DRAFT RED HERRING PROSPECTUS
Dated: November 9, 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

FIVE-STAR BUSINESS FINANCE LIMITED

Our Company was incorporated as Five-Star Business Credits Private Limited at Chennai, Tamil Nadu as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 7, 1984, issued by the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"). Our Company was converted from a private limited company to a public limited company pursuant to board resolution dated September 7, 1988 and special resolution passed by the Shareholders at the EGM dated October 3, 1988. Consequently, the name of our Company was changed from 'Five-Star Business Credits Private Limited' to 'Five-Star Business Credits Limited' and the certificate of incorporation was amended on October 3, 1988. The name of our Company was subsequently changed to 'Five-Star Business Finance Limited' pursuant to board resolution dated March 25, 2015 and special resolution passed by our Shareholders at the EGM held on April 12, 2016, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on May 13, 2016. For further details see, "*History and Certain Corporate Matters*" on page 196**.** Our Company is registered with the Reserve Bank of India ("**RBI**") to carry on the business of non-banking financial institution without accepting public deposits (certificate of registration no. B-07.00286). For details, see "*Government and Other Approvals*" beginning on page 345.

Registered and Corporate Office: New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600 010, Tamil Nadu, India; **Tel**: +91 44 4610 6260;
Website: www.fivestargroup.in; **Contact Person**: Shalini Baskaran, Company Secretary and Compliance Officer; **E-mail**: cs@fivestargroup.in;
Corporate Identity Number: U65991TN1984PLC010844

OUR PROMOTERS: LAKSHMIPATHY DEENADAYALAN, HEMA LAKSHMIPATHY, SHRITHA LAKSHMIPATHY, MATRIX PARTNERS INDIA INVESTMENT HOLDINGS II, LLC AND SCI INVESTMENTS V

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("EQUITY SHARES") OF FIVE-STAR BUSINESS FINANCE 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) ("OFFER PRICE") AGGREGATING UP TO ₹27,519.45 MILLION (THE "OFFER") THROUGH AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹27,519.45 MILLION (THE "OFFER FOR SALE"), CONSISTING OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹2,571.02 MILLION BY SCI INVESTMENTS V, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹5,689.19 MILLION BY MATRIX PARTNERS INDIA INVESTMENT HOLDINGS II, LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹95.58 MILLION BY MATRIX PARTNERS INDIA INVESTMENTS II EXTENSION, LLC, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹3,856.52 MILLION BY NORWEST VENTURE PARTNERS X - MAURITIUS, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹13,497.80 MILLION BY TPG ASIA VII SF PTE. LTD. (COLLECTIVELY, THE "INVESTOR SELLING SHAREHOLDERS"), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹1,419.84 MILLION BY DEENADAYALAN RANGASAMY, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹389.50 MILLION BY VARALAKSHMI DEENADAYALAN (COLLECTIVELY, THE "OTHER SELLING SHAREHOLDERS" AND TOGETHER WITH THE INVESTOR SELLING SHAREHOLDERS, SHALL BE REFERRED TO AS THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES, THE "OFFERED SHARES").

THE PRICE BAND AND THE MINIMUM BID LOT SHALL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS") AND WILL BE ADVERTISED IN [●] EDITIONS OF [●], AN ENGLISH NATIONAL DAILY NEWSPAPER, [●] EDITIONS OF [●], A HINDI NATIONAL DAILY NEWSPAPER AND [●] EDITIONS OF [●], A TAMIL DAILY NEWSPAPER (TAMIL BEING THE REGIONAL LANGUAGE OF CHENNAI, 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 BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

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

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"). This Offer is in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion the "**QIB Portion**") provided that our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("**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 Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all 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 Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders ("**RIB**") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders (except Anchor Investors) are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID (in case of RIBs using the UPI Mechanism), in which case the corresponding Bid Amounts will be blocked by the 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 of the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 369.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹1. 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 investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 21.

COMPANY'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 opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly accepts responsibility for and confirms the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to such Selling Shareholder and its portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares to be Allotted through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to 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 Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 398.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** five-star.ipo@icicisecurities.com **Investor grievance e-mail:** customercare@icicisecurities.com **Website:** www.icicisecurities.com **Contact person:** Sumit Singh/ Rupesh Khant **SEBI registration no.:** INM000011179	**Edelweiss Financial Services Limited** 6th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra, India **Tel:** +91 22 4009 4400 **E-mail:** fivestar.ipo@edelweissfin.com **Investor grievance e-mail:** customerservice.mb@edelweissfin.com **Website:** www.edelweissfin.com **Contact person:** Dhruv Bhavsar **SEBI Registration No.:** INM0000010650	**Kotak Mahindra Capital Company Limited** 1st Floor, 27 BKC, Plot No. C-27 G Block, Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India **Tel:** +91 22 4336 0000 **E-mail:**five-starbusinessfinance.ipo@kotak.com **Investor grievance e-mail:** kmccredressal@kotak.com **Website:** https://investmentbank.kotak.com/ **Contact person:** Ganesh Rane **SEBI Registration No.:** INM000008704	**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:** fivestaripo@nomura.com **Investor grievance e-mail:** investorgrievances-in@nomura.com **Website:** www.nomuraholdings.com/company/group/asia/india/index.html **Contact person:** Vishal Kanjani / Sandeep Baid **SEBI Registration No:** INM000011419	**KFin Technologies Private Limited** *(Formerly known as Karvy Fintech Private Limited)* Selenium, Tower B, Plot No. - 31 and 32 Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India **Tel:** +91 40 6716 2222 **E-mail:** sbfl.ipo@kfintech.com **Website:** www.kfintech.com **Investor grievance e-mail:** einward.ris@kfintech.com **Contact person:** M Murali Krishna **SEBI Registration Number:** INR000000221

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

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

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

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, circulars, notifications, clarifications or policies 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 under that provision.

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

Notwithstanding the foregoing, the terms used in "Objects of the Offer", "Basis for Offer Price", "Statement of Possible Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "History and Certain Corporate Matters", "Financial Statements", "Financial Indebtedness", "Outstanding Litigation and Material Developments", "Other Regulatory and Statutory Disclosures", and "Description of Equity Shares and Terms of Articles of Association" on pages 96, 98, 101, 106, 184, 196, 243, 338, 342, 348 and 387, respectively, shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"our Company" or "the Company" or "Five-Star"	Five-Star Business Finance Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600 010, Tamil Nadu, India
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company

Company Related Terms

Term	Description
"Articles of Association" or "AoA"	Articles of association of our Company, as amended
ASOP 2015	Five Star Business Finance Limited Associate Stock Option Plan, 2015, as amended, as described in "*Capital Structure*" on page 62
ASOP 2018	Five Star Business Finance Limited Associate Stock Option Scheme, 2018, as amended, as described in "*Capital Structure*" on page 62
ASOPs	Collectively, ASOP 2015 and ASOP 2018
Audit Committee	The audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 204
"Auditors" or "Statutory Auditors" or "Independent Auditors"	The current statutory auditors of our Company, being B S R & Co. LLP, Chartered Accountants
"Board" or "Board of Directors"	The board of directors of our Company, as described in "*Our Management*" on page 204
Chairman and Managing Director	Chairman and managing director of our Company, namely, Lakshmipathy Deenadayalan
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company, namely, Shalini Baskaran
Corporate Promoters	Matrix Partners India Investment Holdings II, LLC and SCI Investments V
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of our Board constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management*" on page 204
Director(s)	The directors on our Board
Equity Shares	Equity shares of our Company bearing face value of ₹1 each
Executive Director	Executive director on our Board
Group Companies	Our group companies, namely NHPEA Chocolate Holding B.V. and TPG Asia VII SF Pte. Ltd. as described in "*Our Group Companies*" on page 227
Independent Directors	Independent directors on our Board
Individual Promoters	Lakshmipathy Deenadayalan, Hema Lakshmipathy and Shritha Lakshmipathy
Investor Selling Shareholders	Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, Norwest Venture Partners X - Mauritius, TPG Asia VII SF Pte. Ltd. and SCI Investments V

Term	Description
IPO Committee	The IPO committee of our Board, as described in "*Our Management*" on page 204
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as described in "*Our Management*" on page 204
Matrix Extension	Matrix Partners India Investments II Extension, LLC
Matrix Holdings	Matrix Partners India Investment Holdings II, LLC
Matrix Partners	Together, Matrix Partners India Investment Holdings II, LLC and Matrix Partners India Investments II Extension, LLC
"Memorandum of Association" or "MoA"	Memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 204
Non-Executive Directors	Non-Executive directors on our Board
Promoters	Collectively, Individual Promoters and Corporate Promoters
Promoter Group	Individuals and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as described in "*Our Promoters and Promoter Group*" on page 221
Other Selling Shareholders	Deenadayalan Rangasamy and Varalakshmi Deenadayalan
Registered and Corporate Office	The registered and corporate office of our Company situated at New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600 010, Tamil Nadu, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Tamil Nadu at Chennai
Restated Financial Information	Restated Financial Information of the Company comprising the Restated Statement of Assets and Liabilities as at September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flow for the period beginning April 1, 2021 to September 30, 2021 and April 1, 2020 to September 30, 2020 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, the Summary Statement of Significant Accounting Policies and other explanatory information, as approved by the Board of Directors of the Company at their meeting held on November 8, 2021 prepared as per requirement of Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time
Scheme of Arrangement	The scheme of arrangement between Five-Star Housing Finance Private Limited and our Company and their respective shareholders, under Section 233 and certain other provisions of the Companies Act, 2013 approved by the Regional Director, Chennai on March 17, 2020 pursuant to which Five-Star Housing Finance Private Limited amalgamated with our Company, as described in "*History and Certain Corporate Matters*" on page 196
Selling Shareholders	Collectively, Investor Selling Shareholders and Other Selling Shareholders
Sequoia Capital	Together, SCI Investments V; SCI Growth Investments III; SCHF PV Mauritius Ltd.; EGCS Investment Holdings; and Sequoia Capital Growth Fund III- Endurance Partners L.P.
SCI	SCI Investments V
SHA	Amended and Restated shareholders' agreement dated March 25, 2021 entered into amongst the Company, Sirius II Pte. Ltd., Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Ltd., EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management*" on page 204
TPG	TPG Asia VII SF Pte. Ltd.
Termination Agreement	Waiver Cum Amendment Agreement dated October 8, 2021 entered into amongst the Company, Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Limited, EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the 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 the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus who has Bid for an amount of at least ₹100 million
Anchor Investor Allocation Price	Price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the 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	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, and in the event the Anchor Investor Allocation Price is lower than the Anchor Investor Offer Price, not later than two Working Days after the Bid/ Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Application Supported by Blocked Amount" or "ASBA"	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and to authorise an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of the UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIB using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" on page 367
Bid	Indication to make an offer during the Bid/ Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto in accordance with the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term "Bidding" shall be construed accordingly
Bid Amount	In relation to each Bid, the highest value of Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid

Term	Description
	for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Chennai, where our Registered and Corporate Office is located), each with wide circulation. Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Offer Closing Date shall also be widely disseminated by notification to the Stock Exchanges and 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 the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors
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	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
"Book Running Lead Managers" or "BRLMs"	Book running lead managers to the Offer, namely, ICICI Securities Limited, Edelweiss Financial Services Limited, Kotak Mahindra Capital Company Limited and Nomura Financial Advisory and Securities (India) Private Limited
Broker Centres	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bid/ Offer Period
Cap Price	Higher end of the Price Band, subject to any revisions thereto, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow and Sponsor Bank Agreement	Agreement to be entered among our Company and 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 dematerialised account
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges, as updated from time to time
CRISIL	CRISIL Limited
"CRISIL Report" or "Industry Report"	Report titled "*Industry Report on Small Business Loans in India*", issued in November, 2021 by CRISIL Research, a division of CRISIL Limited

Term	Description
Cut-off Price	Offer Price, finalised by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, which shall be any price within the Price Band
Demographic Details	The demographic details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated 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 Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs 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 after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs (excluding Anchor Investors) 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 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 November 9, 2021 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
"Edel" or "Edelweiss"	Edelweiss Financial Services Limited
Eligible FPI(s)	FPI(s) from such jurisdictions outside India where it is not unlawful to make an offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered thereby
Eligible NRI(s)	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 ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account	The 'no-lien' and 'non-interest bearing' account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding ASBA Bidders) will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	The bank(s) which are registered with SEBI as banker(s) to an issue and with whom the Escrow Account(s) will be opened, in this case being [●]
First or sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision(s) thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
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
I-Sec	ICICI Securities Limited
Kotak	Kotak Mahindra Capital Company Limited
Mutual Fund Portion	5% of the Net QIB Portion 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

Term	Description
Net Proceeds	Proceeds of the Offer less Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 96
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
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders 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	Portion of the Offer being not less than 15% of the Offer 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 an Offer for Sale.
Offer Agreement	The agreement dated November 9, 2021 entered into amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer
Offer for Sale	An offer for sale of up to [●] Equity Shares aggregating up to ₹27,519.45 million, consisting of up to [●] Equity Shares aggregating up to ₹2,571.02 million by SCI Investments V, up to [●] Equity Shares aggregating up to ₹5,689.19 million by Matrix Partners India Investment Holdings II, LLC, up to [●] Equity Shares aggregating up to ₹95.58 million by Matrix Partners India Investments II Extension, LLC, up to [●] Equity Shares aggregating up to ₹3,856.52 million by Norwest Venture Partners X - Mauritius, up to [●] Equity Shares aggregating up to ₹13,497.80 million by TPG Asia VII SF Pte. Ltd., up to [●] Equity Shares aggregating up to ₹1,419.84 million by Deenadayalan Rangasamy and up to [●] Equity Shares aggregating up to ₹389.50 million by Varalakshmi Deenadayalan
Offer Price	The final price at which Equity Shares will be Allotted to successful ASBA 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 which will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.
Offer Proceeds	Our Company will not receive any proceeds from the Offer. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" on page 96
Offered Shares	Up to [●] Equity Shares aggregating up to 27,519.45 million being offered for sale by the Selling Shareholders in the Offer for Sale, comprising of an offer for sale of up to [●] Equity Shares aggregating up to ₹2,571.02 million by SCI Investments V, up to [●] Equity Shares aggregating up to ₹5,689.19 million by Matrix Partners India Investment Holdings II, LLC, up to [●] Equity Shares aggregating up to ₹95.58 million by Matrix Partners India Investments II Extension, LLC, up to [●] Equity Shares aggregating up to ₹3,856.52 million by Norwest Venture Partners X - Mauritius, up to [●] Equity Shares aggregating up to ₹13,497.80 million by TPG Asia VII SF Pte. Ltd., up to [●] Equity Shares aggregating up to ₹1,419.84 million by Deenadayalan Rangasamy and up to [●] Equity Shares aggregating up to ₹389.50 million by Varalakshmi Deenadayalan
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 Investor Selling Shareholders, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Tamil daily newspaper, (Tamil being the regional language of Chennai, where our Registered and Corporate Office is located), each with wide circulation and will be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Investor Selling Shareholders, in consultation with the BRLMs will finalise the Offer Price
Prospectus	Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account	The 'no-lien' and 'non-interest bearing' account to be opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts maintained with the SCSBs on the Designated Date
Public Offer Account Bank(s)	A bank which is registered with SEBI as a banker to an issue and with which the Public Offer Account will be opened, in this case being [●]

Term	Description
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer which shall be available for allocation to QIBs (including Anchor Investors in which allocation shall be on a discretionary basis, as determined by our Company and the Investor 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" or "QIBs" or "QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
"Red Herring Prospectus" or "RHP"	Red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account will be opened, in this case being [●]
Registered Brokers	The stock brokers registered under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The agreement dated November 9, 2021 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars
"Registrar to the Offer" or "Registrar"	KFin Technologies Private Limited
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://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 RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is 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 https://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
Share Escrow Agent	Share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely, [●]
Share Escrow Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders
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 RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members

Term	Description
Syndicate Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, the BRLMs and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Members	Intermediaries (other than BRLMs) registered with SEBI who are permitted to carry out activities in relation to collection of Bids and as underwriters, namely, [●]
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Underwriters on or after the Pricing Date, but prior to filing of the Prospectus with the RoC
UPI	Unified payments interface, which is an instant payment mechanism, developed by NPCI
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
UPI ID/ PIN	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 authorise 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
Working Day	All days on which commercial banks in Mumbai are open for business. In respect of announcement of Price Band and Bid/Offer Period, Working Day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. In respect of the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, Working Day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays in India, as per circulars issued by SEBI

Technical/Industry Related Terms/Abbreviations

Term	Description
ALM	Asset liability management
AUM or Asset Under Management or Gross Term Loans	AUM is equivalent to Gross Term Loans as stated in Note 6 to the Restated Financial Information. AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period
Average ticket size	Average amount of the loans given in a certain category
CAR	Capital adequacy ratio
Collection efficiency	The proportion of actual collections (from billings for the period and overdues but excluding prepayments) during the period to scheduled billings during the period (assuming no moratorium during the months of April 2020 to August 2020).
CSR	Corporate social responsibility
CRAR	Capital to risk (weighted) assets ratio
CRR	Cash reserve ratio
DPD	Days past due
ECL or Expected Credit Loss	Expected Credit Loss allowance represents impairment loss allowance on Gross Term Loans as stated in Note 6 to the Restated Financial Information.
EMI	Equated monthly instalment
ESG	Environmental, Sustainability and Governance
GDP	Gross domestic product

Term	Description
Gross NPA or Stage 3 AUM	Gross NPA represents assets classified as Stage 3 assets under Gross Term Loans, that is the closing balance of Gross Term Loans which are overdue for more than 90 days as of the last day of the relevant period. Refer Note 6 and 47 to the Restated Financial Information.
Gross NPA to AUM	Represents the Gross NPA as of the last day of the relevant reporting period to the AUM as of the last day of the relevant reporting period, represented as a percentage.
HFC	Home finance company
HNI	High net worth individuals
Incremental Borrowings	Represents fresh borrowings during the period/year as contained in our Restated Financial Information
IRAC	Income Recognition and Asset Classification
IRR	Internal rate of return
LAP	Loans against property
LOS	Loan origination system
LMS	Loan management system
LTV	Loan to value
MSME	Micro, small and medium enterprises
NTC	New to credit, i.e. customers who don't have any credit exposure to the formal financial ecosystem
Net NPA or State 3 AUM (net)	Represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss allowance or ECLs) against these loans as of the last day of relevant reporting period.
Net NPA to AUM	Represents the Net NPA as of the last day of the relevant reporting period to the AUM as of the last day of the relevant reporting period, represented as a percentage.
Net AUM	Represents AUM less ECL on Gross NPA as of the last day of the relevant period
Net NPA to Net AUM	Represents the Net NPA as of the last day of the relevant reporting period to the Net AUM as of the last day of the relevant reporting period, represented as a percentage.
Net Worth	Equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information
NPA	Non-performing asset
Normal Branch	The initial form of the branches of our Company
NII	Net interest income
NIM	Net interest margin
PCI	Per capita income
PCR	Provision coverage ratio
PCG	Partial credit guarantee
POS	Principal Outstanding
PSB	Public sector bank
PSL	Priority sector lending
SCB	Scheduled commercial banks
SORP	Self-Occupied Residential Property
Stage 1 loans or Stage 1 AUM	Gross Term Loans where credit risk has not increased significantly since initial recognition and represents loans which are not overdue or overdue for not more than thirty days.
Stage 2 loans or Stage 2 AUM	Gross Term Loans where credit risk has increased significantly since initial recognition and represents loans which are overdue for more than 30 days but overdue for not more than 90 days.
Stage 3 loans or Stage 3 AUM	Gross Term Loans which are credit impaired and represents loans which are overdue for more than 90 days.
Small business loan	Loans which are given for Business purposes, typically with ticket size between ₹0.1 million and ₹1 million
Super Branch	A Super Branch of our Company operates effectively as two branches in areas where we see consistently positive branch performance and good business potential
Total Assets	Total Assets represents the total of our financial assets and non-financial assets
Total Borrowings	Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities), as of the last day of the relevant year or period
Total Equity	The sum of Equity share capital and Other equity as contained in our Restated Financial Information
UPI	Unified Payments Interface

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIFs	Alternative Investment Funds
BSE	BSE Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act, 1956	Companies Act, 1956, along with the relevant rules made thereunder
"Companies Act, 2013" or "Companies Act"	Companies Act, 2013, along with the relevant rules made thereunder
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*)
DP ID	Depository Participant Identification
DP/ Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation, and amortisation. EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation and amortisation expenses, and finance costs
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FCNR	Foreign Currency Non-Resident
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	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
"GoI" or "Government" or "Central Government"	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
IPO	Initial public offering
IST	Indian Standard Time
IT Act	The Income Tax Act, 1961

Term	Description
"Listing Regulations" or "SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Mutual Fund (s)	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N/A	Not applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NBFC	Non-Banking Financial Company
NBFC-ND-SI	Non-Banking Financial Company - Systemically Important Non-Deposit taking Company
NBFC-SI Master Directions	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Master Direction DNBR. PD. 008/03.10.119/2016-17) dated September 1, 2016 (updated on February 17, 2020)
NPCI	National Payments Corporation of India
NRI	Individual resident outside India, who is a citizen of India
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	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/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
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	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB & SE Regulations	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S./USA/United States	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
USD/US$	United States Dollars
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

OFFER DOCUMENT SUMMARY

The following is a general summary of certain disclosures 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 Articles of Association" on pages 21, 48, 62, 96, 106, 156, 243, 342, 369 and 387, respectively.

