a customer, in the court of the executive magistrate, 2nd court, Howrah. The customer has defaulted on payments in respect of certain loans availed of from the Company and has alleged that the Company and its recovery agents have used criminal force against the complainant in the recovery of such amounts from the complainant. The matter is currently pending adjudication.

*(b) Criminal Proceedings by our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by any of our Directors.

*(c) Actions by Statutory/Regulatory Authorities involving our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions or proceedings by statutory/regulatory authorities involving any of our Directors.

*(d) Material Civil Litigation against our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil proceedings initiated against any of our Directors.

*(e)* *Material Civil Litigation by our Directors*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil proceedings initiated by any of our Directors.

**III. Litigation involving our Promoters**

*(a)* *Criminal Proceedings against our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated against any of our Promoters.

*(b)* *Criminal Proceedings by our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding criminal proceedings initiated by any of our Promoters.

*(c)* *Actions by Statutory/Regulatory Authorities involving our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions or proceedings by statutory/regulatory authorities involving any of our Promoters.

*(d)* *Material Civil Litigation against our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil proceedings initiated against any of our Promoters.

*(e)* *Material Civil Litigation by our Promoters*

As on the date of this Draft Red Herring Prospectus, there are no outstanding material civil proceedings initiated by any of our Promoters.

**IV. Tax Proceedings involving our Company, Directors and Promoters**

Details of outstanding tax proceedings involving our Company, Directors and Promoters as on the date of this Draft Red Herring Prospectus are disclosed below:

| Nature of Proceedings | Number of Proceedings | Amount involved (in ₹ million) |
|---|---|---|
| **Direct Tax***| | |
| *Company* | 3 | 3.82 |
| *Directors* | *Nil* | *Nil* |
| *Promoters* | 1 | 1.15 |
| **Sub-Total (A)** | 4 | 4.97 |
| **Such amount excludes any interest or penalty in relation to such direct tax proceedings* | | |
| **Indirect Tax** | | |
| *Company* | *Nil* | *Nil* |
| *Directors* | *Nil* | *Nil* |
| *Promoters* | *Nil* | *Nil* |
| **Sub-Total (B)** | *Nil* | *Nil* |
| **Such amount excludes any interest or penalty in relation to such indirect tax proceedings* | | |
| **TOTAL (A+B)** | 4 | 4.97 |

## V. Outstanding Dues to Creditors

In accordance with the SEBI ICDR Regulations, our Company, pursuant to a resolution dated February 10, 2021 of our Board, considers all creditors to whom the amount due by our Company exceeds 1% of the total trade payables (i.e., ₹0.18 million) of our Company as on September 30, 2020 in accordance with the Restated Financial Information as material creditors of our Company. Details of outstanding dues owed to material creditors, MSME creditors and other creditors of our Company based on such determination are disclosed below.

| Types of Creditors | Number of Creditors | Amount (₹ in million) |
|---|---|---|
| Material creditors | 17 | 16.33 |
| MSME Creditors | - | - |
| Other Creditors | 70 | 2.17 |
| **Total** | **87** | **18.50** |

The Company had no outstanding overdues to material creditors as on September 30, 2020. For further details, see the website of our Company at https://www.arohan.in/resources.php.

*Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, www.arohan.in, would be doing so at their own risk.*

## VI. Material Developments since the Last Balance Sheet

Other than as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 280, in the opinion of our Board, no circumstances have arisen since the date of our last balance sheet as disclosed in this Draft Red Herring Prospectus which materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our liabilities within the next 12 months.

# GOVERNMENT AND OTHER APPROVALS

*Disclosed below is an indicative list of necessary and material approvals, licenses and registrations obtained by our Company for undertaking its business. In view of such approvals, licenses and registration, our Company can undertake our respective business activities as currently conducted and disclosed in this Draft Red Herring Prospectus. Unless otherwise stated, these approvals, licenses or registrations are valid as on the date of this Draft Red Herring Prospectus. We have further disclosed below material approvals for which we have filed an application which is pending as on the date of this Draft Red Herring Prospectus. There are no material approvals for which we have not yet filed an application. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" beginning on page 160.*

## I. Approvals in Relation to the Offer

For details in relation to the approvals and authorizations in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 337.

## II. Approvals in Relation to our Company

*(a) Corporate Approvals*

1. Certificate of incorporation dated September 27, 1991 was issued to our Company by the RoC.

2. Fresh certificate of incorporation dated October 20, 1995 consequent upon conversion into a public limited company was issued to our Company by the RoC.

3. Fresh certificate of incorporation dated March 25, 2008 consequent upon change of name was issued to our Company by the RoC.

4. Fresh certificate of incorporation dated September 28, 2010 consequent upon conversion into a private limited company was issued to our Company by the RoC.

5. Fresh certificate of incorporation dated May 25, 2018 consequent upon conversion into a public limited company was issued to our Company by the RoC.

*(b) Regulatory Approvals*

1. Certificate of registration as an NBFC (not accepting public deposits) dated May 16, 2011 issued by the RBI, with endorsement of conversion to NBFC-MFI status with effect from January 10, 2014 and with further endorsement as on June 28, 2018 reflecting the change in the status of our Company from a 'private' to 'public' company.

2. Certificate of registration under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, dated December 13, 2016 issued by the Office of the Assistant Labour Commissioner, Bidhannagar, Government of West Bengal.

*(c) Tax Registrations*

1. PAN AAECA6121D, issued by the Income Tax Department, Government of India.

2. Tax deduction account number CALA02400G, issued by the Income Tax Department, Government of India.

3. We have been issued GST registration numbers by the Government of India in various states, as applicable.

4. We have also obtained registrations under the applicable professional taxation statutes in various states.

## III. Approvals in Relation to our Business

*Material Licenses and Approvals obtained by our Company*

1. Employees' provident fund code issued by the Employees' Provident Fund Organization, West Bengal under the Employees' Provident Fund Scheme, 1952, as amended.

2. Employees' state insurance code, issued by the Employees' State Insurance Corporation under the Employees' State Insurance Act, 1948, as amended, and as applicable.

3. As of December 31, 2020, our Company has obtained registrations under the applicable state-level shops and establishments legislations for its branches. Certain of such approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. The term of such registrations and renewal requirements may differ under various state legislations.

4. Our Company holds, has made or will make applications for professional tax registrations and trade licenses, as applicable, for all branches of our Company as on December 31, 2020. Certain of such approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

## IV. Intellectual Property

*(a) Registrations Obtained by our Company*

Trademarks

As on the date of this Draft Red Herring Prospectus, our Company has registered the trademarks disclosed below in India.

| S. No. | Description | Class | Trademark Number |
|---|---|---|---|
| 1. | arohan An Intellecap Enterprise | 36 (Colour) | 2919722 |
| 2. | AROHAN AN INTELLECAP ENTERPRISE | 36 (Colour) | 2994090 |

*(b) Applications Filed by our Company*

Our Company has filed an application for post-registration change in trademark, in relation to registered trademark number 2994090 dated March 2, 2020, relating to the logo as used on the cover page of this Draft Red Herring Prospectus, due to the change in our Promoters' shareholding in our Company. Such application is currently pending.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Offer**

Our Board has approved the Fresh Issue pursuant to resolution dated January 15, 2021 and our Shareholders have approved the Fresh Issue pursuant to resolution dated January 22, 2021.

The Offer for Sale has been authorized by the Selling Shareholders as disclosed in "*The Offer*" beginning on page 52.

The Equity Shares being offered by the Selling Shareholders in the Offer for Sale have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 8 of the SEBI ICDR Regulations and are eligible for being offered in the Offer for Sale.

Each of the Selling Shareholders have confirmed that they have not been prohibited from dealings in the securities market and the Equity Shares proposed to be offered by them in the Offer for Sale are free from any lien, encumbrance, transfer restrictions or third party rights.

Our Board and IPO Committee have approved this Draft Red Herring Prospectus pursuant to resolutions dated February 12, 2021 and February 14, 2021, respectively.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Our Company has applied to the RBI under Regulation 66 of the Master Directions pursuant to our letter dated February 1, 2021 for its prior consent to changes in the shareholding of our Company pursuant to the Offer, and subsequent changes, as applicable, upon listing and commencement of trading of the Equity Shares on the Stock Exchanges.

**Prohibition by the SEBI or Other Governmental Authorities**

Our Company, the Selling Shareholders, our Promoters, members of our Promoter Group, our Directors and the persons in control of our Company and of our Promoters are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Except Piyush Goenka, none of our Directors are associated with the securities market in any manner. See "*Our Management*" beginning on page 175. No outstanding action has been initiated against them by SEBI in the past five years preceding the date of this Draft Red Herring Prospectus.

None of our Company, the Selling Shareholders, our Directors or our Promoters have been identified as a Wilful Defaulter.

Our Promoters or Directors have not been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

**Confirmation under Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, each of the Selling Shareholders, our Promoters and members of our Promoter Group have confirmed that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

**Eligibility for the Offer**

Our Company is currently eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, as disclosed below.

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% of the net tangible assets are held as monetary assets.

- Our Company has an average operating profit of ₹150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years.

- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis.

- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at, and for the three immediately preceding Financial Years are disclosed below.

*Derived from the Restated Financial Information*

*(₹ in million)*

| Particulars | Six month period ended September 30, 2020 | Fiscal | | |
|---|---|---|---|---|
| | | 2020 | 2019 | 2018 |
| Net tangible assets (A)[1] | 57,485.83 | 52,327.06 | 38,372.36 | 22,873.20 |
| Pre-tax operating profit (B)[2] | 701.05 | 1,548.80 | 1,744.06 | 426.29 |
| Net worth/ total equity (C)[3] | 10,152.66 | 9,626.31 | 6,971.57 | 3,818.63 |
| Monetary assets (D)[4] | 13,293.73 | 8,402.39 | 2,621.94 | 2,246.33 |
| Monetary assets as a percentage of the net tangible assets (D)/(A) | 23.13% | 16.06% | 6.83% | 9.82% |

*Source: Restated Financial Information as included in the Draft Red Herring Prospectus as "Financial Statements".*

1) *Net tangible assets have been computed as: Sum of total assets excluding intangible assets, intangible assets under development, right of use assets and deferred tax assets (net).*
2) *"Pre-tax Operating profit" is computed by deducting 'total expenses' (including finance costs, impairment on financial instruments, employee benefits expenses, depreciation and amortisation and other expenses) from 'Revenue from operations' earned by the Company.*
3) *Net Worth represents aggregate value of equity share capital and other equity. "Other Equity" shall mean free reserves and surplus including retained earnings, securities premium, statutory reserves, share option outstanding reserve and other comprehensive income as per the Restated Financial Information.*
4) *Monetary assets is the aggregate value of cash and cash equivalents, other bank balances (deposits with bank) and investment in mutual funds.*

We are currently eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in terms of Regulation 32(1) of the SEBI ICDR Regulations we are required to allocate: (i) not more than 50% of the Net Offer to QIBs, 5% of which shall be allocated to Mutual Funds exclusively; (ii) not less than 15% of the Net Offer to Non-Institutional Bidders; and (iii) not less than 35% of the Net Offer to RIBs, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company and the Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith. In case of delay, if any, in refund 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. None of the Selling Shareholders shall be liable to reimburse our Company for any interest paid by it on behalf of the Selling Shareholders on account of any delay with respect to

Allotment of the respective portion of the respective Equity Shares offered by such Selling Shareholder in the Offer for Sale, or otherwise, unless such delay is solely accountable to such Selling Shareholder.

Our Company is in compliance with conditions specified in Regulations 5 and 7(1) of the SEBI ICDR Regulations to the extent applicable and will ensure compliance with Regulation 7(2) of the SEBI ICDR Regulations.

**Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THE RESPECTIVE PROPORTION OF THE EQUITY SHARES OFFERED BY THEM IN THE OFFER FOR SALE, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPECTIVE RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, BEING EDELWEISS FINANCIAL SERVICES LIMITED, ICICI SECURITIES LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 14, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF SEBI ICDR REGULATIONS.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

**Caution - Disclaimer from our Company, the Selling Shareholders, our Directors 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. Each of the Selling Shareholders accepts no responsibility for any statements made other than those specifically made by the respective Selling Shareholder in relation to itself and its respective proportion of the Equity Shares offered by such Selling Shareholder in the Offer for Sale. Anyone placing reliance on any other source of information, including our Company's website, www.arohan.in or any website of any of our Promoters, members of our Promoter Group, or any affiliates of our Company or the Selling Shareholders, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information, to the extent required in relation to the Offer, shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be made available by our Company, the Selling Shareholders and the BRLMs for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centers or elsewhere.

None of our Company, our Directors, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliances by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders 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, each of the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, our Promoters, members of our Promoter Group and our Group Companies, and their respective affiliates, associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, our Promoters, members of our Promoter Group and our Group Companies, and their respective affiliates, associates or third parties, for which they have received, and may in the future receive, compensation.

**Disclaimer in Respect of Jurisdiction**

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Systemically Important NBFCs registered with the RBI or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, insurance companies registered with the IRDAI, permitted provident funds and pension funds, National Investment Fund, insurance funds set up and managed by the army, navy and air force of the Union of India, insurance funds set up and managed by the Department of Posts, Government of India and to Eligible FPIs, Eligible NRIs and other eligible foreign investors, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, state industrial development corporations and registered multinational and bilateral development financial institutions.

The Draft Red Herring Prospectus shall not, however, constitute an invitation to subscribe to or purchase Equity Shares offered hereby in any jurisdiction other than India 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, the RHP or the Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Kolkata, West Bengal, 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 the SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be issued, directly or indirectly, and the 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 issue hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company, the Selling Shareholders, our Promoters, members of our Promoter Group or our Group Companies since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Invitations to subscribe to or purchase the Equity Shares pursuant to the Offer shall be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside of India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state or other jurisdiction 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 securities laws of any state or other jurisdiction of the United States. Accordingly, the Equity Shares are being offered and sold (i) outside the United States, in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur; and (ii) in the United States, 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"; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs"), in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act. Prospective purchasers are hereby notified that sellers of the Equity Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act.**

**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.**

**Important Information for Investors – Eligibility and Transfer Restrictions**

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of the Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act, unless made pursuant to Rule 144A under the U.S. Securities Act or another available exemption from the registration requirements of the U.S. Securities Act and in accordance with applicable securities laws of any state or other jurisdiction of the United States.

***Equity Shares Offered and Sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer within the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented and warranted to and agreed with our Company, the Selling Shareholders and the BRLMs that it has received a copy of the 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 the Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly, 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;

3. the purchaser (i) is a U.S. QIB, (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 one or more U.S. QIBs with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. 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 (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), or (iv) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, and in each case in accordance with all applicable laws, including the state securities laws in the United States;

6. 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;

7. 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;

8. the purchaser is not acquiring the Equity Shares as a result of any form of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the U.S. Securities Act) or any "directed selling efforts" (as that term is defined in Regulation S under the U.S. Securities Act);

9. 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 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, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. 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, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES 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. "**

10. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that our Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and

agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the BRLMs, 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 the Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer outside the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares offered pursuant to the Offer, will be deemed to have acknowledged, represented and warranted to and agreed with our Company, the Selling Shareholders and the BRLMs that it has received a copy of the 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 the Offer in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction 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 the Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time (i) the offer 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 Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

5. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, it will only do so pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction;

7. the purchaser is not acquiring the Equity Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) under the U.S. Securities Act);

8. our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

9. the purchaser acknowledges that our Company, the Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

**Disclaimer Clause of the BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause as intimated by the BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

**Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

**Disclaimer Clause of the RBI**

Our Company holds a valid certificate of registration dated May 16, 2011 issued by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934, with endorsement of conversion to NBFC-MFI status with effect from January 10, 2014 and with further endorsement as on June 28, 2018 reflecting the change in the status of our Company from a 'private' to 'public' company. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representations made or opinions expressed by our Company and for discharge of liabilities by our Company. Neither is there any provision in law to keep, nor does our Company keep any part of the deposits with the RBI and by issuing the certificate of registration to our Company, the RBI neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

**Listing**

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares being issued and sold in the Offer. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

**Consents**

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, the Auditors of our Company, the Domestic Legal Counsel to our Company, the Domestic Legal Counsel to the BRLMs, the International Legal Counsel to the BRLMs, the Bankers to our Company and (b) the BRLMs, the Registrar to the Offer, the Syndicate Members, the Escrow Collection Bank(s), the Refund Bank(s), the Public Offer Account Bank(s), the Sponsor Bank, CRISIL and the Monitoring Agency to act in their respective capacities, have been obtained/will be obtained prior to filing of the Red Herring Prospectus with the RoC and filed (as applicable) along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents that have been obtained have not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Experts**

Our Company has not obtained any expert opinions other than as disclosed below.

Our Company has received written consent from the Statutory Auditors, namely, Walker Chandiok & Co LLP, Chartered Accountants, to include its name as required under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the examination report of the Statutory Auditors on the Restated Financial Information, dated February 10, 2021 and the statement of possible special tax benefits dated February 12, 2021, included in this Draft Red Herring Prospectus and such consent has not been withdrawn until the filing of this Draft Red Herring Prospectus with the SEBI.

In addition, our Company has received written consent dated February 13, 2021 from KGRS & Co., Chartered Accountants, to include its name as an independent chartered accountant under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act in respect of certain operational and financial data being certified by it, and a written consent dated January 12, 2021 from MFIN for inclusion of its name under Section 26(5) of the Companies Act and as an "expert" as defined under Section 2(38) of the Companies Act in respect of certain industry data provided in the MFIN Report.

**Particulars regarding public or rights issues during the last five years**

Our Company has not made any public issue of Equity Shares during the five years immediately preceding the date of this Draft Red Herring Prospectus. Our Company issued Equity Shares on a rights basis in January 2017. See "*Capital Structure*" beginning on page 68.