Summary of the primary business of our Company

We are an NBFC providing secured business loans to micro-entrepreneurs and self-employed individuals, each of whom are largely excluded by traditional financing institutions. We are headquartered in Chennai, Tamil Nadu with a strong presence in south India and all of our loans are secured by our borrowers' property, predominantly being self–occupied residential property.

We have developed a business model that is predicated on arriving at an appropriate risk framework, with the optimal instalment to income ratio to ensure that our customers have the necessary means to repay the loan after meeting their regular obligations and other event-based capital requirements.

Summary of the industry in which our Company operates

We operate in the small business finance industry. Customers in small business finance segment are generally self-employed non-professionals (carpenter, plumber, vegetable vendor, small shop keepers, etc.) and micro-entrepreneurs, people who may not have income proofs. Given the lack of income proofs, the underwriting process typically requires detailed personal discussion with the borrower as well as acquaintances and neighbours to assess the source of income and pattern of cash inflows and outflows as well as the stability and behavioural aspects of the customer.

Name of our Promoters

Lakshmipathy Deenadayalan, Hema Lakshmipathy, Shritha Lakshmipathy, Matrix Partners India Investment Holdings II, LLC and SCI Investments V

Offer size

Offer for sale up to [●] Equity Shares aggregating up to ₹27,519.45 million, comprising of an offer for sale as follows:

S. No.	Selling Shareholder	Number of Equity Shares offered in the Offer for Sale	Aggregate proceeds from the sale of Equity Shares forming part of the Offer for Sale (in ₹ million)
1.	Matrix Partners India Investment Holdings II, LLC	Up to [●] Equity Shares	Up to 5,689.19
2.	SCI Investments V	Up to [●] Equity Shares	Up to 2,571.02
3.	Matrix Partners India Investments II Extension, LLC	Up to [●] Equity Shares	Up to 95.58
4.	Norwest Venture Partners X - Mauritius	Up to [●] Equity Shares	Up to 3,856.52
5.	TPG Asia VII SF Pte. Ltd.	Up to [●] Equity Shares	Up to 13,497.80
6.	Deenadayalan Rangasamy	Up to [●] Equity Shares	Up to 1,419.84
7.	Varalakshmi Deenadayalan	Up to [●] Equity Shares	Up to 389.50

The Offer shall constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.

Objects of the Offer

The objects of the Offer are to (i) carry out the Offer for Sale of up to [●] Equity Shares by the Selling Shareholders aggregating up to ₹27,519.45 million; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. For further details, see "*Objects of the Offer*" on page 96.

Aggregate pre-Offer shareholding of our Promoters, members of our Promoter Group, and the Selling Shareholders as a percentage of our issued and paid-up Equity Share capital

(a) The aggregate pre-Offer shareholding, as on the date of this Draft Red Herring Prospectus, of our Promoters and members of our Promoter Group as a percentage of the pre-Offer issued and paid-up Equity Share capital of our Company on a fully diluted basis is set out below:

Name	Number of Equity Shares held on a fully diluted basis*	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)*
Promoters		
Lakshmipathy Deenadayalan	37,887,450	13.01%
Hema Lakshmipathy	20,890,600	7.18%
Shritha Lakshmipathy	200,000	0.07%
Matrix Partners India Investment Holdings II, LLC	41,009,990	14.09%

SCI Investments V	25,696,500	8.83%
Promoter Group		
Deenadayalan Rangasamy	1,632,000	0.56%
Varalakshmi Deenadayalan	461,700	0.16%
Ranganathan Vasireddy Kuppuswamy	10,000	Negligible
Suguna Ranganathan	508,500	0.17%
Sujatha Janarthanan	275,050	0.09%
Total	128,571,790	44.16%

* *This takes into account vested options under ASOPs.*

(b) The aggregate pre-Offer shareholding, as on the date of this Draft Red Herring Prospectus, of the Selling Shareholders as a percentage of the pre-Offer issued and paid-up Equity Share capital of our Company on a fully diluted basis is set out below:

Name	**Number of Equity Shares held on a fully diluted basis***	**Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)***
Matrix Partners India Investment Holdings II, LLC	41,009,990	14.09%
SCI Investments V	25,696,500	8.83%
Matrix Partners India Investments II Extension, LLC	688,970	0.24%
Norwest Venture Partners X - Mauritius	29,748,060	10.22%
TPG Asia VII SF Pte. Ltd.	61,106,730	20.99%
Deenadayalan Rangasamy	1,632,000	0.56%
Varalakshmi Deenadayalan	461,700	0.16%
Total	160,343,950	55.09%

* *This takes into account vested options under ASOPs.*

Summary of Restated Financial Information

The summary details derived from the Restated Financial Information are as follows:

(₹ in million, except per share data)

Particulars	**As at / For the six months ended September 30,**	**As at / For the year ended March 31,**		
	2021	**2021**	**2020**	**2019**
(A) Equity Share capital	290.14	256.45	255.82	239.00
(B) Net Worth(1)	34,533.12	23,181.72	19,445.80	13,648.85
(C) Revenue from operations	6,106.93	10,497.42	7,867.15	4,089.08
(D) Profit for the period/year	2,175.47	3,589.94	2,619.51	1,564.14
(E) Earnings per equity share(2)				
Basic (2)	7.96*	14.01	10.32	6.88
Diluted (2)	7.85*	13.61	10.07	6.73
(F) Net asset value per share (3)	119.02	85.26	71.68	57.11
(G) Total Borrowings(4)	28,542.54	34,251.97	23,636.93	9,600.29

**Earnings per Equity Share not annualised for the period ended September 30, 2021.*

Notes:

(1) *Net Worth is equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information.*
(2) *Earnings Per Equity Share computed after giving effect to the subdivision of each equity share of face value ₹10, each fully paid up into 10 equity shares of face value ₹1, each fully paid up.*
(3) *Net asset value per share represents Net Worth as at the end of the relevant period divided by the number of equity shares outstanding as at the end of the relevant period. This is computed after giving effect to the subdivision of each equity share of face value of ₹10, each fully paid up into 10 equity shares of face value ₹1, each fully paid up.*
(4) *Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) outstanding as of the last day of the relevant period/year.*

For details, see "*Financial Statements*" on page 243.

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

There are no auditor qualifications which have not been given effect to in the Restated Financial Information. For matters of emphasis, see "*Financial Statements – Notes 49 and 52*" – on pages 302 and 304.

Summary table of outstanding litigations

A summary of outstanding litigation proceedings involving our Company, Directors and Promoters, as disclosed in "*Outstanding Litigation and Material Developments*" on page 342, in terms of the SEBI ICDR Regulations and the materiality policy approved by our Board pursuant to a resolution dated November 8, 2021, as of the date of this Draft Red Herring Prospectus is provided below:

(in ₹ million)

Nature of cases	Number of cases	Total amount involved^
Litigation involving our Company		
Against our Company		
Material civil litigation proceedings	Nil	Nil
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil
Tax proceedings	2	4.04
By our Company		
Material civil cases	Nil	Nil
Criminal cases	4	1.25
Litigation involving our Directors		
Criminal cases	Nil	Nil
Material civil cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil
Litigation involving our Promoters		
Criminal cases	Nil	Nil
Material civil cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil

^ *To the extent ascertainable*

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

For further details, see "*Outstanding Litigation and Material Developments*" on page 342.

Risk Factors

For details of the risks applicable to us, see "*Risk Factors*" on page 21. Investors are advised to read the risk factors carefully before making an investment decision in the Offer.

Summary table of contingent liabilities

The following is a summary table of our contingent liabilities as at September 30, 2021 and March 31, 2021 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets:

(₹ in million)

Particulars	As at September 30, 2021	As at March 31, 2021
Income Tax Related Matters (excluding Penalties and Interest)	0.67	0.67
Provident Fund (Refer below)	-*	-*

* *In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advice received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.*

For further details of our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, see "*Financial Statements – Note* 35: *Contingent Liabilities"* on page 286.

Summary of related party transactions for last three Financial Years and for the six months ended September 30, 2021

The details of related party transactions of our Company for the six months ended September 30, 2021 and financial years ended March 31, 2021, 2020 and 2019, as per Ind AS 24 – Related Party Disclosures as per Restated Financial information are set forth in the table below:

(₹ in million)

Particulars	For the six months ended September 30, 2021	For the Financial Year ended March 31, 2021	For the Financial Year ended March 31, 2020	For the Financial Year ended March 31, 2019
Short Term Employee Benefits*	52.68	81.42	78.85	57.15
Post-Employment Benefits*	0.05	0.08	0.08	0.08
Share Based Payments	184.96	129.79	1.43	5.80

Director's Sitting Fees and Commission	2.56	3.20	3.06	2.46
Interest expenses	-	-	0.05	0.79
Issue of equity shares**	3.00	-	14.96	6.66
Receipt of pending call money of partly paid up shares	14.71	-	-	-
Receipt of share premium**	3,705.58	-	3,151.39	873.34
Loans repaid	-	-	6.57	0.59

**Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.*

***Excludes shares issued pursuant to employee stock options*.

For details of the related party transactions and details of transactions of our Company, see "*Financial Statements – Note 43: - Notes to Restated Financial Information – Related Party Disclosures*" on page 290.

Details of all financing arrangements whereby our Promoters, members of our Promoter Group, the directors of our Corporate Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus

Our Promoters, members of our Promoter Group, the directors of our Corporate 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.

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

The weighted average price at which the specified securities were acquired by our Promoters and the Selling Shareholders, in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Selling Shareholder	Number of Equity Shares	Weighted average price of acquisition per Equity Share* (in ₹)
Lakshmipathy Deenadayalan	779,740	353.59
Varalakshmi Deenadayalan	14,000	250.00

* *As certified by R P S V & Co., Chartered Accountants, by way of certificate dated November 9, 2021.*

Except Varalakshmi Deenadayalan, none of our Promoters or Selling Shareholders have acquired securities in the last one year preceding the date of this Draft Red Herring Prospectus.

Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share by our Promoters and the Selling Shareholders as on date of this Draft Red Herring Prospectus is as follows:

Name	Number of Equity Shares	Average cost of acquisition per Equity Share* (in ₹)
Promoters		
Lakshmipathy Deenadayalan	37,887,450	107.32
Hema Lakshmipathy	20,890,600	6.10
Shritha Lakshmipathy	200,000	0.50
Matrix Partners India Investment Holdings II, LLC	41,009,990	13.55
SCI Investments V	25,696,500	81.72
Selling Shareholders		
Matrix Partners India Investments II Extension, LLC	688,970	36.54
Norwest Venture Partners X – Mauritius	29,748,060	115.83
TPG Asia VII SF Pte. Ltd.	61,106,730	206.83
Deenadayalan Rangasamy	1,632,000	0.96
Varalakshmi Deenadayalan	461,700	10.98

* *As certified by R P S V & Co., Chartered Accountants, by way of certificate dated November 9, 2021.*

Details of the pre-IPO placement	Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus until the listing and commencement of trading of the Equity Shares.
Any issuance of Equity Shares in the last one year for consideration other than cash or bonus issue	Our Company has not issued any Equity Shares for consideration other than cash or bonus issue in the one year preceding the date of this Draft Red Herring Prospectus. For further details, see "*Capital Structure*" on page 62.
Any split/consolidation of Equity Shares in the last one year	Our Company has, pursuant to a Board resolution dated September 8, 2021 and Shareholders resolution dated October 8, 2021, sub-divided the equity shares of face value of ₹10 each to Equity Shares of face value of ₹1 each.

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

Certain Conventions

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable. All references to 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. Unless stated otherwise, all references in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise or where the context otherwise requires, the financial data in this Draft Red Herring Prospectus is derived from the Restated Financial Information.

Restated Financial Information of the Company comprising the Restated Statement of Assets and Liabilities as at September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flow for the period beginning April 1, 2021 to September 30, 2021 and April 1, 2020 to September 30, 2020 and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019, the Summary Statement of Significant Accounting Policies and other explanatory information, as approved by the Board of Directors of the Company at their meeting held on November 8, 2021 prepared as per requirement of Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time.

For further information, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 243 and 309, respectively.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Unless the context otherwise indicates, any percentage amounts, or ratios as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 156 and 309, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of amounts derived from our Restated Financial Information.

Non-GAAP financial measures and certain other statistical information

Certain non-Generally Accepted Accounting Principles ("GAAP") financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results.

Such non-GAAP measures include, but are not limited to EBITDA, EBITDA Margin, Average Cost of Borrowing, Gross NPA to AUM, Net NPA to AUM, Net Worth, Return on Equity, Total Borrowings to Total Equity Ratio, AUM to Net Worth Ratio and Operating Expenses to Average Total Assets, and are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP measures are not standardised terms, hence 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. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See "*Risk Factors – Internal Risk Factors – We have included certain non-GAAP financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies*" on page 39.

Further, except as otherwise specified in this Draft Red Herring Prospectus:

- AUM is equivalent to Gross Term Loans which term is used in Note 6 to the Restated Financial Information and represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan assets under management which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period;

- Expected Credit Losses or "ECL", is equivalent to Impairment Loss Allowance as used in the Restated Financial Information;

- Gross NPA represents the closing balance of AUM which are overdue for more than 90 days as of the last day of the relevant period/year (i.e., "Stage 3" Gross Term Loan). See Note 47 to the Restated Financial Information;

- Net NPA represents Gross NPA, reduced by ECLs on Gross NPA;

- Our AUM, Gross NPA, Net NPA, Gross NPA to AUM and Net NPA to AUM include ECLs;

- Total Borrowings is the aggregate of our debt securities and borrowings (other than debt securities) outstanding as of the last day of the relevant period/year; and

- Net Worth is equivalent to Total Equity, being the sum of Equity share capital and Other equity as contained in our Restated Financial Information.

See also "*Definitions and Abbreviations – Technical/Industry Related Terms/Abbreviations*" on page 8.

Currency and Units of Presentation

All references to:

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

- "USD" or "US$" or "$" are to United States Dollar, the official currency of the United States of America

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million" and "crore" units or in whole numbers where the numbers have been too small to represent in such units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

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

Exchange Rates

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

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

Currency	As at			
	September 30, 2021	**March 31, 2021**	**March 31, 2020**	**March 29, 2019[(1)]**
1 USD	74.26	73.50	75.39	69.17

Source: www.fbil.org.in

(1) Reference rate is not available for March 31, 2019 and March 30, 20219 being Sunday and Saturday respectively.

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Draft Red Herring Prospectus has been obtained or derived from the report titled "*Industry Report on Small Business Loans in India*", issued in November, 2021 by CRISIL Research, a division of CRISIL Limited, available on https://fivestargroup.in/investors/, which has been commissioned and paid for by our Company. For risks in this regard, see "*Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer."* on page 39.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

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

The sections "*Offer Document Summary*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" of this Draft Red Herring Prospectus contain data and statistics from the report titled "*Industry Report on Small Business Loans in India*" prepared by CRISIL dated November, 2021, and commissioned and paid by our Company specifically for the purposes of the Offer, which is subject to the following disclaimer:

"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"). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Five-Star Business Finance 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 Ratings Limited / 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 Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer*." on page 39. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

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

- The Coronavirus pandemic (COVID-19) has had certain adverse effects on our business, operations, cash flows and financial condition and the extent to which it or the effect of outbreaks of any other severe communicable disease may continue to do so in the future, is uncertain and cannot be predicted;
- We require substantial capital for our business and any disruption in our sources of capital could have an adverse effect on our business, results of operations and financial condition;
- The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition;
- A substantial portion of our customers are first time borrowers which increases risks of non-payment or default for us; and
- Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 156 and 309, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

These statements are based on our management's belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based on are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance. Neither our Company, the Selling Shareholders, our Promoters, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI, our Company shall ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Offer. Further, each of the Selling Shareholders shall, severally and not jointly, ensure that investors in India are informed of material developments in relation to the statements and undertakings specifically made or confirmed by such Selling Shareholder in the Red Herring Prospectus and the Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares and the industry in which we currently operate or propose to operate in India. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also occur and adversely impact our businesses, prospects, results of operations, financial condition and cash flows. If any of the following risks, some combination 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 obtain a complete understanding of our Company, prospective investors should read this section in conjunction with "Industry Overview", "Our Business", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 106, 156, 230 and 309, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus.

To the extent the COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section, such as those relating to non-payment or default by borrowers, our levels of indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. 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.

Prospective investors should also 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 but not limited to the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 20.

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. Unless the context requires otherwise, the financial information of our Company has been derived from our Restated Financial Information. In addition, certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Financial Data – Non-GAAP financial measures and certain other statistical information" on page 17.

The industry-related information contained in this section is derived from a report titled "Industry Report on Small Business Loans in India" dated November 2021 prepared and issued by CRISIL Limited (the "CRISIL Report") (extracts of which have been appropriately incorporated as part of "Industry Overview" on page 106), and exclusively commissioned and paid for by the Company only for the purposes of confirming our understanding of the industry in connection with the Offer. We appointed CRISIL Limited to prepare the CRISIL Report on July 30, 2021.

Internal Risk Factors

Risks Relating to our Business

1. The Coronavirus pandemic (COVID-19) has had certain adverse effects on our business, operations, cash flows and financial condition and the extent to which it or the effect of outbreaks of any other severe communicable disease may continue to do so in the future, is uncertain and cannot be predicted.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" and curfew orders and restricting the types of businesses that may continue to operate, among other measures. In India, the Government imposed a nationwide lockdown beginning in March 2020 lasting until May 2020, and certain restrictions were extended periodically by varying degrees by state governments and local administrations. Further, from March 2021 due to an increase in the number of daily COVID-19 cases, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the virus. The lifting of the lockdown across various regions has been regulated with limited and progressive relaxations being granted for movement of goods and people in other places and calibrated re-opening of businesses and offices.

Despite the lifting of the lockdown, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business and operations in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- it led to a closure of all our offices and branches for the full month of April 2020 and partial month of May 2020 and we moved to a work-from-home model for those months; we resumed operations at our offices and branches in a staggered manner by September 2020 in compliance with the lockdown restrictions and central and state government guidelines;

- 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 and in line with our Board approved policy, we granted a five-month moratorium to all customers who were less than or equal to 90 days-past-due ("DPD") as of March 31, 2020, in respect of instalments falling due between April 1, 2020 and August 31, 2020; the RBI also clarified that for all standard accounts as on February 29, 2020, moratorium period will be excluded from DPD calculation for the purpose of asset classification under the IRAC norms; the moratorium was granted by us to 141,251 loans with a principal outstanding as of March 31, 2020 of ₹ 38,387.5 million;

- it caused a decline in general economic and business activity, which resulted in a reduction in our disbursements from ₹24,086.69 million for the Financial Year 2020 to ₹12,450.54 million for the Financial Year 2021. In addition, during the months of March, April and May of 2020, our collection efficiency was 84.86%, 50.95% and 73.19%, respectively (collection efficiency for April and May 2020 computed assuming monthly instalment dues for all borrowers despite the grant of moratorium by us to all our customers who were standard as at March 31, 2020);

- to support Micro, small and medium enterprises ("MSMEs"), the Government of India announced an Emergency Credit Line Guarantee Scheme ("ECLGS") under which banks and NBFCs were allowed to extend incremental credit of up to 20% of the loans outstanding of MSMEs as on February 29, 2020, subject to these accounts not being delinquent as on February 29, 2020. Such incremental credit was fully guaranteed by the government. This scheme was amended to enhance the limits under the scheme and to include additional sectors under the ambit of the scheme. Our borrowers preferred moratorium on instalment dues over incremental credit to endure their temporary cash flow issues and as such we chose to grant moratorium benefit to all our customers who were "standard" as of March 31, 2020. We have not provided any incremental credit under ECLGS to any of our borrowers;

- the RBI, pursuant to its circular dated August 6, 2020, had also allowed a one-time restructuring of loans impacted by COVID-19 to help lenders and customers reschedule repayment of instalments based on customers' present income and restoration of income in subsequent months; the restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers; these restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule; We have not granted any restructuring of loans to any of our customers as part of this restructuring plan;

- The Government of India, Ministry of Finance, through its notification dated October 23, 2020, announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between the compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. We implemented the Scheme in accordance with the requirements of the notification and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme. Accordingly, we credited an amount of ₹93.53 million to the borrower accounts and claimed the same amount from the Government of India;

- by way of a circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package', RBI advised that all lending institutions are required to put in place a board-approved policy to refund / adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement; the above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed; further, lending institutions shall disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021; pursuant to these guidelines, we had formulated a Board approved policy for refund of interest on interest, in line with which, an amount of ₹114.43 million was credited to the borrower accounts and this was also disclosed in our financial statements.

- by way of circulars date May 5, 2021 on 'Resolution Framework 2.0 – Resolution of COVID-19 related stress of Individuals and Small Businesses' (the "May 5 Circular"), RBI has advised that banks and NBFCs can restructure loans up to ₹250 million under the resolution framework 2.0. Individuals and small businesses with a 'standard asset' classification as of March 31, 2021, could approach the lenders to help ease the parameters of repayment provided, inter alia, that the borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020; DOR. No.BP.BC. 34/21.04.048/ 2019-20 dated February 11, 2020; or DBR.No.BP.BC. 18/21.04.048/ 2018-19 dated January 1, 2019 (collectively, the "Restructuring Circulars"); upon implementation of the restructuring plan, lenders are required to maintain a provision of 10% of the residual debt of the borrower. The last day for the invocation of the resolution process was September 30, 2021. Thereafter, the resolution plan will be implemented within 90 days; further, through a circular dated June 4, 2021, the RBI enhanced the above limit of ₹250 million to ₹500 million, provided that the borrower's account was not restructured in terms of the May 5 Circular or the Restructuring Circulars;

- with the onset of the "second wave" of COVID-19 during the first quarter of Financial Year 2022, we experienced an adverse impact on our business and collections operations with our disbursals during the first quarter of Financial Year 2022 reducing to ₹3,331.24 million compared to ₹6,618.81 million during the fourth quarter of Financial Year 2021. Furthermore, due to impact of the "second wave" on borrower cashflows leading to a temporary inability on their part to make payment of their EMI dues, during the first half of Financial Year 2022, in line with our Board approved policy, we restructured 1.87% of our loan portfolio, computed as the AUM of restructured loans as of March 31, 2021 as a percentage of the total AUM, as of March 31, 2021 (2,655 borrowers in the first quarter of Financial Year 2022; and 45 borrowers in the second quarter of Financial Year 2022). We restructured such loans based on borrowers requesting assistance and also based on us contacting certain borrowers that showed early signs of overdues. Restructuring was provided in the form of moratorium for all dues falling between April 1, 2021 and September 30, 2021. For the first quarter of Financial Year 2022, our average monthly collection efficiency dropped to 89.33% (calculated using instalment dues for non-restructured loans only) and our Gross NPA and Net NPA increased during the same period from 1.02% and 0.83%, respectively as of March 31, 2021, to 1.68% and 1.33%, respectively as of June 30, 2021. However, with easing of the impact of "second wave" and a consequent improvement in borrower cashflows, during the months of August and September 2021 put together (where no dues were receivable on the restructured accounts, owing to moratorium), we have recorded approximately 82% of borrowers whose loans were restructured, making at least one EMI payment;

- our customers who are individuals, primarily belong to the low and middle-income groups typically lack traditional evidence of income, have less financial wherewithal than other borrowers and may default on their repayment obligations;

- the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our ability to service our debt obligations and comply with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness, which could adversely affect our results of operations and financial condition and our ability to make additional borrowings;

- inherent challenges to productivity, connectivity and oversight due to an increase in number of individuals working from home;

- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;

- uncertainty regarding the conditions that must be satisfied before government authorities completely lift "stay-at-home" orders and further imposition of such orders as a result of the resurgence of COVID-19 since April 2021;

- potential negative impact on the health and safety of our personnel, particularly because a number of them were and could in future be afflicted by COVID-19, which could result in a deterioration in our ability to ensure business continuity during this disruption; and

- our Statutory Auditors have included an emphasis of matter in their auditor's report on the financial statements for the six months ended September 30, 2021 and the Financial Years 2021 and 2020 in this regard.

Our inability to access debt and equity capital on acceptable terms, or at all, and a further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating may affect our access to capital and other sources of capital necessary to fund our operations or address maturing liabilities on a timely basis. For instance, the "first wave" of COVID-19 had an impact on our ability to procure capital from banks and financial institutions putting all of our borrowing proposals on hold and resulting in a reduction in our liquidity position as of March 31, 2020.

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time. The impact of COVID-19 pandemic, including the anticipated "third wave", on our operations and financial metrics, will depend on the future developments, which are highly uncertain and cannot be predicted, including (i) any new information as to the scope, severity, and duration of the pandemic or the efficacy of vaccines; (ii) any actions taken by governments, the RBI and other authorities, businesses and individuals in response to the pandemic; (iii) the effect on customer demand, and their ability to repay the principal amount or interest, for our products; (iv) disruptions or restrictions on the ability to work and travel of our employees, customers and partners; (v) volatility in foreign exchange rates, interest rates and availability of adequate liquidity in the financial system; (vi) any extended period of remote work arrangements; and (vii) strain on our business counterparties' continuity plans, and resultant operational risk, and therefore, our prior financial results are not necessarily indicative of results to be expected for future periods. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, our existing insurance coverage may not provide protection for all costs that may arise from all such possible events.

Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section. Further, the outbreak, or threatened outbreak, of any severe communicable disease or pandemic, as seen in the recent outbreak and aftermath of COVID-19, could adversely affect overall business sentiment and environment across industries.

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

Our business and results of operations depend on our ability to raise both, debt and equity from various external sources on suitable terms and in a timely manner. Our financing requirements historically have been met from several sources, including term loans and working capital facilities; proceeds from loans securitized; proceeds from the issuance of NCDs; and principal protected market linked debentures from banks, financial institutions, mutual funds, and other domestic and international development financial institutions to meet our capital requirements. See "*Financial Indebtedness*" on page 338. Our business thus depends on, and will continue to depend on, our ability to continually access these sources of capital and secure low cost funding at rates lower than the interest rates at which we lend to our customers.

Our ability to raise funds on acceptable terms, at competitive rates and in a timely manner, depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the domestic markets including capital markets and international markets affecting the Indian economy including the effect of events such as the COVID-19 pandemic, macro and micro economic and financial conditions or continuing lack of liquidity in the market. The terms of any additional financing may also place limits on our financial and operational flexibility. We cannot assure you that our business will continue to generate sufficient cash to enable us to service our existing and future debt or to fund our other liquidity needs. Recently, certain NBFCs in India have defaulted in the repayment of their borrowings, which has adversely affected the availability and cost of funds to NBFCs in general. Any such events in the future may lead to adverse perceptions about the finance sector as a whole and affect our ability to obtain financing at commercially reasonable terms.

Further, changes in economic, regulatory and financial conditions or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition. Our ability to raise debt to meet our financing requirements is also restricted by the limits prescribed under applicable regulations. If we are unable to obtain adequate financing in a timely manner and on acceptable terms, our business, results of operations and financial condition may be adversely affected.

3. The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.

We primarily serve customers in the low and middle-income groups with majority of our borrowers being small business owners and self-employed individuals. As of September 30, 2021, March 31, 2021, March 31, 2020 and

March 31, 2019, ₹32,150.56 million, or 69.30% of our AUM, ₹29,407.41 million, or 66.15% of our AUM, ₹22,704.62 million, or 58.33% of our AUM and ₹9,990.12 million, or 47.28% of our AUM, respectively, were from customers who belonged to the low-income group, earning not more than ₹25,000 per month. Our customers may default on their repayment obligations due to various reasons including business failure, insolvency, lack of liquidity, loss of employment or personal emergencies such as the death of an income-generating family member, including on account of events such as the COVID-19 pandemic. In addition, our customers often may not have credit histories, or may not have formal income proofs such as tax returns and other documents that would enable us to assess their creditworthiness. Further, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any misrepresentation by our customers or employees. It may therefore be difficult for us to carry out the necessary credit risk analysis on all of our customers. Although we follow procedures to evaluate the credit profiles of our customers prior to sanctioning a loan, we also rely on the value of the property provided as underlying collateral.

We also provide loans to customers who are self-employed. During the period between April 1, 2019 and September 30, 2021, 27.09% of the loans disbursed (in terms of count of loans) were to self-employed customers. Self-employed customers are often considered to be higher credit risk customers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions. To the extent we are unable to successfully manage the risks associated with lending to self-employed customers, it may become difficult for us to recover outstanding loan amounts provided to such customers. We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition.

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets that are 90+ DPD ("NPAs"), is a key driver of our results of operations. Our total loan portfolio has grown during the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019 , and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. We classify loans that are 90+ DPD as "Stage 3 assets" (in accordance with Ind-AS) and its equivalent, "NPA" (in accordance with the RBI Master Directions). As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, our Gross NPAs were ₹667.27 million, ₹451.93 million, ₹532.26 million and ₹186.72 million, respectively, while our Gross NPAs to AUM was 1.44%, 1.02%, 1.37% and 0.88%, respectively. As of September 30, 2021, March 31, 2021, March 31, 2020, and March 31, 2019, our Net NPAs were ₹548.36 million, ₹370.74 million, ₹438.05 million and ₹143.52 million, respectively, while our Net NPAs to AUM was 1.18%, 0.83%, 1.13% and 0.68%, respectively. In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We believe that the risk of delinquency in our loans typically emerges 18 to 36 months from disbursement. We cannot assure you that we will be able to maintain or reduce our current levels of NPAs in the future.

Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases. Negative trends or financial difficulties or a general economic slowdown could unexpectedly increase delinquency rates. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures. See also "– *The Coronavirus pandemic (COVID-19) has had certain adverse effects on our business, operations, cash flows and financial condition and the extent to which it or the effect of outbreaks of any other severe communicable disease may continue to do so in the future; is uncertain and cannot be predicted*" on page 21.

4. A substantial portion of our customers are first time borrowers which increases risks of non-payment or default for us.

We have customers who are first-time borrowers from the formal secured lending ecosystem. As of September 30, 2021, we had 25.09% of customers, who were new to lending ecosystem. Such customers generally may have higher risk of non-payment or default due to a number of reasons such as not having the experience of payment of interest and repayment of principal, as well as other reasons applicable to our other customers such as business failure, insolvency, lack of liquidity, loss of employment or personal emergencies such as the death of an income-generating family member, including on account of events such as the COVID-19 pandemic. To the extent we are unable to successfully manage the risks associated with lending to customers new to credit, it may become difficult for us to recover outstanding loan amounts (including interest) provided to such customers. We cannot assure you that our risk management controls will be sufficient to prevent future losses on account of customer defaults and hence increasing our Net NPA and adversely affecting our business, results of operations and financial condition.

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

As of September 30, 2021, our Total Borrowings was ₹28,542.54 million. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see "*Financial Indebtedness – Key terms of our borrowings*" on page 338.

Our financing agreements contain several restrictive covenants and we are required to obtain prior approval from our lenders for undertaking various actions, including:

- make any amendments to the memorandum of association and articles of association;
- effect any changes to or alter our capital structure, including by way of a buyback;
- effect any change in the constitution, including shareholding pattern, ownership, controlling interest and control;
- effect any changes in our management, including changes in the composition of the Board of Directors and change in the practice with regard to remuneration of directors;
- undertake guarantee obligations on behalf of any other person or provide any loan/advance to any third party;
- incur further indebtedness;
- make any prepayment of amounts due under the facilities;
- dilute the shareholding of the Promoter(s) and members of the Promoter Group;
- expansion or diversification of our business;
- opening of current accounts with banks not part of the lending consortium; and
- enter into long term contractual obligations directly affecting our financial position.

We have applied to our lenders and while we have received consents from majority of our lenders in relation to this Offer, consents from certain lenders in relation to this Offer are still pending as on the date of this Draft Red Herring Prospectus. We cannot assure you that such consents will come in the future or at all. Under some of these agreements, certain lenders also require us to maintain certain financial ratios at the end of certain reporting periods, including end of fiscal quarters and fiscal years, as required under such borrowing arrangements. Some of our financing agreements also contain cross-default and cross-acceleration clauses, which are triggered in the event of a default by us under our respective financing agreements. For details of the indicative events of default and the consequences of events of default under our borrowing arrangements, see "*Financial Indebtedness – Key terms of our borrowings*" on page 338. Our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition. For instance, in September 2021, we received a waiver on an NPA covenant under an NCD agreement, wherein loans restructured in accordance with the RBI Circular dated May 5, 2021, would be excluded from the definition of Portfolio at Risk (PAR) 90, which earlier included restructured loans. For details in relation to our outstanding indebtedness and certain indicative terms of our borrowing facilities, see "*Financial Indebtedness – Key terms of our borrowings*" on page 338.

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

The negative covenants as mentioned in this risk factor and in the section "*Financial Indebtedness – Key terms of our borrowings*" on page 338, and other clause/covenants of a similar nature under the financing arrangements entered into by us with our lenders are in the ordinary course of business as a small business finance company and will continue post listing of the Equity Shares, as is customary for borrowing arrangements entered into in the ordinary course of business for listed and unlisted companies. Further, there will be no direct/indirect impact of such restrictive clauses/covenants present under our financing arrangements on our public shareholders post listing of the Equity Shares.

6. Any deterioration in the performance of any pool of receivables securitized to banks and other institutions may adversely impact our results of operations.

We securitize a portion of our receivables to banks and other financial institutions. Such securitization is undertaken by us on the basis of our internal estimates of funding requirements and availability of other sources of funds, and may vary from time to time. During the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, we securitized assets worth nil, ₹7,857.90 million, ₹3,988.63 million and nil, respectively. As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, our receivables securitized were ₹6,496.21 million, ₹8,181.56 million, ₹3,339.60 million and nil , constituting 14.00%, 18.40%, 8.58% and nil of our AUM, respectively. Any change in RBI or other regulators in relation to securitizations by NBFCs could have an adverse impact on our securitization program. In the event the bank or financial institution with whom we have securitized our receivables does not realize the receivables due under loans that have been securitized, the relevant bank or financial institution could enforce the underlying credit enhancements provided by our Company. Should such banks or financial institutions seek to enforce the underlying credit enhancements, such as fixed deposits, provided up to a specified percentage of the underlying loan, it could have an adverse effect on our results of operations.

7. Our liquidity may be affected by the COVID-19 pandemic which may affect our ability to continue to operate and grow our business.

There is no guarantee that we and the Indian financial services industry in general, notwithstanding measures taken by the Government, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 pandemic. We fund substantially all of the loans through borrowings under our several financial facilities. As of September 30, 2021, our fixed interest rate financial liabilities and floating interest rate financial liabilities were ₹20,188.98 million and ₹8,353.56 million, representing 70.73% and 29.27%, respectively of our Total Borrowings. See Note 47 to the Restated Financial Information. Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand is uncertain. Our liquidity could also be affected as our lenders reassess their exposure to NBFCs and either curtail access to financing facilities or impose higher costs to access such facilities. Our liquidity may be further constrained as there may be less demand by investors to acquire our loans in the secondary market. Even if such demand exists, we face a higher risk as a result of the COVID-19 pandemic stemming from our customers inability to repay the underlying loans. Further, if as a consequence of COVID-19, banks and NBFCs are unable to meet their market commitments, this could affect investor confidence in NBFCs generally and result in a loss of investors in NBFCs. A liquidity shortage for the industry as a whole may adversely affect our cash flows.

8. We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income ("NII") and net interest margin ("NIM") to vary and consequently affect our profitability, result of operations and cash flows.

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest income and our finance cost. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our NII and NIM. Any increase in our cost of funds may lead to a reduction in our NIM, or require us to increase interest rates on loans disbursed to customers in the future to maintain our NIM. For the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, our NIM was 16.97%, 16.00%, 16.69% and 19.05%, respectively.

Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other macro and micro economic factors, which have historically resulted in changes in interest rates in India. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds. As of September 30, 2021, our fixed interest rate financial liabilities and floating interest rate financial liabilities were ₹20,188.98 million and ₹8,353.56 million, representing 70.73% and 29.27% of our Total Borrowings, respectively. All of our loan portfolio is at fixed rates of interest and we may be unable to pass on any increase in our cost of borrowings to our customers. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than our competitors that may borrow at fixed interest rates. An increase in general interest rates in the economy could also reduce the overall demand for small business finance, increase our NPAs and impact our growth. An increase in interest rates could result in a reduction in our NII and NIM since we will not be able to pass on the increased interest rate to our existing borrowers. In a declining interest rate environment, some of our customers may prepay their loans to take advantage of such a declining interest rate environment.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our fixed income investments. However, in a declining interest rate environment, our NII could decline due to a reduction in yield from our fixed income investments. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our NII to decline, which would decrease our return on assets and could adversely affect our business, result of operations and financial condition.

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

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For details of our current credit ratings, see "*Our Business – Credit Ratings*" on page 176. Any downgrade in our credit ratings could increase borrowing costs, result in an event of default under certain of our financing arrangements and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could result in a recall of existing facilities, increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future, impair our future issuances of debt and equity, and our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations and financial condition.