**Capital Issues during the Previous Three Years by our Company and Listed Group Companies, subsidiaries or associate entities during the last three years**

Our Company has not made any public issue of Equity Shares during the three years immediately preceding the date of this Draft Red Herring Prospectus. For details of capital issuances during the previous three years by our Company, see "*Capital Structure*" beginning on page 68. None of the Equity Shares of our Group Companies are listed on any stock exchange. Our Company does not have any subsidiaries or associate entities.

**Commission and Brokerage paid on previous issues of the Equity Shares in the last five years**

Since this is the initial public offer of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

**Performance vis-à-vis Objects – Details of Public or Rights Issues by our Company**

Our Company has not made any public issue of Equity Shares during the five years immediately preceding the date of this Draft Red Herring Prospectus. Our Company issued Equity Shares on a rights basis in January 2017. See "*Capital Structure*" beginning on page 68. The objects for which the rights issues were undertaken have been achieved without any delay or shortfall.

The non-convertible debentures of our Company are listed on the wholesale debt segment of the BSE.

**Performance vis-à-vis Objects – Details of Public or Rights Issues by listed subsidiaries/listed Promoter of our Company**

Our Promoters are not listed on any of the stock exchanges in India. Our Company does not have any subsidiaries.

**Price Information of Past Issues Handled by the BRLMs**

1. **<u>Edelweiss</u>**

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by Edelweiss:

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (₹) | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 30th Calendar Day from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 90th Calendar Days from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 180th Calendar Day from Listing |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 1. | Stove Kraft Limited | 4,126.25 | 385.00 | February 5, 2021 | 498.00 | Not Applicable | Not Applicable | Not Applicable |

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (₹) | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 30th Calendar Day from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 90th Calendar Days from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 180th Calendar Day from Listing |
|---|---|---|---|---|---|---|---|---|
| 2. | Indigo Paints Limited | 11,691.24 | 1,490.00# | February 2, 2021 | 2,607.50 | Not Applicable | Not Applicable | Not Applicable |
| 3. | Burger King India | 8,100.00 | 60.00 | December 14, 2020 | 112.50 | 146.5% [7.41%] | Not Applicable | Not Applicable |
| 4. | Equitas Small Finance Bank | 5,176.00 | 33.00 | November 2, 2020 | 31.10 | 5.45% [12.34%] | 19.55% [16.84%] | Not Applicable |
| 5. | Mazagon Dock Shipbuilders Limited | 4,436.86 | 145.00 | October 12, 2020 | 214.90 | 18.90% [5.87%] | 52.90% [20.25%] | Not Applicable |
| 6. | Angel Broking Limited | 6,000.00 | 306.00 | October 5, 2020 | 275.00 | -2.32% [2.70%] | 10.02% [21.86%] | Not Applicable |
| 7. | Route Mobile Limited | 6,000.00 | 350.00 | September 21, 2020 | 717.00 | 105.81% [5.74%] | 231.04% [22.31%] | Not Applicable |
| 8. | Prince Pipes and Fittings Limited | 5,000.00 | 178.00 | December 30, 2019 | 160.00 | 0.14% [-1.63%] | -44.33% [-29.34%] | -35.00% [-15.28%] |
| 9. | IndiaMART InterMESH Limited | 4,755.89 | 973.00** | July 4, 2019 | 1180.00 | 26.36% [-7.95%] | 83.82% [-4.91%] | 111.64% [2.59%] |
| 10. | Polycab India Limited | 13,452.60 | 538.00^ | April 16, 2019 | 633.00 | 15.36% [-5.35%] | 14.70% [-1.99%] | 23.76% [-4.09%] |

*Source: www.nseindia.com*

*# Indigo Paints Limited – employee discount of ₹148 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*
*^Polycab India Limited – employee discount of ₹53 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹538 per equity share*
*** IndiaMART InterMESH Limited - A discount of ₹ 97 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹973 per equity share*

*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. *The Nifty 50 index is considered as the 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 public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total No. of IPOs | Total Funds Raised (₹ in million) | Nos. of IPOs Trading at Discount – 30th Calendar Days from Listing | | | Nos. of IPOs Trading at Premium – 30th Calendar Day from Listing | | | Nos. of IPOs Trading at Discount – 180th Calendar Day from Listing | | | Nos. of IPOs Trading at Premium – 180th Calendar Day 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% |
| 2020-2021* | 7 | 45,530.35 | - | - | 1 | 2 | - | 2 | - | - | - | - | - | - |
| 2019-2020 | 3 | 23,208.49 | - | - | - | - | 1 | 2 | - | 1 | - | 1 | - | 1 |
| 2018-2019 | 3 | 57,206.02 | - | 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. *The Nifty 50 index is considered as the Benchmark Index.*

*For the financial year 2020-21- 7 issues have been completed. 5 have completed 30 days of which 4 issues have completed 90 days.*

## 2. I-Sec

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by I-Sec:

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (₹) | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 30th Calendar Day from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 90th Calendar Days from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 180th Calendar Day from Listing |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| 1. | Rossari Biotech Limited | 4,962.50 | 425.00 | 23-July-20 | 669.25 | +87.25%,[+1.39%] | +86.59%,[+6.08%] | +100.79%,[+27.34%] |
| 2. | Happiest Minds Technologies Limited | 7,020.20 | 166.00 | 17-Sep-20 | 350.00 | +96.05%,[+2.14%] | +93.25%,[+17.82%] | Not Applicable* |
| 3. | Route Mobile Limited | 6,000.00 | 350.00 | 21-Sep-20 | 717.00 | +105.81%,[+5.74%] | +231.04%,[+22.31%] | Not Applicable * |
| 4. | Computer Age Management Services Limited | 22,421.05 | 1,230.00(1) | 01-Oct-20 | 1,518.00 | +5.52%,[+1.97%] | +49.25%,[+22.03%] | Not Applicable * |
| 5. | Angel Broking Limited | 6,000.00 | 306.00 | 05-Oct-20 | 275.00 | -2.32%,[+2.70%] | +10.02%,[+21.86%] | Not Applicable * |
| 6. | UTI Asset Management Company Limited | 21,598.84 | 554.00 | 12-Oct-20 | 500.00 | -10.43%,[+5.87%] | -0.60%,[+20.25%] | Not Applicable * |
| 7. | Mrs. Bectors Food Specialities Limited | 5,405.40 | 288.00(2) | 24-Dec-20 | 500.00 | +37.69%,[+4.53%] | Not Applicable * | Not Applicable * |
| 8. | Indian Railway Finance Corporation Limited | 46,333.79 | 26.00 | 29-Jan-21 | 24.90 | Not Applicable * | Not Applicable * | Not Applicable * |
| 9. | Indigo Paints Limited | 11,691.24 | 1,490.00(3) | 02-Feb-21 | 2,607.50 | Not Applicable * | Not Applicable * | Not Applicable * |
| 10. | Home First Finance Company India Limited | 11,537.19 | 518.00 | 03-Feb-21 | 618.80 | Not Applicable * | Not Applicable * | Not Applicable * |

**Data not available*

(1) *Discount of ₹122 per equity share offered to eligible employees All calculations are based on Issue Price of ₹1,230.00 per equity share*
(2) *Discount of ₹15 per equity share offered to eligible employees All calculations are based on Issue Price of ₹288.00 per equity share.*
(3) *Discount of ₹148 per equity share offered to eligible employees All calculations are based on Issue Price of ₹1,490.00 per equity share.*

*Notes:*

1. All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com
2. Benchmark index considered is NIFTY
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total No. of IPOs | Total Funds Raised (₹ in million) | Nos. of IPOs Trading at Discount – 30th Calendar Days from Listing | | | Nos. of IPOs Trading at Premium – 30th Calendar Day from Listing | | | Nos. of IPOs Trading at Discount – 180th Calendar Day from Listing | | | Nos. of IPOs Trading at Premium – 180th Calendar Day 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% |
| 2020-2021* | 10 | 1,42,970.21 | - | - | 2 | 3 | 1 | 1 | - | - | - | 1 | - | - |
| 2019-2020 | 4 | 49,850.66 | - | - | 2 | - | 1 | 1 | 1 | - | - | 2 | - | 1 |
| 2018-2019 | 4 | 60,843.16 | - | - | 2 | 1 | - | 1 | - | - | 2 | - | 1 | 1 |

** This data covers issues upto YTD*

## 3. Nomura

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by Nomura:

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (₹) | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 30th Calendar Day from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 90th Calendar Days from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 180th Calendar Day from Listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Gland Pharma | 64,795.45 | 1,500 | 20-Nov-20 | 1,710.00 | +48.43% [+7.01%] | Not applicable | Not applicable |
| 2. | Computer Age Management Services Limited[1] | 22,421.05 | 1,230 | 01-Oct-20 | 1,518.00 | +5.52% [+1.97%] | +49.25% [+22.03%] | Not applicable |
| 3. | Happiest Minds Technologies | 7,020.16 | 166 | 17-Sep-20 | 350.00 | +96.05% [+2.14%] | +93.25% [+17.82%] | Not applicable |
| 4. | SBI Cards & Payment Services Limited[2] | 103,407.88 | 755 | March 16, 2020 | 661.00 | -33.05%, [-2.21%] | -21.79%, [+8.43%] | +12.50% [+24.65%] |
| 5. | Affle (India) Limited | 4,590.00 | 745 | August 8, 2019 | 926.00 | +12.56%, [-0.78%] | +86.32%, [+8.02%] | +135.49%,[+6.12%] |
| 6. | HDFC Asset Management Company Limited | 28,003.31 | 1,100 | August 6, 2018 | 1,726.25 | +58.35%, [+1.17%] | +30.61%,[-7.32%] | +23.78%,[-4.33%] |
| 7. | Indostar Capital Finance Limited | 18,440.00 | 572 | May 21, 2018 | 600.00 | -0.96%, [+1.84%] | -16.28%,[+9.07%] | -39.97% [+1.57%] |