In addition, our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. While S&P Global Ratings ("S&P") and Moody's currently have a stable outlook, Fitch has a negative outlook on their sovereign rating for India. The ratings agencies may lower their sovereign ratings for India or the outlook on such ratings, which would also impact our ratings. In July 2021, S&P, retained India's sovereign ratings at "BBB-" with the "stable" outlook, citing its expectation that the Indian economy will recover through the second half of Financial Year 2022. In October 2021, Moody's changed India's sovereign rating outlook to "Stable" from "Negative" and affirmed India's credit rating at "Baa3". In June 2020, Fitch downgraded the outlook on India's long-term foreign currency Issuer Default Rating to "negative" from "stable," and affirmed the rating at "BBB-", which was re-affirmed in December 2020 and again in September 2021. This was due to the COVID-19 pandemic having significantly weakened India's growth outlook for the year and the challenges associated with a high public debt burden.

There can be no assurance that these ratings will not be further revised or changed by S&P, Fitch or Moody's or that any of the other global rating agencies will not downgrade India's credit rating. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Company's ratings or terms on which the Company is able to finance future capital expenditure. This could have an adverse effect on our ability to fund our growth on favorable terms or at all and consequently adversely affect our business and financial performance and the price of the Equity Shares.

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

We face potential liquidity risks because our assets and liabilities mature over different periods. Asset and liability mismatch, which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature. Although we had a positive asset-liability position as of September 30, 2021 across various maturities and had no cumulative mismatches up to the five years maturity, we cannot assure you that we will be able to continue to maintain a favourable asset-liability maturity profile in the future. We meet a significant portion of our financing requirements through term loans and working capital facilities; proceeds from loans securitized; proceeds from the issuance of NCDs; and principal protected market linked debentures from banks, financial institutions, mutual funds, and other domestic and international development financial institutions. Any mismatch in the maturity profile of our assets and liabilities may lead to a liquidity risk and have an adverse effect on our business and results of operations. See "*Selected Statistical Information*" on page 230.

11. Our operations are primarily focused in the states of Tamil Nadu, Andhra Pradesh, Telangana and Karnataka and any adverse developments in these regions could have an adverse effect on our business and results of operations.

Our operations are primarily focused in the states of Tamil Nadu, Andhra Pradesh, Telangana and Karnataka. Such key states collectively account for approximately 85.00% of our branch network as of September 30, 2021. As of September 30, 2021, ₹18,806.74 million, or 40.54% of our AUM, ₹13,218.24 million, or 28.49% of our AUM, ₹8,645.30 million, or 18.63% of our AUM, and ₹3,439.82 million, or 7.41% of our AUM was attributable to Tamil Nadu, Andhra Pradesh, Telangana and Karnataka, respectively. As of March 31, 2021, ₹18,445.88 million, or 41.49% of our AUM, ₹12,509.64 million, or 28.14% of our AUM, ₹8,167.83 million, or 18.37% of our AUM, and ₹3,219.25 million, or 7.24% of our AUM was attributable to Tamil Nadu, Andhra Pradesh, Telangana and Karnataka, respectively. Any significant social, political or economic disruption, or natural calamities or civil disruptions in these regions, or changes in the policies of the state or local governments of these regions or the Government of India, could disrupt our business operations, require us to incur significant expenditure and/or change our business strategies. The occurrence of, or our inability to, effectively respond to any such event, could have an adverse effect on our business and results of operations.

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

We provide secured loans to small business owners and self-employed individuals, as well as small mortgage loans to fund certain significant economic events in our customers lives, where the primary collateral is typically land and building of between ₹0.1 million to ₹1 million in value. While all of our loans are secured, as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the average loan-to-value ratio of our loans (weighted for the loans outstanding) was 36.23%, 36.02%, 36.15% and 35.16%, respectively. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including due to adverse market conditions prevalent in the real estate sector. As a result, although we have not repossessed and sold any property for the six months ended September 30, 2021, and Financial Years 2021, 2020 and 2019, if our customers default in future, we may not be able to fully recover the outstanding loan balance by liquidating the collateral under the relevant financing facility, and, in turn, incur losses, even where we are able to successfully repossess and liquidate the collateral.

While we have been able to recover principal and interest from a majority of our defaulting customers in the past without having to repossess their collateral, we cannot assure you that we will be able to continue to recover principal and interest in the future without having to repossess collateral, and even if we do, we cannot assure you that we will be able to liquidate the collateral to recover the full amounts due to us. Any failure to recover the expected value of collateral security could expose us to a potential loss.

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

13. Our inability to maintain our capital adequacy ratio could adversely affect our business.

The RBI Master Directions currently require NBFCs to comply with a capital to risk (weighted) assets ratio, or capital risk adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items, as applicable. Further, we are required to maintain a capital adequacy ratio consisting of Tier I and Tier II capital, which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. In addition, our Tier I capital, at any point in time, shall not be less than 10%. For details, see "*Key Regulations and Policies*" on page 184.

As of September 30, 2021, our capital adequacy ratio as disclosed in the Restated Financial Information was 80.51%, with Tier I capital comprising 80.51% and Tier II capital comprising Nil. As we continue to grow our loan portfolio and asset base we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the RBI may increase its minimum CRAR threshold, which may require us to raise additional capital.

We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business. Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting practices or take other actions that could adversely affect our business and operating results.

14. We have experienced significant growth in recent years and we may not be able to sustain such growth in the future.

We have experienced considerable growth in recent years and we have significantly expanded our operations and branch network. Our total income grew from ₹4,089.86 million for the Financial Year 2019 to ₹10,512.55 million for Financial Year 2021 (for the six months ended September 30, 2021, our total income was ₹6,112.39 million), while our profit for the year grew from ₹1,564.14 million for the Financial Year 2019 to ₹3,589.94 million for the Financial Year 2021 (for the six months ended September 30, 2021, our profit for the period was ₹2,175.47 million). Our AUM grew from ₹21,128.06 million as of March 31, 2019 to ₹46,392.91 million as of September 30, 2021 and the number of our branches has grown from 173 to 268 as of the same dates. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate.

Our inability to manage our expansion effectively and execute our growth strategy in a timely manner, or within budget estimates could have an adverse effect on our business and results of operations. Our ability to execute our growth strategies will depend, among other things, on our ability to identify key target markets correctly, manage our pricing to compete effectively, and scale up and grow our network efficiently. We will also need to manage relationships with a greater number of customers, service providers, lenders and other parties as we expand.

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

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

15. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.

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

(₹ in millions)

	For the six months ended September 30, 2021	For the Financial Year		
		2021	2020	2019
Net cash from / (used in) operating activities	466.51	(1,572.67)	(15,232.80)	(9483.39)
Net cash from / (used in) investing activities	(7,746.95)	1,021.41	(1,319.34)	142.16
Net cash from financing activities	3,106.16	10,325.30	17,253.36	10,224.01
Net increase/(decrease) in cash and cash equivalents	(4,174.28)	9,774.04	701.22	882.78

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 243 and 309, respectively. We cannot assure you that our net cash flow will be positive in the future.

16. The Indian small business finance industry is highly competitive and our inability to compete effectively could adversely affect our business and results of operations.

The small business finance industry in India is highly competitive and we compete with unorganized money lenders, friends and family members, certain larger NBFCs and HFCs, NBFCs that also offer loans for business purposes but backed for property (in particular self–occupied residential property ("SORP"), as well as certain microfinance entities and small finance banks, in geographies in which we operate. Consistent with developments over the years, we may also see the entrance of new competitors. Our competitors may have more resources, a wider branch and distribution network, access to cheaper capital, superior technology and may have a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of affiliated group companies or other banks. Competition in our industry also depends on, among other things, the evolution of government policies relating to the industry (including interest rate deregulation and other liberalization measures), the entry of new participants, and the extent to which there is a consolidation among banks and financial institutions in India and we expect competition to intensify in the future. See "*Our Business – Description of our Business – Competition*" on page 182.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost capital, and charge optimum interest rates at which we lend to our customers. Consequently, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive small business finance industry. If we are unable to compete effectively, our business and results of operations may be adversely affected.

17. Our lack of success in expanding our business into new regions and markets in India or the sub-optimal performance of our new branches could adversely affect our business, results of operations, financial condition and cash flows.

As part of our growth strategy, we continue to evaluate opportunities to expand our business into new markets in India such as Madhya Pradesh, Chhattisgarh, Maharashtra and Uttar Pradesh. Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable or relevant to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers.

As we plan to expand our geographic footprint, we may be exposed to additional challenges such as obtaining necessary governmental approvals; successfully marketing our brand and product offerings in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. For instance, a number of states in India have enacted laws to regulate money-lending transactions and there are civil and criminal penalties prescribed for non-compliance with the relevant money lending statutes. These laws also establish a maximum rate of interest that can be charged to customers. While NBFCs regulated by RBI are required to comply with norms laid down by RBI and are not required to comply with the provisions of these state money-lending laws, it may be judicially determined or clarified by relevant authorities that such statutes do apply to us. If, as a result of this, we are subject to those state money-lending laws, our business in such states could be affected. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our lack of success in expanding our current operations or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

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

We are responsible for establishing and maintaining adequate internal controls commensurate with the size and complexity of operations. Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, following internal and external reviews, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances. For example, in 2019, the RBI, via their inspection report for Financial Year 2019 identified an inadequate institutional risk management structure in light of our business growth during Financial Year 2019. Such inadequacies included too few Risk Management Committee meetings during the period and the fact we had not prepared a risk profile considering the business and external environment in which we operate, among others.

Our management information systems and internal procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal system or process weaknesses are identified, our actions may not be sufficient to correct such weakness. Failures or material errors in our internal systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. During the six months ended September 30, 2021, and in the Financial Years 2021, 2020 and 2019, we recorded six, one, three and five instances of frauds, respectively, for values of ₹0.38 million, ₹0.10 million, ₹3.30 million and ₹0.59 million, respectively. Such instances may also adversely affect our reputation, business and results of operations. While we have been able to detect and recover all these amounts, we cannot assure you that that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our business, profitability and reputation.

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

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted significant resources to develop and implement our risk management policies and procedures and intend to continue doing so in the future. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our resource planning and asset management policy, credit policy, collateral management policy, whistle blower and vigilance mechanism, fair practices code, grievance redressal policy, internal guidelines on corporate governance, investment policy, risk management policy, IT policies and procedures, policy on resolution framework and KYC and anti-money laundering policy. Our Board of Directors, Chief Risk Officer, the Asset Liability Management Committee and Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions including carrying out periodic IT audits.

However, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error, such as the process required to assess an applicant's cash income. Some of our methods of managing risks are based on the use of observed historical market behavior and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Management of operational, legal or regulatory risks requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

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

20. Non-compliance with the RBI's observations made pursuant to its periodic inspections and violations of regulations prescribed by the RBI, could expose us to certain penalties and restrictions.

As an NBFC-ND-SI, we are subject to periodic inspections by the RBI under Section 45N of the RBI Act, wherein 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 or for obtaining any information, which we may have failed to furnish when called upon to do so. In its past inspection reports, the RBI has (a) identified certain deficiencies in our operations, (b) made certain observations in relation to our operations during its periodic inspections and (c) sought certain clarifications on our operations, including but not limited to:

- inadequate institutional risk management structure in light of significant business growth during Financial Year 2019, including few Risk Management Committee meetings during the period, despite inherent risks; no risk profile had been prepared considering the business and external environment in which our Company operates;
- low level seasoning of loan portfolio, that is as of March 21, 2019, the RBI observed that nearly 55.58% of the gross loans comprised loans which were recently originated and had run for a period of less than one year; the RBI noted that such an unseasoned loan book would carry higher risks, requiring the enhanced attention of risk management, which was not found adequate in the risk processes of our Company;
- Gross NPA to total advances were only 0.88% as of March 31, 2019, however, there were higher delinquencies in 1 – 30 DPD, 31 – 60 DPD and 61 – 90 DPD categories, which represents inherent stress in the credit portfolio; the RBI noted that the aggregate stressed accounts in the time categories up to 90 DPD category aggregated to 19.56% which was significantly on the higher side; and
- the borrower profile of our Company comprised mainly customers with marginal credit profile, mostly first time borrowers; despite the RBI noting financial inclusion, the concentration of the entire loan book on such loans (nearly 97% of total loan book as of March 31, 2019), is fraught with various facets of credit risks;
- adherence to mandatory disclosures on frauds.

While we attempt to comply with all regulatory provisions, directions or observations applicable to us, including in connection with the RBI inspection reports described immediately above (which have all been resolved by way of responses to the RBI), if we are unable to comply with the RBI's observations or directions, we could be subject to penalties and restrictions which may be imposed by the RBI. Further, as per the Banking Regulation Act, in the even that RBI is of the opinion that the affairs of the Company are being conducted in a manner detrimental to the interest of the depositors, it holds a right to supersede the decision of the Board. Imposition of any penalty or adverse finding by the RBI during any future inspection may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

21. Our Company is involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.

In the ordinary course of business, our Company is involved in certain legal proceedings, at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined adversely, could adversely affect our reputation, business, results of operations and financial condition. We cannot assure you that the currently outstanding legal proceedings will be decided favorably or that no further liability will arise from these claims in the future. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally.

For details, see "*Outstanding Litigation and Material Developments*" on page 342. Brief details of material outstanding litigation that have been initiated by and against our Company are set forth below:

(in ₹ million, unless otherwise specified)

Nature of cases	No. of cases	Total amount involved^
Litigation involving our Company		
By our Company		
Criminal cases	4	1.25
Tax proceedings	2	4.04
Against our Company		
Criminal cases	Nil	Nil
Litigation involving our Directors		
Against our Directors		
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil
Litigation involving our Promoters		
Against our Promoters		
Criminal cases	Nil	Nil
Action taken by statutory and regulatory authorities	Nil	Nil

Involvement in such proceedings could divert our management's time and attention. Further, an adverse judgment in these proceedings could have an adverse impact on our business, results of operations and financial condition.

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

22. We may face difficulties and incur additional expenses in operating in semi-urban and rural markets, where infrastructure may be limited.

We primarily serve low and middle income small business customers and self-employed customers in urban and semi-urban areas in India and are increasingly serving those in rural areas where CRISIL expects faster growth in bank credit activity as financial awareness increases. In semi-urban and rural locations, infrastructure may be limited, particularly for transportation, electricity and internet bandwidth. At some of our branch offices in remote markets, we may face difficulties in conducting operations, such as accessing power facilities, transporting people and equipment, and implementing technology measures. We may also face increased costs in conducting our business and operations and implementing security measures. We cannot assure you that such costs will not increase in the future as we expand our branch network further into semi urban markets and also into rural markets, which could adversely affect our profitability.

23. The Indian small business finance industry is extensively regulated by the RBI and any changes in laws and regulations applicable to NBFCs such as us could have an adverse effect on our business.

We are registered with and our business is regulated by the RBI as an NBFC-ND-SI. As a registered NBFC-ND-SI, we are subject to stringent regulatory guidelines. We therefore require certain statutory and regulatory approvals, licenses and, registrations for operating and expanding our business.

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*" beginning on page 184.

We are also 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. 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*" beginning on page 345.

24. We are exposed to certain operational risks, in particular due to a significant portion of our collections from customers being undertaken in cash.

Operational risks can result from a variety of factors, including failure to obtain proper internal authorisations, improperly documented transactions, failure to adequately deal with the risks associated with significant cash collections, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically-dispersed nature of our network.

Certain of our customers are from the semi-urban and rural markets, which carry additional risks due to limitations on infrastructure and technology. For instance, our target customers primarily deal in cash only and their income levels can vary significantly on a monthly basis, particularly around local events and festivals, and as such we have tailored our systems to accept high cash collections. For the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, 61.63%, 64.98%, 69.60% and 63.91% of our total collections, respectively, were in cash of which 100% were cash collections at our branches. Although we have been the subject of few instances of not material cash related fraud in the past, amounting to ₹1.25 million across 10 instances, between April 1, 2018 and September 30, 2021 (as has been reported to RBI), cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. While we may endeavor to increase our non-cash collections, we cannot guarantee that we will be successful in our efforts to move towards digital collections. Also, while we retain insurance to mitigate cash related risks including office protection and fidelity policies, we cannot assure you that the insurance obtained by us adequately covers all risks involved or will be paid in relation to the entire amount involved, or at all. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections.

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

We use our technology platforms to assist with functions such as credit underwriting, risk management, collections, loan management and to perform data analytics. Our operations depend on our ability to process a high volume of transactions across our network of branches, which are connected through computer systems and servers to our data centre where our data is stored. As part of our growth strategy, we intend to continue to invest in technology and data analytics to build a scalable and efficient operating model / to improve customer experience, increase productivity and decrease costs. The size and complexity of our computer systems may make them potentially vulnerable to breakdowns, system integration problems, cyber-security threats such as malicious intrusion, ransomware, phishing emails and other such computer viruses. Although we have not experienced any significant disruptions to our information technology systems in the past, and a third party agency conducts an audit on our information technology systems annually, we cannot assure you that we will not encounter disruptions in the future.

In addition, our systems are potentially vulnerable to data security breaches and other such cyber-security threats, whether by employees, or others, that may expose sensitive or confidential data to unauthorized persons. Further, as part of our business, we store and have access to customers' bank information, credit information and other sensitive data. We may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Although we have not experienced any data security breaches in the past, any such security breaches or compromises of technology systems in the future could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business, results of operations and reputation.

Data security breaches could also lead to the loss of trade secrets or other intellectual property, or the public exposure of personal information (including sensitive financial, private and personal information) of our customers and employees, which could result in breaches of applicable data security and privacy laws and resultant imposition of monetary penalties. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security and privacy breaches involving their personal data. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures, and in turn have an adverse effect on our business, results of operations and reputation.

26. Our Statutory Auditor has included an emphasis of matter paragraph in their report on our financial statements for the Financial Years 2021 and 2020 and for the six months ended September 30, 2021.

Our Statutory Auditor has included emphasis of matters in their report on our financial statements for the Financial Year 2021 and 2020 and for the six months ended September 30, 2021, which describes uncertainties relating to the effects of COVID-19 pandemic on our operations. For further details see "*Financial Statements*" on page 243. We cannot assure you that our Statutory Auditor's observations for any future financial period will not contain similar remarks, emphasis of matters or other matters including any matters required to be reported under Companies (Auditors Report) Order 2016, and that such matters will not otherwise affect our results of operations.

27. Our inability to detect money-laundering and other illegal activities fully and on a timely basis may expose us to additional liability and adversely affect our business and reputation.

We are required to comply with applicable anti-money-laundering ("AML") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and systems in place to prevent and detect any AML activity and ensure KYC compliance, we cannot assure you that we will be able to fully control instances of any potential or attempted violation by other parties. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation.

28. We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations.

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. For further details, see "*Government and Other Approvals*" on page 345. In addition, we may apply for more approvals, including the renewal of approvals, which may expire from time to time, and approvals in the ordinary course of business.

Some of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations, or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

29. We depend on the accuracy and completeness of information provided by our customers and our reliance on any misleading information may affect our judgment of their credit worthiness, as well as the value of and title to the collateral.

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

Further, we target self-employed small business owners who primarily belong to low and middle-income groups and such customers may not have credit histories supported by sufficient documentary evidence such as tax returns, that would enable us to accurately assess their creditworthiness. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is limited, which can reduce our ability to accurately assess the credit risk. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs. Increases in NPAs could adversely affect our business and results of operations.

30. We are dependent on a number of Key Managerial Personnel and our senior management, and the loss of, or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

Our performance depends largely on the efforts and abilities of our Key Managerial Personnel, senior management, and our operational personnel. We believe that the inputs and experience of our senior management are valuable for the development of our business, operations and the strategic directions taken by our Company. We cannot assure you that these individuals will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. As of September 30, 2021, and March 31, 2021, 2020 and 2019, we employed 4,306, 3,938, 3,734 and 1,971 personnel, respectively and had employee attrition rates for the six months ended September 30, 2021 and Financial Years March 31, 2021, 2020 and 2019 of 15.44%, 28.06%, 28.80%, and

26.24% respectively, with minimal attrition within our senior management.– We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of, or inability to attract or retain such persons may have an adverse effect on our business, results of operations and financial condition. For details in relation to our Key Managerial Personnel, see "*Our management – Key Managerial Personnel"* on page [●].

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

As of September 30, 2021, we employed 4,306 personnel across our operations. Although we have not experienced any material employee unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Such employee actions are difficult or impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

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

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

We believe that the insurance coverage we maintain is reasonably adequate to cover the normal risks associated with the operation of our businesses. Our insurance policies, however, may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic and are subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. For instance, we have in the past had one minor claim rejected in connection with the theft of cash in an office. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. For details in relation to our insurance coverage, see "*Our Business – Insurance*" on page 182.

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

As part of our treasury management, we have formulated a board-approved investment policy in accordance with the RBI Master Directions. Our investment policy prescribes policies for investments in Government Securities/ treasury bills, liquid/ liquid plus mutual funds and fixed deposits with banks and small finance banks, subject to the overall investment limit fixed by the Board. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations and monetary policies. Any decline in the value of these investments may have an adverse effect on our results of operations and financial condition.

34. We do not own all our branch offices, including our Registered Office and Corporate Office. Any termination or failure by us to renew the lease and license agreements in a favorable and timely manner, or at all, could adversely affect our business and results of operations. Moreover, many of the lease and license agreements entered into by us may not be duly registered or adequately stamped.

All of our branch offices including our Registered and Corporate Office are located on leased or licensed premises. The lease deed for the Registered Office and Corporate Office is valid till November 30, 2024 and April 30, 2025 for the first floor and ground floor, respectively. The terms of the lease deed for the Registered and Corporate Office include among others rent payment, rent escalation, security deposit payment, maintenance charges, property tax and bar on sub-letting. The typical period for which leases are generally entered into by our Company for its branches ranges from eleven months to six years. The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease and license agreements. While we have not faced major issues renewing the leases of our branch offices in the past, if these lease and license agreements are not renewed or not renewed on terms favorable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Further, our lease and license agreements are required to be adequately stamped and duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on the continuance of our operations and business. For details in relation to our premises, see "*Our Business – Properties*" on page 183.

35. A portion of the equity share capital of one of our Promoters, Lakshmipathy Deenadayalan, has been pledged. In the event the pledge is invoked, or the security provided is enforced, it could adversely affect our business of operations.

As of the date of this Draft Red Herring Prospectus, one of our Individual Promoters, Lakshmipathy Deenadayalan has pledged 6,311,540 Equity Shares in favour of IIFL Wealth Finance Limited and 5,234,800 Equity Shares in favour of Avendus Finance Private Limited. For further details, see "*Capital Structure*" on page 62. In the event of non-adherence of the terms under such loan and security arrangements, the security provided may be enforced and pledge on our Promoter's shares may be invoked. If any of these events were to happen, the trading price of the Equity Shares may be adversely affected, which will affect our business of operations.

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

We have entered into various transactions with related parties. While all such transactions have been conducted on an arm's length basis, in accordance with our related party transactions policy 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 may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, we cannot assure you that such future transactions, individually or in the 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. For details of the related party transactions see "*Other Financial Information –Related Party Transactions*" on page 308.

37. Our Promoters, Directors and KMPs have interests in us other than the reimbursement of expenses incurred (in the ordinary course of business to the nature of their duties in their capacity as Promoters, Directors and Key Managerial Personnel of the Company) and normal remuneration and benefits.

Our Promoters, Directors and KMP may be deemed to be interested to the extent of Equity Shares held by them, their relatives or any entity, directly or indirectly, in our Company, as well as to the extent of any dividends, bonuses or other distributions on such shareholding. Additionally, some of our Key Managerial Personnel may also be regarded as interested to the extent of associate stock options granted by our Company and which may be granted to them from time to time pursuant to the ASOPs, as applicable. For details, see "*Capital Structure*", "*Our Management – Interests of Directors*" and "*Our Management – Interests of Key Managerial Personnel"* on pages 62, 209 and 219 respectively.

38. Our Promoters will be able to exercise significant influence and control over our Company after this Offer and may have interests that are different from those of our other shareholders.

As on the date of this Draft Red Herring Prospectus, our Promoters, Lakshmipathy Deenadayalan, Hema Lakshmipathy, Shritha Lakshmipathy, Matrix and SCI hold 125,684,540 Equity Shares in the aggregate, representing 43.17% of the pre-Offer paid up share capital considered on a fully diluted basis of our Company by virtue of their shareholding, our Promoters will have the ability to exercise significant influence over our Company and our affairs and business, including the election of our Directors, the timing and payment of dividends, the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger, amalgamation or sale of our assets and the approval of most other actions requiring the approval of our Shareholders. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in Equity Shares because they perceive there to be disadvantages in our Promoters holding a significant percentage of our Equity Shares.

39. We may be unable to protect our brand names and other intellectual property rights which are critical to our business.

Our trademark name and logo “FIVE STAR Business Finance Limited” is registered with the Trade Marks Registry of India. There can be no assurance that we will be able to successfully renew the registration in a timely manner or at all. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted. We may also be harmed by the actions of or negative press relating to entities which have similar names. Any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business, and dilute or harm our reputation and brand recognition.

While we are not aware of any instances of infringement of our brand names or intellectual property rights as of September 30, 2021, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise. Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. Further, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition, results of operations and cash flows. We may also be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using taglines, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third party intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products and services, which may have an adverse effect on our brand, business, prospects, financial condition, results of operations and cash flows. For details in relation to our intellectual property, see “*Our Business – Intellectual Property*” on page 182.

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

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure, compliance with RBI guidelines on payment of dividends by NBFCs 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 and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, Articles of Association, cash requirements, business prospects and any other financing arrangements, and receipt of requisite corporate authorizations. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. For details, see “*Financial Indebtedness*” on page 338. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time and may be subject to other requirements prescribed by the RBI. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we cannot assure you that we will be able to pay dividends in the future. For further details, see “*Dividend Policy*” on page 229.

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

Certain of our corporate records in relation to certain allotments of Equity Shares, namely the Form-2 filed with the Registrar of Companies in relation to each such allotments made by our Company since incorporation until July 31, 2009, along with the relevant attachments including approvals obtained from the statutory authorities, where applicable, and the memorandum of association filed at the time of incorporation of the Company, are not traceable in the historical records maintained by our Company, or at the MCA Portal maintained by the Ministry of Corporate Affairs and the Registrar of Companies, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search.

Accordingly, reliance has been placed on confirmations provided by us in respect of the missing corporate records and appropriate disclosures have been made in this Draft Red Herring Prospectus pursuant to the due diligence of the other relevant corporate records available with our Company including the minutes of meetings of the Board and Shareholders (to the extent available), register of members and register of transfer of equity shares to ascertain the information sought from the missing corporate records.

While no legal proceedings or regulatory action has been initiated against us in relation to the unavailable filings and statutory lapses as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions will not be initiated against us in the future in relation to the missing filings and corporate records. The actual amount of the penalty which may be imposed or loss which may be suffered by us cannot be ascertained at this stage and depends on the circumstances of any potential action which may be brought against us. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation.

42. We are exposed to risks that may arise if our customers opt for balance transfers to other banks or financial institutions.

We offer our customers fixed interest rate loans, the rate for which is determined primarily on the basis of our cost of borrowings, tenor of the loan sought and current market conditions. It is possible that interest rates on loans for some of our customers may be higher than the interest rates on loans being offered to these customers by our competitors. Some such customers may seek to refinance their loans through balance transfer to other banks and financial institutions. While refinancing of loans by other lenders could in certain circumstances be beneficial for our customers, it results in a loss of interest income expected from such loans over the course of their tenure and may cause us to incur increased origination costs. As competition in the small business finance sector intensifies, some of our customers may be able to find balance transfer options at comparably lower interest rates or other financing alternatives which could have an adverse effect on our business, results of operations and financial condition.

43. We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer.

We have exclusively commissioned and paid for the services of an independent third party research agency CRISIL Limited and have relied on the report titled "Industry Report on Small Business Loans in India" for industry-related data in this Draft Red Herring Prospectus, including in the sections "*Offer Document Summary* ", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 12, 106, 156 and 309, respectively. We appointed CRISIL Limited to prepare the CRISIL Report on July 30, 2021. We have no direct or indirect association with CRISIL Limited other than as a consequence of such an engagement. The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL. It also uses certain methodologies for market sizing and forecasting. While we believe such data to be true, we cannot assure you that they are 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.

You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer. See "*Industry Overview*" on page 106. For the disclaimer associated with the CRISIL Report, see "*Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation*" on page 17.

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

Certain non-GAAP measures such as, EBITDA, EBITDA Margin, Average Cost of Borrowing, Gross NPA to AUM, Net NPA to AUM, Net Worth, Return on Equity, Total Borrowings to Total Equity Ratio, AUM to Net Worth and Operating Expenses to Average Total Assets presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its utility as a comparative measure. Although the Non-GAAP measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

45. Negative publicity could damage our reputation and adversely impact our business and financial results.

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

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

46. Our Promoter, Lakshmipathy Deenadayalan, has provided personal guarantees for loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoter, which may impact our Promoter's ability to effectively service his obligations as our Promoter and thereby, adversely impact our business and operations.

As of September 30, 2021, 31.45% of our Total Borrowings are backed by personal guarantees provided by our Promoter, Lakshmipathy Deenadayalan. Any default or failure by us to repay our loans in a timely manner or at all could trigger repayment obligations on the part of our Promoter in respect of such loans. This, in turn, could have an impact on their ability to effectively service their obligations as Promoters of our Company, thereby having an adverse effect on our business, results of operation and financial condition. Further, in the event that our Promoter withdraws or terminates the guarantees, our lenders for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our business prospects, financial condition, results of operations and cash flows.

47. We have 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, we have issued Equity Shares, at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by us in the preceding one year is not indicative of the price at which they will be issued or traded after listing. For details, see "*Capital Structure*" on page 62.

48. The proceeds from this Offer will not be available to us.

As this Offer is a complete Offer for Sale of Equity Shares by the Selling Shareholders (after deducting applicable Offer expenses), the proceeds from the Offer for Sale will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds. For details in relation to the Offer, see "*The Offer*" and "*Objects of the Offer*" on page 48 and 96, respectively.

49. We have certain contingent liabilities that have not been provided for in our financial statements, which, if they materialize, may adversely affect our results of operations, financial condition and cash flows.

As of September 30, 2021, our contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets are as set out in the table below:

Particulars	Amount *(₹ in millions)*
Claims against the Company not acknowledged as debt - Income tax related matters (excluding penalties and interest) - Provident Fund (refer note below) *In light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advice received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability*	0.67

We have not made provisions for the above contingent liabilities, as they are either probable obligations whose existence will be confirmed only by future uncertain events outside the control of our Company, or are present obligations where the outflow of economic resources may not be probable or cannot be measured reliably.

50. Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. Further, certain of our Promoters may also be interested in other companies which are engaged in similar line of business as ours, by virtue of their shareholding in such companies. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows.

Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. For instance, our Directors, Anand Raghavan, Ravishankar Ganapathyagraharam Venkataraman, Bhama Krishnamurthy, Ramanathan Annamalai, Srinivasaraghavan Thiruvallur Thattai, and Vikram Vaidyanathan are directors on the board of certain companies which are in a line of business similar to ours. For further details, see "*Our Management – Interests of Directors*" on page 209. Further, our Promoters, Matrix and SCI are also involved in ventures that are involved in activities similar to those conducted by our Company. For further details, see "*Our Promoters and Promoter Group*" on page 221. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of such entities, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

External Risk Factors

Risks Related to India

51. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Further, the following external risks may have an adverse impact on our business and results of operations, should any of them materialize:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- downgrade of India's sovereign debt rating by an independent agency;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- 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;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- India has experienced epidemics, and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years;

- high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins; and
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

52. Macroeconomic conditions in India could have a material adverse effect on our business, results of operations and financial condition.

We conduct all of our business activities in India, and rely primarily on interest income from loans, income from investments, and fee income (which includes login fees and processing fees) to generate our revenues. These revenue streams have historically been affected by key macroeconomic conditions in India, and are likely to continue being affected by them in the future.

Consumer confidence, consumer spending, unemployment and overall economic growth rates are among the main factors that often impact the demand for credit. Poor economic conditions and regulatory forbearances or relaxations tend to adversely affect our end-customers' ability and willingness to repay the amounts borrowed, thus increasing delinquencies, charge-offs and provisions for credit losses, and decreasing recoveries.

Economic growth in India is influenced by, among other things, inflation, unemployment rates, interest rates, foreign trade and capital flows, as well as the monsoon season. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the RBI. Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass-through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy.

While our results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. These factors could have a material adverse effect on our business, financial condition and results of operations.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition and results of operation. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares.

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

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

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

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

55. The growth rate of India's small business finance industry may not be sustainable.

We expect the small business finance industry in India to continue to grow as a result of anticipated growth in India's economy, increases in household income and demographic changes. In addition, the Government of India is pursuing various schemes and initiatives to create an enabling and supportive environment to enhance the flow of credit to the small business sector in India. Initiatives such as the "*Credit Guarantee Fund Trust Scheme for Micro and Small Enterprises*" scheme have reinforced the flow of credit to the small business finance sector. However, it is not clear how certain trends and events, such as the pace of India's economic growth, the development of domestic capital markets and the on-going reform will affect India's small business finance industry. In addition, there can be no assurance that the Government policies and initiatives for the small business finance industry will continue at the same or expected pace in the future. Consequently, there can be no assurance that the growth and development of India's small business finance industry will be sustainable.

56. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations and prospects and could lead to new compliance requirements that are uncertain.

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

- The Government of India has announced the union budget for Fiscal 2022 and the Finance Act, 2021 has received the President's assent on March 28, 2021. There is no certainty on the impact that the Finance Act, 2021 may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act, 2021 would have an adverse effect on our business, financial condition and results of operations. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

- In India, the Supreme Court, in a judgment delivered on 24 August 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Government of India is considering enactment of Personal Data Protection Bill, 2019 ("Data Protection Bill") for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data and to ensure the accountability of entities processing personal data. The enactment of the Data Protection Bill may introduce stricter data protection norms for a company such as us and may impact our processes.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and 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 application, 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 businesses in the future.

57. Investors may not be able to enforce a judgment of a foreign court against our Company outside India.

Our Company is incorporated under the laws of India. Our Company's assets are located in India and all of our Company's Directors and all of the Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The United Kingdom, Singapore, UAE and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

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

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. 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.

As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. Furthermore, on April 22, 2020, the Ministry of Finance has also made similar amendment to the FEMA Rules. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 385.

59. Significant differences exist between Indian Accounting Standards and other accounting principles, such as Indian Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles and International Financial Reporting Standards, which may be material to investors' assessments of our financial condition, results of operations and cash flows.

The Restated Summary Information included in this Draft Red Herring Prospectus have been derived from our audited financial statements and restated in accordance with SEBI ICDR Regulations and the Guidance Note. There are significant differences between Ind AS, Indian Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles and International Financial Reporting Standards. Our Company does not provide reconciliation of its financial information to International Financial Reporting Standards or United States Generally Accepted Accounting Principles. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the 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, the Companies Act, Ind AS, Indian Generally Accepted Accounting Principles and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

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

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

Risks Related to the Offer

61. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.

The Offer Price of the Equity Shares will be determined by our Company, and the Investor Selling Shareholders, in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 98 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer and may decline below the Offer Price owing to various factors including quarterly variations in our results of operations, results of operations that vary from the expectations of securities analysts and investors and results of operations that vary from those of our competitors. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized 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 a securities transaction tax ("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. Any gain realized on the sale of

Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realized 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 in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is 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 jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax ("DDT") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

Earlier, the Finance Act, 2019, had clarified that in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These provisions have been notified with effect from July 1, 2020.

63. The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations. Further, the Offer may not result in an active trading market for the Equity Shares and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. Consequently, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all, and may as a result lose all or a part of your investment.

Our Equity Shares are expected to trade on the Stock Exchanges after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, or if such trading develops, that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share price could fluctuate significantly because of market volatility. A decrease in the market price of our Equity Shares could cause investors to lose some or all of their investment.

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

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

65. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares and sale of Equity Shares by the Promoter(s) may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoters, Promoter Group or other significant Shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 62, we cannot assure you that our Promoters and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities.

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

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

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

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

SECTION III: INTRODUCTION

THE OFFER

The following table sets forth details of the Offer:

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares*, aggregating to ₹27,519.45 million
of which:	
Offer for Sale(2)	Up to [●] Equity Shares* aggregating up to ₹27,519.45 million
QIB Portion(5)(6)	Not more than [●] Equity Shares* aggregating up to ₹[●] million
of which:	
(i) Anchor Investor Portion	[●] Equity Shares*
(ii) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares*
of which:	
(iii) Mutual Fund Portion	[●] Equity Shares*
(iv) Balance for all QIBs including Mutual Funds	[●] Equity Shares*
Non-Institutional Portion(5)(6)	Not less than [●] Equity Shares* aggregating up to ₹[●] million
Retail Portion(6)	Not less than [●] Equity Shares* aggregating up to ₹[●] million
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Draft Red Herring Prospectus)	290,135,120 Equity Shares*
Equity Shares outstanding after the Offer	[●] Equity Shares*
Use of Net Proceeds of the Offer	See "*Objects of the Offer*" on page 96 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer.

* *Subject to finalisation of the Basis of Allotment.*

(1) *The Offer has been authorised by our Board of Directors pursuant to the resolution passed at their meeting dated September 8, 2021 and November 8, 2021 and by our Shareholders pursuant to the special resolution passed at their extraordinary general meeting dated October 8, 2021.*

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

S. No.	*Selling Shareholder*	*Number of Equity Shares offered in the Offer for Sale*	*Aggregate proceeds from the sale of Equity Shares forming part of the Offer for Sale (in ₹ million)*	*Date of consent letter*	*Date of corporate action / board resolution / power of attorney*
1.	*Matrix Partners India Investment Holdings II, LLC*	*Up to [●] Equity Shares*	*Up to 5,689.19*	*November 8, 2021*	*November 3, 2021*
2.	*SCI Investments V*	*Up to [●] Equity Shares*	*Up to 2,571.02*	*November 8, 2021*	*November 5, 2021*
3.	*Matrix Partners India Investments II Extension, LLC*	*Up to [●] Equity Shares*	*Up to 95.58*	*November 8, 2021*	*November 3, 2021*
4.	*Norwest Venture Partners X - Mauritius*	*Up to [●] Equity Shares*	*Up to 3,856.52*	*November 9, 2021*	*November 5, 2021*
5.	*TPG Asia VII SF Pte. Ltd.*	*Up to [●] Equity Shares*	*Up to 13,497.80*	*November 9, 2021*	*October 20, 2021*
6.	*Deenadayalan Rangasamy*	*Up to [●] Equity Shares*	*Up to 1,419.84*	*November 8, 2021*	-
7.	*Varalakshmi Deenadayalan*	*Up to [●] Equity Shares*	*Up to 389.50*	*November 8, 2021*	-

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

(3) *Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 369.*

(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 at the discretion of our Company, and the Investor Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Offer Structure" on page 367. In case of an undersubscription in the Offer, the Equity Shares proposed for sale by each Selling Shareholder shall be in proportion to the Offered Shares by such Selling Shareholder.*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "*Offer Procedure*" on page 369. For details of the terms of the Offer, see "*Terms of the Offer*" on page 362.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Information for the six months ended September 30, 2021 and September 30, 2020 and financial years ended March 31, 2021, March 31, 2020 and March 31, 2019. 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*" on pages 243 and 309.