*Source: www.nseindia.com*
*1. Discount of INR122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
*2. Price for Eligible Employees bidding in the Employee Reservation Portion was INR680.00 per equity share*

*Notes:*
1. *The CNX NIFTY has been considered as the Benchmark Index.*
2. *Price on NSE is considered for all of the above calculations.*
3. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
4. *Not applicable – Period not completed*

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total No. of IPOs | Total Funds Raised (₹ in million) | Nos. of IPOs Trading at Discount – 30th Calendar Days from Listing | | | Nos. of IPOs Trading at Premium – 30th Calendar Day from Listing | | | Nos. of IPOs Trading at Discount – 180th Calendar Day from Listing | | | Nos. of IPOs Trading at Premium – 180th Calendar Day 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% |
| 2020-2021 | 3 | 94,236.66 | - | - | - | 1 | 1 | 1 | - | - | - | - | - | - |

| Financial Year | Total No. of IPOs | Total Funds Raised (₹ in million) | Nos. of IPOs Trading at Discount – 30th Calendar Days from Listing | | | Nos. of IPOs Trading at Premium – 30th Calendar Day from Listing | | | Nos. of IPOs Trading at Discount – 180th Calendar Day from Listing | | | Nos. of IPOs Trading at Premium – 180th Calendar Day 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% |
| 2019-2020 | 2 | 107,997.88 | - | 1 | - | - | - | 1 | - | - | - | 1 | - | 1 |
| 2018-2019 | 2 | 46,443.31 | - | - | 1 | 1 | - | - | - | 1 | - | - | - | 1 |

*Source: www.nseindia.com*
*Notes:*
*a) The information is as on the date of this document.*
*b) The information for each of the financial years is based on issues listed during such financial year.*

## 4. SBICAPS

1. Price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year) handled by SBICAPS:

| S. No. | Issue Name | Issue Size (₹ in million) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (₹) | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 30th Calendar Day from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 90th Calendar Days from Listing | +/-% Change in the Closing Price, (=/-% Change in Closing Benchmark) – 180th Calendar Day from Listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Indian Railway Finance Corporation Ltd | 46,333.79 | 26.00 | January 29, 2021 | 24.90 | Not Applicable | Not Applicable | Not Applicable |
| 2. | Mrs. Bectors Food Specialities Limited[1] | 5,405.40 | 288.00 | December 24,2020 | 500.00 | 37.69% [+4.53%] | Not Applicable | Not Applicable |
| 3. | UTI Asset Management Company Ltd | 21,598.84 | 554.00 | October 12, 2020 | 500.00 | -10.43% [+5.87%] | -0.60% [+20.25%] | Not Applicable |
| 4. | Angel Broking Limited | 6,000.00 | 306.00 | October 05, 2020 | 275.00 | -2.32% [+2.70%] | 10.01% [+21.86%] | Not Applicable |
| 5. | SBI Cards & Payment Services Ltd.[2] | 1,03,407.88 | 755.00 | March 16, 2020 | 661.00 | -33.05% [-2.21%] | -21.79% [+8.43%] | 12.50% [+24.65] |
| 6. | Indian Railway Catering and Tourism Corporation Ltd [3] | 6,379.60 | 320.00 | October 14, 2019 | 626.00 | 191.53% [+5.05%] | 186.64% [+8.07%] | 291.84% [-19.66%] |
| 7. | Sterling and Wilson Solar Limited | 28,496.38 | 780.00 | August 20, 2019 | 706.00 | -21.88% [-1.60%] | -48.63% [+7.97%] | -64.78% [+9.95%] |
| 8. | Ircon International Limited [4] | 4,667.03 | 475.00 | September 28, 2018 | 412.00 | -27.04% [+8.24%] | -6.60% [-1.84%] | -15.71% [+5.06%] |
| 9. | RITES Limited [5] | 4,604.40 | 185.00 | July 02, 2018 | 190.00 | 34.97% [+6.56%] | 33.03% [+2.56% | 49.70% [+1.90%] |
| 10. | ICICI Securities Ltd | 35,148.49 | 520.00 | April 04, 2018 | 435.00 | -27.93% [+5.44 | -37.26% [+5.22% | -44.39% [+7.92% |

*Source: www.nseindia.com*

*Notes:*
** The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
** The Nifty 50 index is considered as the Benchmark Index*

*1. Price for eligible employee was ₹273.00 per equity share*

2. *Price for eligible employees was ₹680.00 per equity share*
3. *Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹310.00 per equity share*
4. *Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹465.00 per equity share*
5. *Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹179.00 per equity share*

2. Summary statement of price information of past public issues (during the current Financial Year and the two Financial Years immediately preceding the current Financial Year):

| Financial Year | Total No. of IPOs# | Total Funds Raised (₹ in million) | Nos. of IPOs Trading at Discount – 30th Calendar Days from Listing | | | Nos. of IPOs Trading at Premium – 30th Calendar Day from Listing | | | Nos. of IPOs Trading at Discount – 180th Calendar Day from Listing | | | Nos. of IPOs Trading at Premium – 180th Calendar Day 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%** |
| 2020-2021* | 4 | 79,338.03 | - | - | 2 | - | 1 | - | - | - | - | - | - | - |
| 2019-2020 | 3 | 138,283.86 | - | 1 | 1 | 1 | - | - | 1 | - | - | 1 | - | 1 |
| 2018-2019 | 4 | 48,748.88 | - | 1 | 1 | 1 | 1 | - | - | 1 | - | - | 2 | 1 |

** The information is as on the date of this Draft Red Herring Prospectus.*
*# Date of Listing for the issue is used to determine which financial year that particular issue falls into*

**Track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs, as specified in the SEBI circular dated January 10, 2012, bearing reference number CIR/MIRSD/1/2012, please see the websites of the BRLMs, as provided in the table below.

| S. No. | Name of the BRLM | Website |
|---|---|---|
| 1. | Edelweiss | www.edelweissfin.com |
| 2. | I-Sec | https://www.icicisecurities.com/TrackRecords.aspx |
| 3. | Nomura | www.nomuraholdings.com/company/group/asia/india/index.html |
| 4. | SBI CAPS | www.sbicaps.com/index.php/track-record-of-public-issue/ |

**Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange 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 the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All Offer-related grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, Bidders shall also enclose a copy of the Acknowledgment Slip or specify the application number duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs and the Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Selling Shareholders, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs or the Sponsor Bank including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Our Group Companies are not listed on any stock exchange.

Our Company does not have any subsidiaries.

**Disposal of Investor Grievances by Our Company**

Our Company shall obtain authentication on the SCORES and shall comply with the circular no. (CIR/OIAE/1/2014) dated December 18, 2014 issued by the SEBI in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary for the redressal of routine investor grievances shall be 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 not received any investor grievances during the three years preceding the date of this Draft Red Herring Prospectus and there are no investor complaints pending as on the date of this Draft Red Herring Prospectus.

Our Company has constituted a Stakeholders' Relationship Committee comprising, Matangi Gowrishankar (chairperson), Anurag Agrawal and Manoj Kumar Nambiar as members. See "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" on page 185.

Our Company has also appointed Anirudh Singh G. Thakur, Company Secretary and Compliance Officer for the Offer. See "*General Information*" beginning on page 60.

## SECTION VII: OFFER RELATED INFORMATION

## TERMS OF THE OFFER

The Equity Shares being issued, transferred and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, our Memorandum of Association and our Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the Government of India, the Stock Exchanges, the RBI, the RoC and/or any other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

### The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be borne by each of our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders and in proportion to the number of Equity Shares issued and/or transferred by each of our Company and the Selling Shareholders in the Offer, respectively. Further, the Selling Shareholders shall reimburse our Company for all expenses incurred by our Company in relation to the Offer for Sale on each of their behalf in proportion to the respective Equity Shares offered by them in the Offer for Sale, and in accordance with applicable law. For details in relation to Offer expenses, see "*Objects of the Offer*" and "*Other Regulatory and Statutory Disclosures*" beginning on pages 88 and 337, respectively.

### Ranking of the Equity Shares

The Equity Shares being issued, transferred and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, our Memorandum of Association and our Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend and voting. The Allottees, upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. See "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 380.

### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to our Shareholders in accordance with the provisions of Companies Act, our Memorandum of Association and our Articles of Association and provisions of the SEBI Listing Regulations and other applicable law. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of the Articles of Association*" beginning on pages 201 and 380, respectively.

### Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot will be decided by our Company and the Selling Shareholders in consultation with the BRLMs and advertised in all editions [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper, and [●] edition of [●], a Bengali newspaper (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination of Equity Shares.

**Compliance with Disclosure and Accounting Norms**

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

**Rights of Shareholders**

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- right to receive dividends, if declared;
- right to attend general meetings and exercise voting rights, unless prohibited by law;
- right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- right to receive offers for rights Equity Shares and be allotted bonus Equity Shares, if announced;
- right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- right of free transferability of the Equity Shares, subject to applicable laws including any rules and regulations prescribed by the RBI; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, our Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 380.

**Allotment only in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialized form. The trading of the Equity Shares shall only be in the dematerialized segment of the Stock Exchanges. In this context, the following agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- tripartite agreement dated February 1, 2010 among our Company, NSDL and the Registrar to the Offer; and
- tripartite agreement dated February 19, 2010 among our Company, CDSL and the Registrar to the Offer.

**Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For details of basis of allotment, see "*Offer Procedure* on page 362.

**Joint Holders**

Subject to the provisions contained in our Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**Jurisdiction**

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Kolkata, West Bengal, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state or other jurisdiction 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 securities laws of any state or other jurisdiction of the United States. Accordingly, the Equity Shares are being offered and sold (i) outside the United States, in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur; and (ii) in the United States, to persons reasonably believed to be U.S. QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act.**

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

**Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the First Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by our Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder would prevail. If the Bidders wish to change the nomination, they are requested to inform their respective Depository Participant.

**Bid/Offer Programme**

| | |
|---|---|
| **BID/OFFER OPENS ON** | [●][(1)] |
| **BID/OFFER CLOSES ON** | [●][(2)] |

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

[(2)] *Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

An indicative timetable in respect of the Offer is disclosed below.

| Event | Indicative Date |
|---|---|
| Bid/Offer Closing 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* | On or about [●] |
| Credit of Equity Shares to dematerialized accounts of Allottees | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about [●] |

**In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four 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 above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs.**

**While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholders, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend all reasonable support and co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI.**

**The SEBI is in the process of streamlining and reducing the post issue timeline for initial public offerings. Any circulars or notifications from the SEBI after the date of the Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised circulars issued by the SEBI to this effect.**

The BRLMs will be required to submit reports of compliance with listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it

**In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four 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 Equity Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state or other jurisdiction 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 securities laws of any state or other jurisdiction of the United States. Accordingly, the Equity Shares are being offered and sold (i) outside the United States, in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur; and (ii) in the United States, to persons reasonably believed to be U.S. QIBs in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act.**

**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.**

**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 and Revision in Bids | Only between 10.00 a.m. and 3.00 p.m. IST |

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion.

On the Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids 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, as the case may be, would be rejected.**

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data contained in the physical Bid cum Application Form, for a particular Bidder, the details of the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company, Selling Shareholders or any Member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side, *i.e.* the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the

Stock Exchanges shall be taken as the final data for the purpose of Allotment. The Floor Price shall not be less than the face value of the Equity Shares

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

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the Bid/Offer Closing Date, our Company and the Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company and the Selling Shareholders shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Offer size, the Equity Shares will be allotted in the following order:

(i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed;

(ii) upon (i), all the Equity Shares held by the Selling Shareholders and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by each Selling Shareholder); and

(iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Fresh Issue portion.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall be not less than 1,000.

**Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialized form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

**Restrictions on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer Equity Share capital of our Company, lock-in of the minimum Promoters' contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 68 and except as provided in our Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of Equity Shares and on their consolidation/splitting, except as provided in our Articles of Association. See "*Description of Equity Shares and Terms of the Articles of Association*" beginning on page 380.

## OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a share premium of ₹[●] per Equity Share) aggregating to up to ₹[●] million, comprising a Fresh Issue of up to [●] Equity Shares aggregating to up to ₹8,500 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating to up to ₹[●] million by the Selling Shareholders, comprising an offer for sale of up to 27,055,893 Equity Shares aggregating to up to ₹[●] million comprising up to 1,925,158 Equity Shares by Maj Invest, up to 2,191,557 Equity Shares by MSDF, up to 9,302,853 Equity Shares by Tano, up to 1,214,840 Equity Shares by TR Capital and up to 12,421,484 Equity Shares by AG II. The Offer includes an Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹[●] million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer less the Employee Reservation Portion is the Net Offer. The Offer and the Net Offer shall constitute [●]% and [●]%, respectively of the post-Offer paid-up Equity Share capital of our Company.

Our Company may, in consultation with the BRLMs, undertake a Pre-IPO Placement for cash consideration aggregating up to ₹1,500 million, at the discretion of the Company and the Selling Shareholders in favor of such investors permissible under applicable laws, to be completed prior to filing of the Red Herring Prospectus with the RoC and the details of which, if completed, will be included in the Red Herring Prospectus. The price of the securities allotted pursuant to the Pre-IPO Placement shall be determined 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 Offer is being made through the Book Building Process.

| **Particulars** | **Eligible Employees#** | **QIBs(1)** | **Non-Institutional Bidders** | **Retail Individual Bidders** |
|---|---|---|---|---|
| Number of Equity Shares available for Allotment/allocation*(2) | Up to [●] Equity Shares | Not more than [●] Equity Shares or Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders | Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders | Not less than [●] Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Offer Size available for Allotment/allocation | Up to [●]% of the Offer | Not more than 50% of the Net Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) 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 QIB Portion. Unsubscribed portion in the Mutual Fund Portion will be added to the QIB Portion (other than the Anchor Investor Portion) | Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation | Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation |
| Basis of Allotment/allocation if respective category is oversubscribed* | Proportionate; unless the Employee Reservation `Portion is under-subscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the | Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for | Proportionate | Allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of |

| Particulars | Eligible Employees# | QIBs[1] | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | event of under-subscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees Bidding in the Employee Reservation Portion for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000. | allocation on a proportionate basis to Mutual Funds only; and<br><br>(b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above<br><br>Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price | | Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated proportionately. See "*Offer Procedure*" on page 362 |
| Mode of Bidding | ASBA only | ASBA only [3] | ASBA only | ASBA only |
| Minimum Bid | [●] Equity Shares | Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter | Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares in multiples of [●] Equity Shares so as to ensure that the Bid Amount by each Eligible Employee does not exceed ₹500,000. | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer, subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Offer (excluding the QIB Portion), subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | | | |
| Allotment Lot | A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter<br>For Retail Individual Bidders, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion | | | |
| Trading Lot | One Equity Share | | | |
| Mode of Allotment | Compulsorily in dematerialized form | | | |
| Who can apply[4][5] | Eligible Employees | Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, | Resident Indian individuals, Eligible NRIs and HUFs (*in the name of Karta*). |

| Particulars | Eligible Employees# | QIBs[(1)] | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs. | scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices. | |
| Terms of Payment | Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (only for Retail Individual Bidders) that is specified in the ASBA Form at the time of submission of the ASBA Form [(5)] | | | |

**Assuming full subscription in the Offer*

\# *Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹200,000) can also Bid in the Retail Portion, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees Bidding in the Employee Reservation Portion and in the Non Institutional Portion shall be treated as multiple Bids. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

*(1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. See "Offer Procedure" beginning on page 362.*

*(2) Subject to valid Bids being received at or above the Offer Price. The Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations.*

*(3) Anchor Investors are not permitted to use the ASBA process.*

*(4) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder 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, except as otherwise permitted, in any or all categories. The Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

*(5) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

Under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the

Employee Reservation Portion, subject to the Net Offer constituting [●]% of the post-Offer equity share capital of the Company.

**Withdrawal of the Offer**

The Offer shall be withdrawn in the event the requirement of the minimum subscription as prescribed under Regulation 45 of the SEBI ICDR Regulations is not fulfilled. Our Company, in consultation with the BRLMs, reserve the right to not proceed with the Fresh Issue and the Selling Shareholders reserve the right to not proceed with the Offer for Sale, in whole or part thereof, after the Bid/Offer Opening Date but before the Allotment. In the event that our Company, in consultation with the BRLMs, decide not to proceed with the Offer, our Company shall issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer. In such event, the BRLMs through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI.

## OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, including in relation to the process for Bids by Retail Individual Bidders through the UPI Mechanism.*

*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 CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) disposal of applications; and (xiii) interest in case of delay in allotment or refund.*

*The SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"), with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Subsequently, however, 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. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by the SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time.*

*Our Company, the Selling Shareholders and the BRLMs 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 the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.*

*Further, our Company and the Members of Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

### Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The Offer includes a reservation of up to [●] Equity Shares, aggregating up to ₹[●] million, for subscription on a proportionate basis by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital.

Under-subscription, if any, in any category, including the Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, the PAN and UPI ID, for RIBs Bidding in the Retail Portion using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer.**

**Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I**: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II**: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. 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.

**Phase III**: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in shall be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Bengali daily newspaper [●] (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites

All SCSBs offering the facility of making applications in public issues shall also provide the facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a Sponsor Bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/ or payment instructions of the Retail Individual Bidders using the UPI.