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SUMMARY OF RESTATED STATEMENT OF ASSETS AND LIABILITIES

(*₹ in million*)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS					
Financial Assets					
Cash and cash equivalents	8,497.55	7,606.39	12,671.83	2,897.79	2,196.57
Bank Balance other than cash and cash equivalents	4,659.40	5,402.76	885.40	1,613.49	0.69
Loans	46,443.67	38,635.87	43,587.49	38,308.04	20,958.64
Investments	3,236.79	250.60	-	-	-
Other Financial assets	48.62	49.78	47.43	52.47	28.59
	62,886.03	51,945.40	57,192.15	42,871.79	23,184.49
Non-financial Assets					
Current tax assets (Net)	132.89	45.00	79.58	43.55	36.00
Deferred tax assets (Net)	424.97	284.91	369.89	282.30	147.41
Investment property	0.36	0.36	0.36	0.36	0.36
Property, plant and equipment	83.34	95.23	84.56	110.61	74.44
Other intangible assets	15.45	20.37	19.03	19.28	20.18
Right-of-use assets	165.59	146.97	145.26	148.80	117.06
Other non-financial assets	37.12	35.55	45.28	54.85	31.76
	859.72	628.39	743.96	659.75	427.21
TOTAL ASSETS	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70
LIABILITIES AND EQUITY					
LIABILITIES					
Financial Liabilities					
Payables					
Trade Payables					
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	81.84	63.59	86.72	66.24	29.27
Debt Securities	12,145.93	15,042.16	13,037.86	10,788.64	4,335.07
Borrowings (Other than Debt Securities)	16,396.61	15,611.31	21,214.11	12,848.29	5,265.22
Other financial liabilities	192.32	162.47	171.69	156.81	122.30
	28,816.70	30,879.53	34,510.38	23,859.98	9,751.86
Non-Financial Liabilities					
Current tax liabilities (Net)	-	72.28	-	7.48	16.22
Provisions	93.29	85.35	71.98	57.76	37.63
Other non-financial liabilities	302.64	194.11	172.03	160.52	157.14
	395.93	351.74	244.01	225.76	210.99
EQUITY					
Equity Share capital	290.14	256.36	256.45	255.82	239.00
Other Equity	34,242.98	21,086.16	22,925.27	19,189.98	13,409.85
	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
TOTAL LIABILITIES AND EQUITY	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70

SUMMARY OF RESTATED STATEMENT OF PROFIT AND LOSS

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

Particulars	For the six months ended September 30, 2021	For the six months ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations					
Interest Income	5,863.66	4,971.18	10,148.76	7,468.25	3,897.38
Fees income	111.06	50.57	216.76	297.08	132.70
Net gain on fair value changes	132.21	21.20	131.90	101.82	59.00
Total Revenue from operations	6,106.93	5,042.95	10,497.42	7,867.15	4,089.08
Other income	5.46	1.84	15.13	6.32	0.78
Total Income	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Expenses					
Finance costs	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fees expenses	9.60	5.44	26.68	4.25	9.48
Employee benefits expense	1,101.71	719.76	1,637.18	1,271.07	765.34
Depreciation and amortisation	53.66	54.46	113.85	100.68	73.81
Impairment on Financial Instruments	219.34	53.39	351.76	493.42	75.52
Other expenses	201.64	114.10	366.77	341.69	212.60
Total expenses	3,228.31	2,537.41	5,748.15	4,380.46	1,908.82
Profit before tax	2,884.08	2,507.38	4,764.40	3,493.01	2,181.04
Tax expense					
- Current tax	758.75	617.72	1,259.41	1,005.61	697.78
- Deferred tax (net)	(50.14)	(1.67)	(84.95)	(132.11)	(80.88)
Total tax expense	708.61	616.05	1,174.46	873.50	616.90
Profit for the period/year	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss					
Remeasurement of the defined benefit plan	(19.62)	(3.76)	(10.53)	(14.88)	(5.36)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4.94	0.95	2.65	3.74	1.55
Other Comprehensive Income/(deficit) for the period/year, net of income tax	(14.68)	(2.81)	(7.88)	(11.14)	(3.81)
Total Comprehensive Income for the period/year	2,160.79	1,888.52	3,582.06	2,608.37	1,560.33
Earnings per equity share (Face value ₹1 each)					
(a) Basic (in ₹)	7.96	7.39	14.01	10.32	6.88
(b) Diluted (in ₹)	7.85	7.22	13.61	10.07	6.73
	Not annualised	Not annualised	Annualised	Annualised	Annualised

SUMMARY OF RESTATED STATEMENT OF CASH FLOWS

(*₹ in million*)

Particulars	For the six months ended September 30, 2021	For the six months ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities					
Profit before tax	**2,884.08**	**2,507.38**	**4,764.40**	**3,493.01**	**2,181.04**
Adjustments for:					
Depreciation and amortization	53.66	54.46	113.85	100.68	73.81
Provision for impairment on financial instruments and write-offs	219.34	53.39	351.76	493.42	75.52
Loss on sale/retirement of property, plant and equipment (net)	0.03	0.03	0.23	0.08	0.10
Profit on redemption of mutual funds	(132.21)	(21.20)	(131.90)	(101.82)	(59.00)
Interest income on deposits with banks / others	(147.62)	(108.00)	(193.75)	(288.67)	(135.24)
Interest income on government securities	(5.95)	-	-	-	-
Interest on term loans	(5,710.09)	(4,863.18)	(9,955.01)	(7,179.58)	(3,762.14)
Finance costs	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Gain recognised on derecognition of leases	(0.67)	-	(4.23)	(0.66)	(0.59)
Employee stock option expenses	206.21	7.48	150.94	16.80	26.78
Operating cashflow before working capital changes	**(990.86)**	**(779.38)**	**(1,651.80)**	**(1,297.39)**	**(827.65)**
<u>*Changes in Working Capital*</u>					
Adjustments for (Increase) / Decrease in operating assets:					
Term loans	(1,856.40)	(401.58)	(5,597.21)	(17,688.98)	(10,906.35)
Other non- financial assets	7.64	19.31	9.59	(18.26)	(9.39)
Other financial assets	(1.18)	2.67	5.02	(23.87)	(8.22)
Adjustments for Increase / (Decrease) in operating liabilities:					
Trade payables	(4.88)	(2.65)	20.48	36.97	6.64
Provisions	1.69	23.82	3.69	5.26	14.82
Other financial liabilities	(3.17)	4.83	17.49	0.59	(0.11)
Other non financial liabilities	130.61	33.60	11.51	3.37	115.65
Net Cash (used in) operations	**(2,716.55)**	**(1,099.38)**	**(7,181.23)**	**(18,982.31)**	**(11,614.61)**
Finance cost paid	(1,499.93)	(1,486.91)	(3,009.53)	(2,254.33)	(784.35)
Interest income received	5,495.07	4,883.54	9,921.02	7,025.73	3,596.62
Direct taxes paid (net)	(812.08)	(554.38)	(1,302.93)	(1,021.89)	(681.05)
Net cash from / (used in) operating activities (A)	**466.51**	**1,742.87**	**(1,572.67)**	**(15,232.80)**	**(9,483.39)**
Cash flow from investing activities					
Purchase of fixed assets	(17.89)	(13.42)	(32.44)	(97.10)	(58.51)
Proceeds from sale of fixed assets	0.03	0.02	0.10	0.08	1.53
Investment in inter-corporate deposits	(1,000.00)	-	-	-	-
Profit on redemption of mutual funds	131.28	21.20	131.90	101.82	59.00

Particulars	For the six months ended September 30, 2021	For the six months ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Investment in mutual funds (net)	(433.49)	(250.60)	-	-	-
Investment in government securities	(2,796.42)	-	-	-	-
Interest income on deposits with banks / others	83.48	71.66	177.88	266.29	140.03
Movement in bank balances other than cash and cash equivalents	(3,713.94)	(3,752.92)	743.97	(1,590.43)	0.11
Net cash from / (used in) investing activities (B)	**(7,746.95)**	**(3,924.06)**	**1,021.41**	**(1,319.34)**	**142.16**
Cash flow from financing activities					
Proceeds from issue of equity shares	33.69	0.53	0.63	16.83	47.31
Proceeds from securities premium (net off utilisation)	8,950.72	0.17	2.28	3,152.53	6,095.21
Fresh borrowings during the period/ year	-	10,315.31	23,617.90	17,816.63	6,364.00
Repayments of borrowings (including processing fee)	(5,851.86)	(3,402.12)	(13,245.25)	(3,695.02)	(2,254.61)
Payment towards leases (excluding interest)	(26.39)	(24.10)	(50.26)	(37.61)	(27.90)
Net cash from financing activities (C)	**3,106.16**	**6,889.79**	**10,325.30**	**17,253.36**	**10,224.01**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(4,174.28)**	**4,708.60**	**9,774.04**	**701.22**	**882.78**
Cash and cash equivalents at the beginning of the period/ year	**12,671.83**	**2,897.79**	**2,897.79**	**2,196.57**	**1,313.79**
Cash and cash equivalents at the end of the period/year	**8,497.55**	**7,606.39**	**12,671.83**	**2,897.79**	**2,196.57**

GENERAL INFORMATION

Our Company was incorporated as Five-Star Business Credits Private Limited at Chennai, Tamil Nadu as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 7, 1984, issued by the RoC. Our Company was converted from a private limited company to a public limited company pursuant to board resolution dated September 7, 1988 and special resolution passed by the Shareholders at the EGM dated October 3, 1988. Consequently, the name of our Company was changed from 'Five-Star Business Credits Private Limited' to 'Five-Star Business Credits Limited' and the certificate of incorporation was amended on October 3, 1988. The name of our Company was subsequently changed to 'Five-Star Business Finance Limited' pursuant to board resolution dated March 25, 2015 and special resolution passed by our Shareholders at the EGM held on April 12, 2016, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on May 13, 2016. For further details see, "*History and Certain Corporate Matters*" on page 196. Our Company is registered with the RBI to carry on the business of non-banking financial institution without accepting public deposits (certificate of registration no. B-07.00286). For details, see "*Government and Other Approvals*" beginning on page 345.

Registered and Corporate Office

Five-Star Business Finance Limited
New No. 27, Old No. 4
Taylor's Road, Kilpauk
Chennai 600 010
Tamil Nadu, India
Registration No.: 010844

Corporate Identity Number: U65991TN1984PLC010844

Address of the RoC

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

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

Board of Directors

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

Name	Designation	DIN	Address
Lakshmipathy Deenadayalan	Chairman & Managing Director	01723269	No. 39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk, Chennai 600 010, Tamil Nadu, India
Anand Raghavan	Independent Director	00243485	22/1, Warren Road, Mylapore, Chennai 600 004, Tamil Nadu, India
Srinivasaraghavan Thiruvallur Thattai	Independent Director	00018247	New No. 9, Old No. 5, III Street Kasturi Estates, Chennai 600 086, Tamil Nadu, India
Bhama Krishnamurthy	Independent Director	02196839	401, Fourth Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India
Ramanathan Annamalai	Independent Director	02645247	Plot No. 28, 18th Street, Tansi Nagar, Velachery, Chennai 600 042, Tamil Nadu, India
Ravishankar Ganapathyagraharam Venkataraman	Non-Executive Director*	02604007	Villa Gw09, 77 East, 77 Town Centre Yemlur Main Road, Marathahalli Colony, Bangalore 560 037, Karnataka, India
Vikram Vaidyanathan	Non-Executive Director**	06764019	GW 45, Divyasree 77, East Yemalur Main Road, Yemalur, Bangaluru 560 037, Karnataka, India
Thirulokchand Vasan	Non-Executive Director	07679930	1/143/1C, Thilak Street, Paneer Nagar, Mogappair East, Tiruvallur 600 037, Tamil Nadu, India

** As a nominee of SCI Investments V*
*** As a nominee of Matrix Partners India Investment Holdings II, LLC*

For further details of our Board, see "*Our Management*" on page 204.

Company Secretary and Compliance Officer

Shalini Baskaran
New No. 27, Old No. 4

Taylor's Road, Kilpauk
Chennai 600 010
Tamil Nadu, India
Tel: +91 44 4610 6260
E-mail: cs@fivestargroup.in

Investor Grievances

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

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

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

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed electronically with SEBI on SEBI's online portal and emailed to 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" and has also been uploaded on the platform provided by SEBI at https://siportal.sebi.gov.in, in accordance with Regulation 25(8) of the SEBI ICDR Regulations and the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 shall be filed with the RoC and a copy of the Prospectus shall be delivered for filing under Section 26 of the Companies Act, 2013 to the RoC situated at Registrar of Companies, Chennai at Tamil Nadu, Block No.6, B Wing, 2nd Floor, Shastri Bhawan, 26, Haddows Road, Chennai 600 034, Tamil Nadu, India and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Running Lead Managers

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

Edelweiss Financial Services Limited
6th Floor, Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: fivestar.ipo@edelweissfin.com
Investor grievance e-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact person: Dhruv Bhavsar
SEBI Registration No.: INM0000010650

Kotak Mahindra Capital Company Limited
27 BKC, 1st Floor, Plot No. C – 27
"G" Block, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 4336 0000

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: fivestaripo@nomura.com

E-mail: five-starbusinessfinance.ipo@kotak.com
Investor grievance e-mail: kmccredressal@kotak.com
Website: https://investmentbank.kotak.com/
Contact person: Ganesh Rane
SEBI Registration No: INM000008704

Investor grievance e-mail: investorgrievances-in@nomura.com
Website: www.nomuraholdings.com/company/group/asia/india/index.html
Contact person: Vishal Kanjani / Sandeep Baid
SEBI Registration No: INM000011419

Transaction Advisor to the Company and the Individual Promoters

Spark Capital Advisors (India) Private Limited
'Reflections', New No. 2
Leith Castle Center Street
Santhome High Road,
Chennai 600 028
Tamil Nadu, India
Tel: +91 44 4344 0000

Syndicate Members

[●]

Legal Counsel to the Company as to Indian Law

Cyril Amarchand Mangaldas
3rd Floor, Prestige Falcon Towers
19, Brunton Road
Bengaluru 560 025, Karnataka
India
Tel: +91 80 6792 2000

Legal Counsel to the BRLMs as to Indian Law

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

International Legal Counsel to the BRLMs

Sidley Austin LLP
Level 31, Six Battery Road
Singapore 049 909
Tel: +65 6230 3900

Legal Counsel to the Corporate Promoters

Khaitan & Co.
3rd floor, Embassy Quest
45/1, Magrath Road, Richmond Town
Bengaluru 560025, Karnataka
Tel.: +91 80 4339 7000

Legal Counsel to TPG Asia VII SF Pte. Ltd., and Norwest Venture Partners X - Mauritius as to Indian Law

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

Legal Counsel to Individual Selling Shareholders
Pawan Jhabakh
No.115, 1st Floor
Luz Church Road
Mylapore, Chennai 600 004
Tamil Nadu, India
Telephone: +91 9176663600 / 044 2538 8758

Statutory Auditors to our Company

B S R & Co. LLP
KRM Tower
No. 1, Harrington Road, Chetpet
Chennai 600 031
Tamil Nadu, India
Tel: +91 44 4608 3100
Email: kraghuram@bsraffiliates.com
Firm registration number: 101248W/W-100022
Peer review number: 011748

Changes in auditors

There have been no changes in our statutory auditors during the last three years preceding the date of this Draft Red Herring Prospectus.

Registrar to the Offer

KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Selenium, Tower B
Plot No- 31 and 32, Financial District
Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032
Telangana, India
Tel: +91 40 6716 2222
E-mail: sbfl.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Bankers to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Bank(s)

[●]

Sponsor Bank

[●]

Bankers to the Company

Yes Bank Limited
7th Floor, Lancor Westminister
108, Dr R K Salai, Chennai 600 004
Tamil Nadu, India
Tel: +91 62 8219 2593
Email: abin.paul2@yesbank.in
Website: www.yesbank.in
Contact Person: Abin Paul

DCB Bank Limited
No. 6, Rajaji Road
Nungambakkam, Chennai 600 034
Tamil Nadu, India
Tel: +91 44 4050 0355
Email: muralik@dcbbank.com
Website: www.dcbbank.com
Contact Person: K. Murali

Indusind Bank Limited
G N Chetty Road Office,
New No. 34, (Old No. 115-116)
G.N. Chetty Road, T. Nagar
Chennai 600 017
Tamil Nadu, India
Tel: +91 44 2834 6300, +91 91769 25311
Email: parthiban.velusamy@indusind.com
Website: www.indusind.com
Contact Person: Parthiban Velusamy

RBL Bank Limited
One World Center, Tower 2B
6th Floor, 841, Senapati Bapat Marg
Lower Parel (W)
Mumbai 400 013
Tel: +91 22 4302 0600
Email: atish.mulay@rblbank.com
Website: www.rblbank.com
Contact Person: Atish Mulay

State Bank of India Limited
No. 86, Rajaji Salai
Chennai 600 001
Tel: +91 44 2525 5731
Email: rm3.04804@sbi.co.in
Website: www.sbi.co.in
Contact Person: CM & Relationship Manager - III

Designated Intermediaries

Self-Certified Syndicate Banks

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

SCSBs enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https:// www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

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

Registered Brokers

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

Registrar and Share Transfer Agents

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

Collecting Depository Participants

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

Experts

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

Our Company has received written consent dated November 9, 2021 from B S R & Co. LLP, Chartered Accountants to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated November 8, 2021, on our Restated Financial Information; and (ii) their report dated November 9, 2021 on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated November 9, 2021 from R P S V & Co., Chartered Accountants, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

As the Offer is an offer for sale of Equity Shares, our Company is not required to appoint a monitoring agency for this Offer.

Appraising Entity

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no appraising entity has been appointed for the Offer.

Credit Rating

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

IPO Grading

As the Offer is an offer for sale of Equity Shares, no credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Debenture Trustees

As the Offer is an offer for sale of Equity Shares, the appointment of debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Inter-se allocation of responsibilities

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

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and	I-Sec, Edel, Nomura, Kotak	I-Sec

S. No.	Activity	Responsibility	Coordinator
	completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing		
2.	Drafting and approval of all statutory advertisement	I-Sec, Edel, Nomura, Kotak	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	I-Sec, Edel, Nomura, Kotak	Kotak
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency and printer, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Edel, Nomura, Kotak	I-Sec
5.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Edel, Nomura, Kotak	Kotak
6.	International institutional marketing of the Offer, which will cover, *inter alia*: • Marketing strategy; • Preparation of road show presentation and frequently asked questions • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	I-Sec, Edel, Nomura, Kotak	Nomura
7.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule	I-Sec, Edel, Nomura, Kotak	I-Sec
8.	Conduct non-institutional marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing and public relations strategy; • Formulating strategies for marketing to Non-Institutional Investors	I-Sec, Edel, Nomura, Kotak	Kotak
9.	Retail marketing of the Offer, which will cover, *inter alia,* • Finalising media, marketing and public relations strategy including list of frequently asked questions at retail road shows; • Finalising centres for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres	I-Sec, Edel, Nomura, Kotak	Edel
10.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	I-Sec, Edel, Nomura, Kotak	Edel
11.	Managing the book and finalization of pricing in consultation with the Company	I-Sec, Edel, Nomura, Kotak	Nomura
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	I-Sec, Edel, Nomura, Kotak	Edel

Book Building Process

Book Building Process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band, and minimum Bid Lot size will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company and the Investor 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 RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders 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 (subject to the Bid Amount being up to ₹200,000) can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis. Except for Allocation to RIBs and the Anchor Investors, allocation in the Offer will be on a proportionate basis.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 367 and 369, respectively.