For further details, refer to the "*General Information Document*" available on the websites of the Stock Exchanges and the BRLMs.

**Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIs Bidding in the Retail Portion can additionally Bid through the UPI Mechanism.

RIBs Bidding in the Retail Portion using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (other than RIBs using UPI Mechanism) must provide bank account details and authorization to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs Bidding in the Retail Portion using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid.

The prescribed color of the Bid cum Application Form for the various categories is as disclosed below.

| Category | Color of Bid cum Application Form* |
|---|---|
| | |
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | [●] |
| Non-Residents including Eligible NRIs, FVCIs, FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis | [●] |
| Anchor Investors | [●] |
| Eligible Employees Bidding in the Employee Reservation Portion | [●] |

* *Excluding electronic Bid cum Application Form*

*Notes:*

(1) *Electronic Bid Cum Application Forms will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).*

(2) *Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLMs.*

(3) *Bid cum Application Forms for Eligible Employees shall be available at the Registered and Corporate Office of the Company.*

In case of ASBA forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

**Participation by our Promoters, the Promoter Group, the BRLMs, the Syndicate Members, associates, and affiliates of the BRLMs and the Syndicate Members and Persons Related to the Promoters/Promoter Group**

The BRLMs and the Syndicate Members shall not be allowed to subscribe to or purchase the Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription or purchase may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor (ii) any “person related to the Promoter/ Promoter Group” shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a “person related to the Promoter/ Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Our Promoters and the members of our Promoter Group shall not participate in the Offer.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the 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 can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

**Bids by HUFs**

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

**Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in color). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in color).

NRIs applying in the Offer using UPI Mechanism are advised to enquire with the relevant bank whether their bank account is UPI linked prior to making such application. For details of investment by NRIs, see "*Restriction in Foreign Ownership of Indian Securities*" on page 379. Participation of eligible NRIs shall be subject to FEMA Non-debt Instruments Rules.

**Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, with effect from April 1, 2020, the aggregate FPI investment limit is the sectoral cap applicable to an Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. Currently, the sectoral cap for NBFCs is 100% under the automatic route and accordingly, the applicable limit with respect to our Company is 100%.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

In terms of the FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The FEMA NDI Rules were enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments(as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(i) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(ii) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

Bids by FPIs which utilise the multi investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of the SEBI FPI Regulations (the "**Operational FPI Guidelines**"), submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids ("**MIM Bids**"). As specified in 4.1.4.2 (b)(i) and 4.1.4.2 (c)(iv) of the General Information Document, it hereby clarified that FPIs bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected, except for Bids from FPIs that utilise the multi investment manager structure in accordance with the Operational FPI Guidelines (such structure referred to as "**MIM Structure**"). In order to ensure valid Bids, FPIs making MIM Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in the Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.*"

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM

Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

**Bids by SEBI-registered AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter alia*, the investment restrictions on the FVCIs and AIFs registered with SEBI. FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering. Category I AIF and Category II AIF cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, a VCF that has not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly shall not be allowed to participate in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

The Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by Limited Liability Partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the 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 this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended, is 10% of the paid up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

**Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the circulars issued by the SEBI dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**Bids by Systemically Important NBFCs**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) the last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the Systemically Important NBFCs are required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, directions, guidelines and circulars issued by the RBI from time to time.

**The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.**

**Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

**Bids by Provident Funds/Pension Funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

**Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that their Bid does not exceed ₹200,000.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* [●] colour form);

(b) the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000. The maximum Bid in this category by an Eligible Employee cannot exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion upon the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000;

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) the Bidder should be an Eligible Employee. In case of joint bids, the first Bidder shall be an Eligible Employee;

(e) only Eligible Employees would be eligible to apply in the Offer under the Employee Reservation Portion;

(f) only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category;

(g) Eligible Employees can apply at Cut-off Price;

(h) Bid by Eligible Employees can be made also in the "Net Offer to the Public" and such Bids shall not be treated as multiple Bids;

(i) if the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand; and

(j) under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer. In case of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, Systemically Important NBFCs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India, or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

Our Company and the Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders, in consultation with the BRLMs may deem fit.

**In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.**

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus or as will be specified in the Red Herring Prospectus and the Prospectus.**

**Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

1) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date.

5) Our Company and the Selling Shareholders, in consultation with the BRLMs will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.

6) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.

7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

9) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

10) Neither the (a) BRLMs (s) or any associate of the BRLMs (other than mutual funds sponsored by entities which are associate of the BRLMs or insurance companies promoted by entities which are associate of the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the BRLMs or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the BRLMs) nor (b) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category.

Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

**Information for Bidders**

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the 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 the 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**

**Do's:**

A. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

B. Ensure that you have Bid within the Price Band;

C. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

D. Ensure that you have mentioned the correct ASBA Account number if you are not a RIB using the UPI Mechanism in the Bid cum Application Form and if you are a RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

E. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

F. 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. RIBs using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

G. If the first Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

H. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

I. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

J. Ensure that you request for and receive a stamped Acknowledgment Slip of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

K. RIBs to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

L. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed, and obtain a revised Acknowledgment Slip;

M. RIBs not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

N. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular (No. MRD/DoP/Cir-20/2008) dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

O. 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;

P. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

Q. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., the relevant documents are submitted;

R. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

S. Since the Allotment will be in demat form only, ensure that the depository account is active, the correct DP ID, Client ID, the PAN, and UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and the UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, the PAN and UPI ID, if applicable, available in the Depository database;

T. Ensure that when applying in the Offer using the UPI Mechanism, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

U. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorize blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

V. Anchor Investors should submit the Anchor Investor Application Forms to the BRLMs;

W. FPIs making MIM Bids using MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

X. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

Y. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

Z. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs Bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);

AA. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices who are FPIs and registered with SEBI for a Bid Amount of less than ₹200,000 would be considered under the Retail 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;

BB. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorize the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment; and

CC. Ensure that the Demographic Details are updated, true and correct in all respects.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

**Don’ts:**

A. Do not Bid for lower than the minimum Bid size;

B. Do not Bid/revise the Bid Amount to less than the Floor Price or higher than the Cap Price;

C. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

D. Do not Bid for a Bid Amount exceeding ₹500,000 (for Bids by Eligible Employees Bidding in the Employee Reservation Portion);

E. Do not Bid at Cut-off Price (for Bids by QIBs, Eligible Employees Bidding under the Employee Reservation Portion (subject to the Bid Amount being above ₹200,000) and Non-Institutional Bidders);

F. Do not pay the Bid Amount in cheques, demand drafts, cash, money order, postal order or by stock invest;

G. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

H. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

I. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

J. Do not submit the Bid for an amount more than funds available in your ASBA account;

K. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;

L. If you are a RIB using UPI Mechanism, do not submit more than one ASBA Form for each UPI ID;

M. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms;

N. Do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;

O. Do not Bid for Equity Shares in excess of what is specified for each category;

P. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a color prescribed for another category of Bidder;

Q. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

R. 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);

S. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations, or under the terms of the Red Herring Prospectus;

T. Do not submit the General Index Register (GIR) number instead of the PAN;

U. Do not submit incorrect details of the DP ID, Client ID, the PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

V. Anchor Investors should not bid through the ASBA process;

W. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

X. If you are a RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

Y. 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 RIBs using the UPI Mechanism;

Z. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected; and

AA. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Informatio*n" on page 60.

**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 finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Net Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

**Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favor of:

(a) In case of resident Anchor Investors: "[●]"; and

(b) In case of Non-Resident Anchor Investors: "[●]".

Anchor Investors should note that the escrow mechanism is not prescribed by the SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

**Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (all editions [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper, and [●] edition of [●], a Bengali newspaper (Bengali being the regional language of West Bengal, where our Registered and Corporate Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. The advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalization of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

**Undertakings by Our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI;

- if Allotment is not made within the prescribed time period under applicable law, the entire Bid amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- except for: (i) the Pre-IPO Placement; (ii) any additional capital raising through a further issue of securities aggregating to up to INR 1,500 million, in one or more tranches, from non-promoters, after the date of this DRHP but prior to filing of the RHP with the RoC; or (iii) pursuant to the ESOP Schemes, no further issue of the Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

- our Company, in consultation with the BRLMs, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Offered Shares, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed; and

- if our Company, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI.

**Undertakings by the Selling Shareholders**

The Selling Shareholders, severally and not jointly, undertake the following:

- they are the legal and beneficial owners of the respective Equity Shares offered by them in the Offer for Sale;
- the respective Equity Shares offered by them in the Offer for Sale are free and clear of any encumbrances and shall be transferred to the successful Bidders within the time specified under applicable law;
- they have authorized our Company to take such necessary steps in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of Equity Shares offered by them in the Offer for Sale;
- they shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;
- they shall comply with all applicable laws, including the Companies Act, the SEBI ICDR Regulations, the FEMA and all applicable circulars, guidelines and regulations issued by the SEBI and the RBI, each in relation to the respective Equity Shares offered by them in the Offer for Sale to the extent that such compliance is the obligation of such Selling Shareholders; and
- they shall provide reasonable assistance to our Company and the BRLMs to ensure that the Equity Shares offered by them in the Offer shall be transferred to the successful Bidders within the specified time period under applicable law.