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

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

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

Explanation of Book Building and Price Discovery Process

For an explanation of the Book Building Process and the price discovery process, see "*Offer Procedure"* on page 369.

Underwriting Agreement

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Offer. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

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

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

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

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

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

CAPITAL STRUCTURE

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

(in ₹, except share data or as stated otherwise)

		Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORISED SHARE CAPITAL**(1)		
	550,000,000 Equity Shares	550,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	290,135,120 Equity Shares	290,135,120	[●]
C	**PRESENT OFFER**		
	Offer for Sale of up to [●] Equity Shares (3)	[●]	Up to [●] million
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		22,895,070,000
	After the Offer		[●]

* *To be updated upon finalisation of Offer Price*

(1) For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association in the last 10 years" on page 196.

(2) The Offer has been authorised by our Board of Directors pursuant to the resolution passed at their meeting dated September 8, 2021 and November 8, 2021 and by our Shareholders pursuant to the special resolution passed at their extraordinary general meeting dated October 8, 2021. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 8, 2021. The Selling Shareholders have confirmed and authorised their participation in the Offer for Sale. For further details, see "Other Regulatory and Statutory Disclosures" on page 348.

(3) *The Equity Shares being offered by the Selling Shareholders have been held by the Selling Shareholders for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 348.*

Notes to the Capital Structure

I. Equity share capital history of our Company

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

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of equity shares	Cumulative paid-up equity share capital
May 7, 1984	90	100.00	100.00	Subscription to MoA (1)	Cash	90	9,000
July 16, 1984	1,210	100.00	100.00	Further Issue(2)*	Cash	1,300	130,000
September 20, 1984	450	100.00	100.00	Further Issue(3)*	Cash	1,750	175,000
October 4, 1984	300	100.00	100.00	Further Issue(4)*	Cash	2,050	205,000
November 20, 1984	100	100.00	100.00	Further Issue(5)*	Cash	2,150	215,000
December 18, 1984	100	100.00	100.00	Further Issue(6)*	Cash	2,250	225,000
April 24, 1985	250	100.00	100.00	Further Issue(7)*	Cash	2,500	250,000
March 20, 1986	500	100.00	100.00	Further Issue(8)*	Cash	3,000	300,000
May 14, 1986	200	100.00	100.00	Further Issue(9)*	Cash	3,200	320,000
February 25, 1987	50	100.00	100.00	Further Issue(10)*	Cash	3,250	325,000
April 10, 1987	250	100.00	100.00	Further Issue(11)*	Cash	3,500	350,000
July 15, 1987	250	100.00	100.00	Further Issue(12)*	Cash	3,750	375,000

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of equity shares	Cumulative paid-up equity share capital
June 29, 1988	600	100.00	100.00	Further Issue[13]*	Cash	4,350	435,000
February 1, 1989	3,980	100.00	100.00	Further Issue*	Cash	8,330	833,000
March 8, 1989	1,126	100.00	100.00	Further Issue*	Cash	9,456	945,600
March 31, 1989	3,533	100.00	100.00	Further Issue*	Cash	12,989	1,298,900
November 22, 1989	2,691	100.00	100.00	Further Issue*	Cash	15,680	1,568,000
March 31, 1990	6,535	100.00	100.00	Further Issue*	Cash	22,215	2,221,500
September 7, 1990	2,955	100.00	100.00	Further Issue*	Cash	25,170	2,517,000
October 15, 1990	1,105	100.00	100.00	Further Issue*	Cash	26,275	2,627,500
November 21, 1990	1,175	100.00	100.00	Further Issue*	Cash	27,450	2,745,000
December 12, 1990	535	100.00	100.00	Further Issue*	Cash	27,985	2,798,500
January 12, 1991	740	100.00	100.00	Further Issue*	Cash	28,725	2,872,500
February 20, 1991	670	100.00	100.00	Further Issue*	Cash	29,395	2,939,500
March 15, 1991	485	100.00	100.00	Further Issue*	Cash	29,880	2,988,000
March 30, 1991	930	100.00	100.00	Further Issue*	Cash	30,810	3,081,000
April 17, 1991	460	100.00	100.00	Further Issue*	Cash	31,270	3,127,000
September 4, 1991	865	100.00	100.00	Further Issue*	Cash	32,135	3,213,500
October 1, 1991	720	100.00	100.00	Further Issue*	Cash	32,855	3,285,500
November 7, 1991	1,305	100.00	100.00	Further Issue*	Cash	34,160	3,416,000
December 4, 1991	420	100.00	100.00	Further Issue*	Cash	34,580	3,458,000
January 6, 1992	230	100.00	100.00	Further Issue*	Cash	34,810	3,481,000
February 5, 1992	550	100.00	100.00	Further Issue*	Cash	35,360	3,536,000
March 4, 1992	1,700	100.00	100.00	Further Issue*	Cash	37,060	3,706,000
March 31, 1992	8,930	100.00	100.00	Further Issue*	Cash	45,990	4,599,000
July 29, 1992	Sub-division of equity shares of face value of ₹100 each to equity shares of face value of ₹10 each						
August 12, 1992	14,300	10.00	10.00	Further Issue*	Cash	474,200	4,742,000
October 6, 1992	8,000	10.00	10.00	Further Issue*	Cash	482,200	4,822,000
November 18, 1992	28,000	10.00	10.00	Further Issue*	Cash	510,200	5,102,000
January 13, 1993	32,300	10.00	10.00	Further Issue*	Cash	542,500	5,425,000
February 3, 1993	13,000	10.00	10.00	Further Issue*	Cash	555,500	5,555,000
March 3, 1993	16,600	10.00	10.00	Further Issue*	Cash	5,72,100	5,721,000
March 31, 1993	31,900	10.00	10.00	Further Issue*	Cash	604,000	6,040,000
July 28, 1993	16,000	10.00	10.00	Further Issue*	Cash	620,000	6,200,000
September 15, 1993	19,400	10.00	10.00	Further Issue*	Cash	639,400	6,394,000

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of equity shares	Cumulative paid-up equity share capital
October 6, 1993	6,100	10.00	10.00	Further Issue*	Cash	645,500	6,455,000
November 10, 1993	5,100	10.00	10.00	Further Issue*	Cash	650,600	6,506,000
December 1, 1993	4,400	10.00	10.00	Further Issue*	Cash	655,000	6,550,000
February 9, 1994	17,800	10.00	10.00	Further Issue*	Cash	672,800	6,728,000
March 31, 1994	37,800	10.00	10.00	Further Issue*	Cash	710,600	7,106,000
August 31, 1994	51,100	10.00	10.00	Further Issue*	Cash	761,700	7,617,000
October 19, 1994	24,700	10.00	10.00	Further Issue*	Cash	786,400	7,864,000
November 16, 1994	7,800	10.00	10.00	Further Issue*	Cash	794,200	7,942,000
December 14, 1994	8,400	10.00	10.00	Further Issue*	Cash	802,600	8,026,000
January 11, 1995	28,300	10.00	10.00	Further Issue*	Cash	830,900	8,309,000
March 3, 1995	9,69,100	10.00	10.00	Further Issue*	Cash	1,800,000	18,000,000
March 31, 2001	1,98,500	10.00	10.00	Further Issue*	Cash	1,998,500	19,985,000
June 21, 2002	7,81,800	10.00	10.00	Issuance of equity shares to the shareholders of RKV Finance Limited pursuant to the merger	Share swap	2,780,300	27,803,000
November 30, 2007	26,000	10.00	10.00	Preferential allotment (14)	Cash	2,806,300	28,063,000
March 31, 2008	160,000	10.00	10.00	Preferential allotment(15)	Cash	2,966,300	29,663,000
September 1, 2008	200,000	10.00	10.00	Preferential allotment (16)	Cash	3,166,300	31,663,000
September 30, 2008	280,000	10.00	10.00	Preferential allotment (17)	Cash	3,446,300	34,463,000
November 30, 2008	6,000	10.00	10.00	Preferential allotment(18)	Cash	3,452,300	34,523,000
February 28, 2009	50,000	10.00	10.00	Preferential allotment(19)	Cash	3,502,300	35,023,000
July 31, 2009	1,500	10.00	10.00	Preferential allotment(20)	Cash	3,503,800	35,038,000
June 18, 2010	700,000	10.00	12.50	Rights issue(21)	Cash	4,203,800	42,038,000
July 31, 2010	700,000	10.00	12.50	Preferential allotment(22)	Cash	4,903,800	49,038,000
March 28, 2011	1,577,000	10.00	35.00	Preferential allotment(23)	Cash	6,480,800	64,808,000
July 18, 2011	235,000	10.00	35.00	Preferential allotment (24)	Cash	6,715,800	67,158,000
September 14, 2011	284,200	10.00	35.00	Preferential allotment(25)	Cash	7,000,000	70,000,000
February 21, 2014	2,000,000	10.00	85.00	Preferential allotment(26)	Cash	9,000,000	90,000,000
February 3, 2015	1,200,000	10.00	130.00	Preferential allotment(27)	Cash	10,200,000	102,000,000
September 29, 2015	350,000	10.00	130.00	Preferential allotment(28)	Cash	10,550,000	105,500,000
November 30, 2015	150,000	10.00	130.00	Preferential allotment(29)	Cash	10,700,000	107,000,000

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of equity shares	Cumulative paid-up equity share capital
June 30, 2016	3,565,052	10.00	319.63	Preferential allotment(30)	Cash	14,265,052	142,650,520
June 09, 2017	188,000	10.00	10.00	Exercise of ASOP 2015(31)	Cash	14,453,052	144,530,520
August 18, 2017	4,715,302	10.00	674.40	Preferential allotment(32)	Cash	19,168,354	191,683,540
September 25, 2017	500	10.00	85.00	Exercise of ASOP 2015(33)	Cash	19,168,854	191,688,540
July 24, 2018	8,000	10.00	130.00	Exercise of ASOP 2015(34)	Cash	19,176,854	191,768,540
August 3, 2018	46,86,828	10.00	1,320.72	Preferential allotment(35)	Cash	23,863,682	238,636,820
September 12, 2018	500	10.00	85.00	Exercise of ASOP 2015(36)	Cash	23,864,182	238,641,820
December 12, 2018	1,000	10.00	130.00	Exercise of ASOP2015 (37)	Cash	23,865,182	238,651,820
December 27, 2018	25,000	10.00	10.00	Exercise of ASOP 2015 (38)	Cash	23,890,182	238,901,820
February 8, 2019	1,600	10.00	130.00	Exercise of ASOP 2015 (39)	Cash	23,891,782	238,917,820
February 28, 2019	7,000	10.00	130.00	Exercise of ASOP 2015 (40)	Cash	23,898,782	238,987,820
March 29, 2019	800	10.00	130.00	Exercise of ASOP 2015 (41)	Cash	23,899,582	238,995,820
May 16, 2019	1,400	10.00	130.00	Exercise of ASOP 2015 (42)	Cash	23,900,982	239,009,820
June 28, 2019	200	10.00	130.00	Exercise of ASOP 2015 (43)	Cash	23,901,182	239,011,820
July 11, 2019	50	10.00	130.00	Exercise of ASOP 2015 (44)	Cash	23,901,232	239,012,320
July 22, 2019	1,332,262	10.00	2,364.40	Preferential allotment(45)	Cash	25,233,494	252,334,940
August 8, 2019	1,200	10.00	130.00	Exercise of ASOP 2015 (46)	Cash	25,234,694	252,346,940
September 24, 2019	100	10.00	130.00	Exercise of ASOP 2015 (47)	Cash	25,234,794	252,347,940
September 24, 2019	500	10.00	85.00	Exercise of ASOP 2015 (48)	Cash	25,235,294	252,352,940
December 6, 2019	119,238	10.00	10.00	Exercise of ASOP 2015 (49)	Cash	25,354,532	253,545,320
December 12, 2019	55,762	10.00	10.00	Exercise of ASOP 2015 (50)	Cash	25,410,294	254,102,940
February 25, 2020	750,000	10.00	2,364.40	Issue of partly paid up equity shares - preferential allotment(51)	Cash	26,160,294	254,852,940

Date of allotment of equity shares	Number of equity shares allotted	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of equity shares	Cumulative paid-up equity share capital
March 21, 2020	967,597	10.00	1,037.94	Issue of partly paid up equity shares - Rights issue in the ratio of 7:45[52]	Cash	27,127,891	255,820,537
August 17, 2020	52,000	10.00	10.00	Exercise of ASOP 2015 [53]	Cash	27,179,891	256,340,537
September 30, 2020	1,400	10.00	130.00	Exercise of ASOP 2015 [54]	Cash	27,181,291	256,354,537
October 22, 2020	2,600	10.00	130.00	Exercise of ASOP 2015 [55]	Cash	27,183,891	256,380,537
Issuance of equity shares during the period of one year preceding the date of this Draft Red Herring Prospectus							
November 10, 2020	2,800	10.00	130.00	Exercise of ASOP 2015[56]	Cash	27,186,691	256,408,537
November 30, 2020	1,800	10.00	674.40	Exercise of ASOP 2018 [57]	Cash	27,188,491	256,426,537
December 4, 2020	1,000	10.00	130.00	Exercise of ASOP 2015 [58]	Cash	27,189,491	256,436,537
March 5, 2021	1,250	10.00	130.00	Exercise of ASOP 2015 [59]	Cash	27,190,741	256,449,037
April 26, 2021	1,471,771	10.00	3,518.71	Preferential allotment[60]	Cash	28,662,512	271,166,747
June 18, 2021	200	10.00	130.00	Exercise of ASOP 2015 [61]	Cash	28,662,712	271,168,747
July 23, 2021	2,600	10.00	130.00	Exercise of ASOP 2015 [62]	Cash	28,665,312	271,194,747
August 4, 2021	5,570	10.00	130.00	Exercise of ASOP 2015 [63]	Cash	28,670,882	271,250,447
August 9, 2021	300,000	10.00	3,518.71	Preferential allotment[64]	Cash	28,970,882	274,250,447
August 13, 2021	3,800	10.00	130.00	Exercise of ASOP 2015 [65]	Cash	28,974,682	274,288,447
August 25, 2021	750,000 partly paid up equity shares allotted pursuant to preferential allotment dated February 25, 2020 were made fully paid up. [51]						281,038,447
August 25, 2021	967,597 partly paid up equity shares allotted pursuant to rights issue dated March 21, 2020 were made fully paid up. [52]						289,746,820
August 30, 2021	38,830	10.00	130.00	Exercise of ASOP 2015 [68]	Cash	29,013,512	290,135,120
October 8, 2021	Sub-division of equity shares of face value of ₹10 each to equity shares of face value of ₹1 each. The issued, subscribed and paid-up capital of the Company after the sub-division is ₹290,135,120 comprising of 290,135,120 Equity Shares of face value of ₹1 each						

** Certain corporate and secretarial records of our Company, including the shareholder minutes and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares between the date of incorporation of our Company and July 31, 2009. For further details, see "Risk Factors – Some of our corporate records, including those relating to allotments of our equity shares in the past, are not traceable" on page.* [●]*. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

(1) Allotment of 10 equity shares each to R. Varalakshmi, R. Baskaran, D.Meera, R. Suguna , M.K. Mohan, S.D.V Chandru, K.Dhinakaran, C.Kalavathy, and C.Suguanthi pursuant to subscription to the Memorandum of Association.

(2) Allotment of 240 equity shares to R. Varalakshmi, 240 equity shares to R. Baskaran, 40 equity shares to M.K. Mohan, 30 equity shares to S.D.V. Chandra, 40 equity shares to K. Dhinakaran, 250 equity shares to C. Suganthi, 40 equity shares to R. Suguna, 40 equity shares to C. Kalavathy, 40 equity shares to D. Meera, 50 equity shares to S.D.V. Dinakar and 200 equity shares to M. Geetha.

(3) Allotment of 50 equity shares each to V.K. Ranganathan, A. Chitrarasu, J. Vanitha, Y. Jamuna, S.D.V. Prakash, S.D.V. Nagesh, S.D.V. Jayakumar, D. Saroj and K. Dayalan.

(4) Allotment of 50 equity shares each to C. Appavu Naidu, V.K. Padmanaban, D. Meera, A. Balammal, P. Usha and B.C. Deenadayalan.

(5) Allotment of 50 equity shares each to B.C. Deenadayalan and D. Meera.

(6) Allotment of 50 equity shares each to C. Lakshmi and A. Rani.

(7) Allotment of 250 equity shares to M.K. Ganesh Ram.

(8) Allotment of 250 equity shares to S. Kunjithapatham, 100 equity shares to S. Jothi, 50 equity shares to T. Janardhanan, 50 equity shares to D. Radhakrishnan and 50 equity shares to R. Sreeramulu.

(9) Allotment of 50 equity shares each to T. Vijaya Babu, T. Hemlatha, T. Ganesh Kumar and T.B. Rao.

(10) Allotment of 50 equity shares to T.B. Rao.

(11) Allotment of 250 equity shares to V. Komalavatti.

(12) Allotment of 250 equity shares to L. Krishnan.

(13) Allotment of 50 equity shares to M.K. Ganesh Ram, 50 equity shares to R. Varalakshmi, 50 equity shares to S. Kunjithapatham, 50 equity shares to V.K. Ranganathan, 50 equity shares A. Chitraraju, 50 equity shares to S. Jothi, 50 equity shares to S. Chandru, 20 equity shares to T. Vijaya Babu, 20 equity shares to T. Ganesh Kumar, 10 equity shares to T. Hemalatha, 50 equity shares to L. Krishnan, 50 equity shares to M.K. Mohan, 10 equity shares to K. Dinakaran, 10 equity shares to Y. Jamuna, 10 equity shares to J. Vanitha, 10 equity shares to D.Saroja, 10 equity shares K. Dayalan, 50 equity shares to D. Meera.

(14) Allotment of 15,000 equity shares to R.Jayachandran, 1,000 equity shares to V.Rajaram and 10,000 equity shares to P.Vidhya

(15) Allotment of 18,000 equity shares to Hema Lakshmipathy, 32,000 equity shares to Lakshmipathy Deenadayalan, 2,500 equity shares to Deenadayalan Rangasamy, 10,000 equity shares to J.Sujatha, 2,500 equity shares to Vishnuvardhan Ravi, 2,500 equity shares to Naveen Ravi, 2,500 equity shares to Shivanth Bhaskaran, 2,500 equity shares to Prashanth Bhaskaran, 30,000 equity shares to R. Sugna, 20,000 equity shares to V.K. Ranganathan, 2,500 equity shares to G.R. Lavanya, 2,500 equity shares to Sujitha Ramgopal, 7,500 equity shares to N. Ramkumar, 15,000 equity shares to Swathi Priya and 10,000 equity shares to K.Venkatesan.

(16) Allotment of 200,000 equity shares to D.Gouthaman.

(17) Allotment of 92,000 equity shares to Lakshmipathy Deenadayalan, 138,000 equity shares to Hema Lakshmipathy, and 50,000 equity shares to Varalakshmi Deenadayalan.

(18) Allotment of 2,000 equity shares to V.Balachandran, 2,000 equity shares to B.Sugna and 2,000 equity shares to C.Kavitha.

(19) Allotment of 50,000 equity shares to V.Magesh Raman.