**Utilization of Offer Proceeds**

Our Board certifies that:

- 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;
- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

The Company and the Selling Shareholders declare that all monies received out of its respective component of the Offer for Sale shall be credited/transferred to a separate bank account pursuant to sub-section (3) of Section 40 of the Companies Act, 2013.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The DPIIT, issued the FDI Policy, which, with effect from October 15, 2020 consolidated and superseded all previous press notes, press releases and clarifications on FDI that were in force and effect as on October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**Foreign Exchange Laws**

The foreign investment in our Company is governed by, *inter-alia*, the FEMA, the FEMA Non-debt Instruments Rules, the FDI Policy issued and amended by way of press notes.

Foreign investment in NBFCs, carrying on activities approved for FDI, is subject to the conditions specified in Paragraph 3.8.3.1 of the FDI Policy. Pursuant to the FDI Policy, FDI of up to 100% is permitted under the automatic route in our Company.

Further, in terms of the FEMA Non-debt Instruments Rules, the aggregate FPI investment limit is the sectoral cap applicable to Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. See "*Offer Procedure*" on page 362.

In terms of the FEMA Non-debt Instruments Rules, a person resident outside India may make investments into India, subject to certain terms and conditions, and further provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India, who is situated in or is a citizen of any such country, shall invest only with government approval. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations**.

## SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

*Capitalized terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Company.*

*These Articles are divided into Parts A and B which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall be applicable. However, Part B will automatically terminate and cease to be in force and effect immediately from the date of listing and commencement of trading (whichever is later) of the equity shares of the Company on a recognized stock exchange in India pursuant to an initial public offering of the equity shares, without any further action by the Company or its shareholders.*

*Part A*

***Share capital and variation of rights***

The authorized share Capital of the Company shall be as stated in the memorandum from time to time.

(*i*) Each Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in the name of such Member, or if the Board so approves (upon paying such fee as the Board may from time to time determine), to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, or within one month from the receipt of an application for registration of a transfer, transmission, sub-division, consolidation or renewal of any of its Shares, as the case may be, unless the conditions of issue thereof otherwise provide or unless prohibited by applicable law. Every certificate of Shares 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. Provided, that in the case the Company has a common Seal, it shall be affixed in the presence of the persons required to sign the certificate. In respect of Shares held jointly by several persons, the Company shall not be required to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holder.

Notwithstanding anything contained herein, the Company shall be entitled to dematerialise, pursuant to the provisions of the Depositories Act, its Shares, debentures and other securities, and offer Securities for subscription in dematerialised form.

The Company shall maintain a register of members with the details of members holding physical Shares in such form and any manner as permitted by applicable law in accordance with the provisions of the Act and the applicable rules thereunder.

The Company shall be entitled to maintain in any country outside India a part of the register of members or holders of other Securities containing the names and particulars of such Members or holders of other Securities resident in that country. 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 other similar document.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

***Further Issue of Shares***

The Board and/or the Company, as the case may be, may in accordance with the Act, the rules thereunder and these Articles, issue further Shares to persons who, at the date of the offer, are holders of the Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at the date by sending a letter of offer subject to the following conditions:

such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than fifteen (15) days or such lesser number of days as may be prescribed, and not exceeding thirty (30) days from the date of the offer, within which the offer, if not accepted, will be deemed to have been declined;

such offer shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him in favour of any other person and the notice referred to in Article 10(1)(i)(a) above shall contain a statement of this right, provided that the Board may decline, without assigning any reason therefor, to allot any Shares to any person in whose favour any member may renounce the Shares offered to him; and

employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to the Act, the Rules and such other conditions as may be prescribed under applicable law; or

any persons, if such offer is authorized by a special resolution (whether or not those persons include the persons referred to in Article 10(1)(i) or Article 10(1)(ii) above) 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 in the Act and the rules thereunder.

***Terms of Issue of Securities***

Subject to and in accordance with applicable law, any Securities may be issued by the Company, at a discount, premium or otherwise and may be issued by the Company on condition that they may be converted into Shares of any denomination and with privileges and conditions with respect to redemption, surrender, drawing, allotment of shares, attending (but not voting) at general meetings and appointment of directors and otherwise securities with the right of conversion into or allotment of shares shall be issued only with the approval of the Company in a general Meeting by way of a special resolution.

***Calls on Shares***

The Board may, from time to time, make calls upon the Members in respect of any moneys unpaid on the shares held by them and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed twenty five per cent (25%) of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the immediately preceding call.

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 such Member's shares. A call may be revoked or postponed at the discretion of the Board.

A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

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 ten per cent (10%) per annum or at such lower rate, if any, as the Board may determine.

The Board shall be at liberty to waive payment of any such interest wholly or in part.

***Transfer of Shares***

The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

There shall be a common form of transfer of shares in use. The instrument of transfer shall be in writing and the provisions of Section 56 of the Act in respect of transfer of shares and registration thereof shall be duly complied with.

The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
(b) Any transfer of shares on which the company has a lien.

Subject to the provisions of the Act, applicable Rules, these Articles, any listing agreement entered into with any recognized stock exchange and other applicable law, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to or interest in any shares or any other securities. The Company shall, within thirty (30) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the shares or other Securities.

***Transmission of shares***

On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

Nothing shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) To be registered himself as holder of the share; or
(b) To make such transfer of the share as the deceased or insolvent member could have made.

The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

***Forfeiture of shares***

If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

The notice aforesaid shall—
(a) Name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
(b) State that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

### *Alteration of capital*

The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

Subject to the provisions of section 61, the company may, by ordinary resolution,—

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) 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.

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.

### *General meetings*

All general meetings other than annual general meeting shall be called extraordinary general meeting.

The Board may, whenever it thinks fit, call an extraordinary general meeting.

If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

### *Proceedings at general meetings*

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

### *Adjournment of meeting*

The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

*Voting rights*

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.

A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

***Proxy***

The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

***Board of Directors***

The number of the directors shall not be less than 3 (Three) or more than 15 (Fifteen).

The Directors shall also have power at any time and from time to time to appoint any other qualified person to be a director, as an addition to the board but so that the total number of directors shall not at any time exceed maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General meeting or last date on which annual general meeting should have been held, whichever is earlier.
Any casual vacancy occurring on the board of directors may be filled up by the directors.

The Board may appoint in the manner provided in section 161 of the act, an Alternate Director to act for a Director during his absence for a period of not less than three months, from India.
The Board of Directors may empower debenture –holders or any finance or credit corporation or any collaborator or central or any State government to appoint one or more Directors and Managing Directors of the company, but so that the number of such Directors and Managing Directors shall not exceed in the aggregate 1/3$^{rd}$ of the total number of Directors for the time being in force. Such Directors shall not be liable to retire by rotation.

**Nominee Directors**

Subject to applicable law, necessary approvals and these Articles, each of Aavishkaar Venture Management Services Private Limited; Intellectual Capital Advisory Services Private Limited; Aavishkaar Goodwell India Microfinance Development Company II Limited; Tano India Private Equity Fund II; Maj Invest Financial Inclusion Fund II K/S; and TR Capital III Mauritius shall have the right to individually nominate 1 (one) non-executive director who will be liable to retire by rotation, so long as such Shareholder holds such number of Equity Shares and/or other Securities, which constitutes 5% (five percent) in the aggregate of the total share capital of the Company on a fully diluted basis (i.e., the equity shareholding ownership in the Company at the relevant point in time as calculated after taking into account all the issued and outstanding Equity Shares and the preference shares issued, and all outstanding options, warrants, convertible debentures, employee stock options, if any, from time to time and all other Securities of the Company as if all such options, warrants, convertible debentures and all other outstanding Securities were converted to Equity Shares at that point in time and such calculation shall take into consideration *inter alia* all Share splits, bonus issuances if any).

For the avoidance of doubt, none of the abovementioned Shareholders shall, upon their shareholding reducing to less than 5% of the aggregate of the total share capital of the Company as set out above, have any right to nominate a Director on the Board, irrespective of whether such a right was previously exercisable.

The provisions of this Article is subject to and effective from the date of passing of a Special Resolution to this effect by the Shareholders of the Company, following the listing and trading of Shares on a recognized stock exchange pursuant to the initial public offering of Shares of the Company.

The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

***Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer***

Subject to the provisions of the Act,—
(*i*) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
(*ii*) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

Managing Director/s not liable to retire by rotation: A Managing Director shall not while he continues to hold that office, be subject to retirement by rotation and he shall not be reckoned as a director for the purpose of determining the rotation of retirement of directors or in fixing the number of directors to retire but he shall be subject to the same provisions as to resignation and removal as the other Directors of the company and he shall, ipso facto and immediately, cease to be a managing director if he cease to hold the office of director from any cause.

Remuneration of Managing Director/s: The Remuneration of Managing Director, shall subject to the provisions of any contract between him and the company from time to time, be fixed by the directors in accordance with and within the limits prescribed by law and may be by way of fixed salary and/or commission on profit of the company and he may be paid any gratuity, pension or allowance on retirement and may be given benefit of any provident fund or bonus or allowance or any perquisites or benefits.

Re –appointment of Managing Director/s: The board of Directors of the Company may subject to the provisions of the Act and from time to time re-appoint, re-employ , or extend the term of office of all or any of the managing Directors for a period not exceeding five years on one occasion.

***Dividends and Reserve***

The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

No unclaimed or unpaid dividend shall be forfeited by the Board.

***Borrowing Powers***

As per section 179, the Board of Directors of a company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorized to exercise. Certain items however will require the board to obtain a special resolution from the shareholders. Such matters include, but are not limited to:

(*a*) 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.

(*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, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business.

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus which will be filed with the RoC, and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

### A. Material Contracts for the Offer

1. Offer Agreement dated February 14, 2021 entered into among our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated February 13, 2021 entered into among our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Bankers to the Offer and the Registrar to the Offer.

4. Syndicate Agreement dated [●] entered into among our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

5. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholders and the Underwriters.

6. Share Escrow Agreement dated [●] entered into among our Company, the Selling Shareholders and the Share Escrow Agent.

7. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

### B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, updated from time to time.

2. Certificate of incorporation dated September 27, 1991 issued to our Company by the RoC.

3. Fresh certificate of incorporation dated October 20, 1995 consequent upon conversion into a public limited company issued to our Company by the RoC.

4. Fresh certificate of incorporation dated March 25, 2008 consequent upon change of name issued to our Company by the RoC.

5. Fresh certificate of incorporation dated September 28, 2010 consequent upon conversion into a private limited company issued to our Company by the RoC.

6. Fresh certificate of incorporation dated May 25, 2018 consequent upon conversion into a public limited company issued to our Company by the RoC.

7. Certificate of registration as an NBFC (not accepting public deposits) dated May 16, 2011 issued by the RBI, with endorsement of conversion to NBFC-MFI status with effect from January 10, 2014 and with further endorsement as on June 28, 2018 reflecting the change in the status of our Company from a 'private' to 'public' company.

8. Resolutions of our Board dated January 15, 2021 in relation to the Offer and other related matters.

9. Resolutions of our Shareholders dated January 22, 2021 in relation to the Offer and other related matters.

10. Consent letters and resolutions passed by the respective boards of directors of the Selling Shareholders for participation in the Offer for Sale, as detailed in "*The Offer*" beginning on page 52.

11. Amended and restated shareholders' agreement dated March 27, 2017 among our Company, Intellecash, AG II, MSDF, IFIF, AVMS, Manoj Kumar Nambiar, Arohan ESOP Trust, Tano, Maj Invest, Vineet Chandra Rai and I-Cap and certain Shareholders (acting through Manoj Kumar Nambiar).

12. Amendment and termination agreement to the restated shareholders' agreement dated February 13, 2021 among our Company, AG II, MSDF, AVMS, Manoj Kumar Nambiar, Arohan ESOP Trust, Tano, Maj Invest, Vineet Chandra Rai, I-Cap, TR Capital and certain Shareholders (acting through Manoj Kumar Nambiar).

13. Scheme of merger under Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 between our Company and Intellecash.

14. Business transfer agreement dated February 10, 2021 between our Company and Ashv in connection with transfer of our MSME business undertaking on a slump sale basis.

15. Employment agreement dated May 19, 2017 for the appointment of Manoj Kumar Nambiar as the Managing Director of our Company.

16. Copies of the annual reports of our Company as of and for the Financial Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

17. Consents of our Directors, the BRLMs, the Legal Advisors to our Company as to Indian Law, the Legal Advisors to the Underwriters as to Indian Law, the Legal Advisors to the Underwriters as to International Law, the Registrar to the Offer, the Bankers to our Company, the Company Secretary and Compliance Officer, the Syndicate Members and the Bankers to the Offer in their respective capacities.

18. Consent of the Statutory Auditors, to include their name as required under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the examination report dated February 10, 2021 of the Statutory Auditors on the Restated Financial Information included in this Draft Red Herring Prospectus, and the statement of possible special tax benefits dated February 12, 2021.

19. Consent of the independent chartered accountant, KGRS & Co., Chartered Accountants to include their name as required under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of certain operational and financial data being certified by them.

20. Consent dated February 8, 2021 from CRISIL in relation to their report titled "CRISIL Research – Industry Report on Microfinance industry, Mumbai, dated February 2021" and a copy of such report.

21. Consent dated January 12, 2021 from MFIN, to include their name as required under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in relation to their report titled “Micrometer (issue no. 25, 29, 33 & 35)” and a copy of such report.

22. Tripartite Agreement dated February 1, 2010 among our Company, NSDL and the Registrar to the Offer.

23. Tripartite Agreement dated February 19, 2010 among our Company, CDSL and the Registrar to the Offer.

24. Due diligence certificate dated February 14, 2021 addressed to the SEBI from the BRLMs.

25. In-principle listing approvals dated [●] and [●] issued by the BSE and the NSE, respectively.

26. Final observation letter number [●] dated [●] addressed to the BRLMs from the SEBI.

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 our Shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

______________________________________

**Dinesh Kumar Mittal**

*Non-Executive Independent Chairman*

Place: Noida

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Manoj Kumar Nambiar**

*Managing Director*

Place: Kolkata

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Rajat Mohan Nag**
*Non-Executive Independent Director*

Place: Gurugram

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Sumantra Banerjee**
*Non-Executive Independent Director*

Place: Kolkata

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Matangi Gowrishankar**
*Non-Executive Independent Director*

Place: Pune

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

________________________________________

**Shri Ram Meena**
*Non-Executive Nominee Director*

Place: Guwahati

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Vineet Chandra Rai**
*Non-Executive Nominee Director*

Place: Mumbai

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Wilhelmus Marthinus Maria van der Beek**
*Non-Executive Nominee Director*

Place: Amsterdam

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

________________________________________

**Piyush Goenka**
*Non-Executive Nominee Director*

Place: Mumbai

Date: February 14, 2021

**DECLARATION**

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Kasper Svarrer**
*Non-Executive Nominee Director*

Place: Copenhagen, Denmark

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

________________________________________

**Anurag Agrawal**
*Non-Executive Nominee Director*

Place: Mumbai

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

**Paul Gratien Robine**
*Non-Executive Nominee Director*

Place: Hong Kong

Date: February 14, 2021

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India and the rules, regulations and guidelines issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or the guidelines issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY:**

____________________________________

**Milind Ramchandra Nare**
*Chief Financial Officer*

Place: Kolkata

Date: February 14, 2021

## DECLARATION BY MAJ INVEST FINANCIAL INCLUSION FUND II K/S

We, Maj Invest Financial Inclusion Fund II K/S, hereby certify and confirm that all statements, undertakings and disclosures specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and our portion of the Offered Shares are true and correct. We assume no liability for any other statements, including any statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF MAJ INVEST FINANCIAL INCLUSION FUND II K/S**

Name: Kasper Svarrer

Designation: Chairman, Managing Partner

Date: February 14, 2021

Place: Copenhagen, Denmark

**DECLARATION BY MICHAEL & SUSAN DELL FOUNDATION**

We, Michael & Susan Dell Foundation, hereby certify and confirm that all statements, undertakings and disclosures specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and our portion of the Offered Shares are true and correct. We assume no liability for any other statements, including any statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF MICHAEL & SUSAN DELL FOUNDATION**

______________________________

Name: Misty Burns

Designation: Vice President, Finance

Date: February 14, 2021

Place: Austin, Texas USA

## DECLARATION BY TANO INDIA PRIVATE EQUITY FUND II

We, Tano India Private Equity Fund II, hereby certify and confirm that all statements, undertakings and disclosures specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and our portion of the Offered Shares are true and correct. We assume no liability for any other statements, including any statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF TANO INDIA PRIVATE EQUITY FUND II**

____________________________

Name: Shafiiq-Ur-Rahmaan Soyfoo

Designation: Director

Date: February 14, 2021

Place: Mauritius

## DECLARATION BY TR CAPITAL III MAURITIUS

We, TR Capital III Mauritius, hereby certify and confirm that all statements, undertakings and disclosures specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and our portion of the Offered Shares are true and correct. We assume no liability for any other statements, including any statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF TR CAPITAL III MAURITIUS**

Name: Indranathsingh Seewooruttun

Designation: Director

Date: February 14, 2021

Place: Mauritius

**DECLARATION BY AAVISHKAAR GOODWELL INDIA MICROFINANCE DEVELOPMENT COMPANY II LIMITED**

We, Aavishkaar Goodwell India Microfinance Development Company II Limited, hereby certify and confirm that all statements, undertakings and disclosures specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and our portion of the Offered Shares are true and correct. We assume no liability for any other statements, including any statements made or confirmed by or relating to the Company, any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

**FOR AND ON BEHALF OF AAVISHKAAR GOODWELL INDIA MICROFINANCE DEVELOPMENT COMPANY II LIMITED**

Name: Rishal Tanee

Designation: Director

Date: February 14, 2021

Place: Mauritius