(20) Allotment of 1,500 equity shares to Vidya Sasiraman.,

(21) Allotment of 40 equity shares to Murugappan N, 50 equity shares to Tiruvadanan B.S., 60 equity shares to Gajapathy V, 40 equity shares to Shermistah G, 20 equity shares to Vasantha A, 200 equity shares to Raajaram V, 120 equity shares to Ashoka Pathy G, 20 equity shares to Kanakaraj C, 20 equity shares to Ranji Prakash, 100 equity shares to Padma Haran, 40 equity shares to Venkatramani S, 240 equity shares to Vatchala A, 200 equity shares to Mohan A, 200 equity shares to Lakshmi A, 20 equity shares to Nagarajan D, 50 equity shares to Alwar A.K, 50 equity shares to Prabhakar A.K, 20 equity shares to Pitchandi H, 20 equity shares to Jayashree Sridharan, 20 equity shares to Sridharan R, 26,630 equity shares to Jayachandran R, 60 equity shares to Vasanthi Amma P.R, 40 equity shares to Sujaya C.K, 60 equity shares to Pavithran P.N, 60 equity shares to Krishnamoorthy M, 860 equity shares to Dinakar S.D.V, 200 equity shares to Goutam. D, 500 equity shares to Padmavathy D, 40 equity shares to Saraswathi V, 40 equity shares to Venkattachalam V, 20 equity shares to Asokan P, 40 equity shares to Gnanamoorthy S, 20 equity shares to Dandapani S, 1,080 equity shares to Subha Sankaran, 660 equity shares to Premakumari S, 710 equity shares to B.C Deenadayalan, 260 equity shares to Meera D, 20 equity shares to Jayarajan K, 100 equity shares to Prabha R, 250,000 equity shares jointly to R Anu Anand and Padma Anandan, 20 equity shares to Appadurai T, 60 equity shares to Suriyanarayan B, 20 equity shares to Dandapani S, 40 equity shares to Ramassamy S, 80 equity shares to Nandagopal M.N., 60 equity shares to Vijayalakshmi C, 20 equity shares to Arunkumar K, 40 equity shares to Thenaruvi V, 40 equity shares to Kuppusamy A, 80 equity shares to Nedumaran K, 1,400 equity shares to Nedunchezihian R.C., 1,000 equity shares to Chandra Nedunchezian, 20 equity shares to Radhakrishnan R, 4,790 equity shares jointly to R Anu Anand and Padma Anandan, 100 equity shares to Viswanathan S, 20 equity shares to Ambujam V, 20 equity shares to Viswanathan S, 80 equity shares to Nandakumar K, 40 equity shares to Kalyanakrishnan V, 20 equity shares to Lakshminarayanan B, 7,200 equity shares to Deenadayalan Rangasamy, 96,220 equity shares to Varalakshmi Deenadayalan,, 40 equity shares to Sathish Kumar. P, 40 equity shares to Selvaraj C, 296,500 equity shares jointly to R Anu Anand and Padma Anandan, 9,060 equity shares to Lakshmipathy Deenadayalan and 60 equity shares to Somasundaram A. R.

(22) Allotment of 700,000 equity shares jointly to Deepthi Anand and Padma Anandan.

(23) Allotment of 1,050,000 equity shares jointly to V P Nandakumar and Sushama Nanadakumar, 457,000 equity shares to Lakshmipathy Deenadayalan and 70,000 equity shares jointly to Varalakshmi Deenadayalan and Lakshmipathy Deenadayalan.

(24) Allotment of 65,000 equity shares jointly to M.Anandan and Anu Anandan, 110,000 equity shares to Lakshmipathy Deenadayalan, 50,000 equity shares jointly to Hema Lakshmipathy and Lakshmipathy Deenadayalan and 10,000 equity shares jointly to Varalakshmi Deenadayalan and Lakshmipathy Deenadayalan.

(25) Allotment of 15,000 equity shares jointly to Hema Lakshmipathy and Lakshmipathy Deenadayalan, 204,200 equity shares to Lakshmipathy Deenadayalan and 65,000 equity shares jointly to M Anandan and Anu Anand.

(26) *Allotment of 2,000,000 equity shares to Matrix Partners India Investment Holdings II, LLC.*

(27) *Allotment of 1,200,000 equity shares to Matrix Partners India Investment Holdings II LLC.*

(28) *Allotment of 350,000 equity shares to Lakshmipathy Deenadayalan.*

(29) *Allotment of 150,000 equity shares to Lakshmipathy Deenadayalan.*

(30) *Allotment of 3,565,052 equity shares to NHPEA Chocolate Holding B.V.*

(31) *Allotment of 128,000 equity shares to Rangarajan Krishnan, 40,000 equity shares to Srikanth* Gopalakrishnan*, 10,000 equity shares to S M Seshadri and 10,000 equity shares to K Arun Kumar.*

(32) *Allotment of 1,890,569 equity shares to Norwest Venture Partners X – Mauritius, 1,890,569 equity shares to SCI Investments V, 904,508 equity shares to NHPEA Chocolate Holding B.V., 20,759 equity shares to Matrix Partners India Investment Holdings II, LLC and 8,897 equity shares to Matrix Partners Indian Investment II Extension, LLC.*

(33) *Allotment of 500 equity shares to R M Veerappan.*

(34) *Allotment of 8,000 equity shares to J Vishnuram.*

(35) *Allotment of 2,884,784 equity shares to TPG Asia VII SF Pte. Ltd., 567,871 equity shares to Norwest Venture Partners X- Mauritius, 567,871 equity shares to SCI Investments V and 666,302 equity shares to NHPEA Chocolate Holdings B.V.*

(36) *Allotment of 500 equity shares to R M Veerappan.*

(37) *Allotment of 1,000 equity shares to S Prashanth.*

(38) *Allotment of 25,000 equity shares to Srikanth* Gopalakrishnan.

(39) *Allotment of 1,000 equity shares to S M Seshathri and 600 equity shares to K Arunkumar.*

(40) *Allotment of 7,000 equity shares to S Parthsarathy.*

(41) *Allotment of 800 equity shares to Venkatesh Badrinarayanan.*

(42) *Allotment of 1,400 equity shares to Mahesh Gourishetty.*

(43) *Allotment of 200 equity shares to Venkatesh Badrinarayanan.*

(44) *Allotment of 50 equity shares to C Vishnu Prasad.*

(45) *Allotment of 1,332,262 equity shares to TPG Asia VII SF Pte. Ltd.*

(46) *Allotment of 1,200 equity shares to S Prashanth.*

(47) *Allotment of 100 equity shares to J Vishnuram.*

(48) *Allotment of 500 equity shares to R M Veerappan.*

(49) *Allotment of 100,000 equity shares to Rangarajan Krishnan and 19,238 equity shares to Srikanth* Gopalakrishnan.

(50) *Allotment of 50,000 equity shares to Rangarajan Krishnan and 5,762 equity shares to Srikanth* Gopalakrishnan.

(51) *Allotment of 725,000 equity shares, to Lakshmipathy Deenadayalan, 12,500 equity shares to Rangarajan Krishnan, 7,500 equity shares to Srikanth* Gopalakrishnan *and 5,000 equity shares to J Vishnuram. Such shares were partly paid and ₹1 per equity share was paid at the time of allotment of such equity shares, which were issued at an issue price of ₹2,364.40 ("Partly Paid-up Shares"). The Partly Paid-up Shares were made fully paid up on August 25, 2021, for the first and final call for the balance amount of ₹2,354.40 per equity share of face value of ₹10 each being made on the Partly Paid-up Shares.*

(52) *Allotment of 800,000 equity shares, to Lakshmipathy Deenadayalan, 51,522 equity shares to Rangarajan Krishnan, 37,284 equity shares to Srikanth* Gopalakrishnan*, 28,588 equity shares to R Jayachandran, 14,239 equity shares to J Vishnuram, 10,455 equity shares to Suguna R, 5,444 equity shares to V Magesh Raman, 3,500 equity shares to Ramkumar Nammalvar, 2,224 equity shares to Vidya P, 2,023 equity shares to Nikhil Jain, 1,960 equity shares to MAA Annamalai, 1,882 equity shares to Divya P, 1,556 equity shares to Vijayasarathy, 1,556 equity shares toVenkatesan K, 856 equity shares to D P Jayakumar, 507 equity shares to Bogapathy Chakrapani Deenadayalan, 500 equity shares to G Bhaskaran, 389 equity shares to Gopalakrishnan Sridhar, 389 equity shares to Vijayakumari, 234 equity shares to Shreyans Jain, 224 equity shares to A Vatchala, 187 equity shares to Mohan Adikesavalu, 187 equity shares to Adikesavalu Lakshmi, 173 equity shares to A Meyyappan, 171 equity shares to Sekar T Kuchelar, 171 equity shares to C Rajendra Raju, 171 equity shares to JL Property Holdings Private Limited, 156 equity shares to Bharatkumar C Jain, 93 equity shares to Ashok Kumar, 87 equity shares to Meera Deenadayalan, 78 equity shares to Meenakumari K R, 78 equity shares to K R Shakuntala, 78 equity shares to Venugopla Shanthi, 78 equity shares to S Mathiyalagan, 62 equity shares to P Jagannadham, 56 equity shares to Vasanthiamma P R, 50 equity shares to Lakshmi V, 47 equity shares to V Aridhasan, 37 equity shares to Santosh D Surana, 31 equity shares to Saraswathy Mohan, 31 equity shares to Santosh Menon, 31 equity shares to Meenakshi, 31 equity shares to Parthasarathy Karunakaran, 31 equity shares to Raj Prakash Govindarajan, 19 equity shares to Dhanush D Surana, 19 equity shares to Suraj Kanwar, 16 equity shares to M Yashotha, 16 equity shares to Usha S, 16 equity shares to R Dillibabu, 16 equity shares to D Jaganaathan, 16 equity shares to Ramakrishnan D, 16 equity shares to K Vasundaradevi and 16 equity shares to C.G Venkatesan. Such shares were partly paid and ₹1 per equity share was paid at the time of allotment of such equity shares, which were issued at an issue price of ₹1,037.94*

("Partly Paid-up Shares"). The Partly Paid-up Shares were made fully paid up on August 25, 2021, for the first and final call for the balance amount of ₹1,027.94 per equity share of face value of ₹10 each being made on the Partly Paid-up Shares.

(53) *Allotment of 42,000 equity shares to Rangarajan Krishnan and 10,000 equity shares to Srikanth* Gopalakrishnan.

(54) *Allotment of 1,400 equity shares to Mahesh Gourishetty.*

(55) *Allotment of 1,000 equity shares to Venkatesh Badrinarayanan, 1,000 equity shares to S M Seshathri and 600 equity shares to K Arunkumar.*

(56) *Allotment of 1,200 equity shares to S Prashanth, 1,000 equity shares to S M Seshathri and 600 equity shares to K Arunkumar.*

(57) *Allotment of 1,800 equity shares to Sanjay Chaturvedi.*

(58) *Allotment of 1,000 equity shares to T Sathya Ganesh,*

(59) *Allotment of 800 equity shares to Venkatesh Badrinarayanan and 450 equity shares to Vishnu Prasad.*

(60) *Allotment of 1,015,729 equity shares to Sequoia Capital Global Growth Fund III- Endurance Partners L.P., 26,741 equity shares to Norwest Venture Partners X- Mauritius, 145,104 equity shares to Sirius II Pte. Ltd. and 284, 197 equity shares to TVS Shriram Growth Fund 3.*

(61) *Allotment of 200 equity shares to Venkatesh Badrinarayanan.*

(62) *Allotment of 1,400 equity shares to Mahesh Gourishetty and 1,200 equity shares to S Prashanth.*

(63) *Allotment of 5,570 equity shares to S Parthasarathy.*

(64) *Allotment of 300,000 equity shares to Lakshmipathy Deenadayalan.*

(65) *Allotment of 3,800 equity shares to C Vishnu Prasad.*

(66) *Allotment of 8,430 equity shares to S Parthasarathy, 6,500 equity shares to C Vishnu Prasad and 23,900 equity shares to J Vishnuram.*

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

2. **Equity Shares issued for consideration other than cash or out of revaluation reserves**

Except as disclosed in the equity share capital history of our Company in relation to the allotment by our Company in lieu of shares of RKV Finance Limited, our Company has not issued any Equity Shares for consideration other than cash or out of revaluation of reserves since its incorporation. For further details, see "- *Equity share capital history of our Company*" on page 62.

3. **Offer of Equity Shares pursuant to schemes of arrangement**

Except as disclosed in the equity share capital history of our Company in relation to the allotment by our Company in lieu of shares of RKV Finance Limited, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013. For further details, see "- *Equity share capital history of our Company*" on page 62.

4. **Equity Shares issued in the preceding one year below the Offer Price**

Except as disclosed in the equity share capital history of our Company, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during the last one year preceding the date of this Draft Red Herring Prospectus. For further details, see "- *Equity share capital history of our Company*" on page 62.

5. **History of the Equity Share capital held by our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters hold in aggregate 125,684,540 Equity Shares, constituting 43.17 % of the issued, subscribed and paid-up Equity Share capital of our Company, after considering vested options. The details regarding our Promoters' shareholding is set forth below.

a) **Build-up of our Promoter's Equity shareholding in our Company**

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

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
Lakshmipathy Deenadayalan							
March 22,	Transfer from K.	1,000	Cash	10.00	10.00	Negligible	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
1999	Premavathy						
September 20, 2000	Transfer from G Pushpa & G Madhusudhanan	1,100	Cash	10.00	9.80	Negligible	[●]
September 20, 2000	Transfer from N Mythili & N Rosi Naidu	1,000	Cash	10.00	9.80	Negligible	[●]
September 20, 2000	Transfer from M/s RKV Finance Limited	32,600	Cash	10.00	5.00	0.11	[●]
March 21, 2001	Transfer from M/s RKV Finance Limited	16,000	Cash	10.00	5.00	0.05	[●]
March 31, 2001	Preferential allotment#	50,000	Cash	10.00	10.00	0.17	[●]
July 23, 2001	Transfer from M/s Sukam Enterprises	40,000	Cash	10.00	5.00	0.14	[●]
June 21, 2002	Preferential allotment #	163,500	Cash	10.00	10.00	0.56	[●]
June 21, 2002	Transfer from Kumari Anitha Krishnan jointly held with A Ravindran	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from R Balaraman	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from A Govinda Rao jointly held with N Mukhta	300	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from K Sankaran	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from T C Parai	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from K Jayanthi	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from M Gopalakrishna Chetty jointly held with M Sudhamani	100	Cash	10.00	5.00	Negligible	[●]
June 21, 2002	Transfer from M Gopalakrishna Chetty jointly held with M Sudhamani	100	Cash	10.00	5.00	Negligible	[●]
June 21, 2002	Transfer from K Janardhanan	150	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from K J Vijayakumar	100	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from N Ramasamy	500	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from R Manoharan	200	Cash	10.00	7.50	Negligible	[●]
June 21, 2002	Transfer from T T Arivuchelvi	100	Cash	10.00	7.50	Negligible	[●]
December 30, 2002	Transfer from J Natarajan	100	Cash	10.00	7.50	Negligible	[●]
December 30, 2002	Transfer from P Damodaran	100	Cash	10.00	7.50	Negligible	[●]
December 30, 2002	Transfer from V Gajendran	300	Cash	10.00	7.50	Negligible	[●]
December 30, 2002	Transfer from A Rathinam	100	Cash	10.00	7.50	Negligible	[●]
December 30, 2002	Transfer from Rajamannar G	100	Cash	10.00	7.50	Negligible	[●]
March 26, 2003	Transfer from P Usha	12,000	Cash	10.00	1.00	0.04	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
March 26, 2003	Transfer from V K Padmanabhan	8,000	Cash	10.00	1.00	0.03	[●]
September 12, 2003	Transfer from B Masilamani	500	Cash	10.00	7.50	Negligible	[●]
March 22, 2004	Transfer from M/s Sukam Enterprises	17,500	Cash	10.00	10.00	0.06	[●]
September 6, 2006	Transfer from M. Kanagawalli	700	Cash	10.00	10.00	Negligible	[●]
April 18, 2007	Transfer from R Sudhakar	100	Cash	10.00	10.00	Negligible	[●]
September 3, 2007	Transfer from C. Sukumar	50,000	Cash	10.00	10.00	0.17	[●]
September 3, 2007	Transfer from A S P Ayyar	17,400	Cash	10.00	10.00	0.06	[●]
September 3, 2007	Transfer from B Ravi	10,000	Cash	10.00	10.00	0.03	[●]
September 3, 2007	Transfer from M/s Sukam Financial Services	20,400	Cash	10.00	10.00	0.07	[●]
November 30, 2007	Transfer from R Devi	125,550	Cash	10.00	10.00	0.43	[●]
November 30, 2007	Transfer from D Ramakrishnan	71,100	Cash	10.00	10.00	0.24	[●]
March 31, 2008	Preferential allotment	32,000	Cash	10.00	10.00	0.11	[●]
September 30, 2008	Preferential allotment	92,000	Cash	10.00	10.00	0.32	[●]
August 10, 2009	Transfer from S Soundari jointly held with G R Sundararajan	45,000	Cash	10.00	10.00	0.15	[●]
August 10, 2009	Transfer from G R Sundararajan jointly held with S Soundari	45,000	Cash	10.00	10.00	0.15	[●]
November 2, 2009	Transfer from D Srinivasan	700	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from D Kavidha	150	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from S Dhanasree	500	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from R Sridhar	500	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from S Jayakodi	300	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from N Vijayakumar	100	Cash	10.00	10.00	Negligible	[●]
November 2, 2009	Transfer from B Sudha	13,600	Cash	10.00	10.00	0.05	[●]
November 2, 2009	Transfer from K Boopathi	10,000	Cash	10.00	10.00	0.03	[●]
January 25, 2010	Transfer from T Kasthuri	100	Cash	10.00	11.50	Negligible	[●]
January 25, 2010	Transfer from V Ganesan	100	Cash	10.00	11.50	Negligible	[●]
January 25, 2010	Transfer from Subramanian	100	Cash	10.00	11.50	Negligible	[●]
January 25, 2010	Transfer from S Vijayalakshmi	100	Cash	10.00	11.50	Negligible	[●]
January 25, 2010	Transfer from Gouthaman D	200,000	Cash	10.00	10.00	0.69	[●]
January 25, 2010	Transfer from D Kothai	30,000	Cash	10.00	10.00	0.10	[●]
January 25, 2010	Transfer from C R Shreenivas	400	Cash	10.00	11.50	Negligible	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
June 18, 2010	Rights issue	9,060	Cash	10.00	12.50	0.03	[●]
June 18, 2010	Transfer from K Gajendran	300	Cash	10.00	12.50	Negligible	[●]
June 18, 2010	Transfer to Deenadayalan Rangasamy	(120,000)	Cash	10.00	10.00	(0.41)	[●]
December 10, 2010	Transfer from S Rathana	100	Cash	10.00	12.50	Negligible	[●]
April 9, 2011	Transfer from Ramesh T Lalwani jointly held with Sajni R Lalwani	500	Cash	10.00	35.00	Negligible	[●]
April 9, 2011	Transfer from S Sudarshan	600	Cash	10.00	35.00	Negligible	[●]
March 28, 2011	Preferential allotment	457,000	Cash	10.00	35.00	1.57	[●]
May 6, 2011	Transfer from P Packiasamy	500	Cash	10.00	35.00	Negligible	[●]
July 18, 2011	Preferential allotment	110,000	Cash	10.00	35.00	0.38	[●]
August 18, 2011	Transfer from B Vijayavaradhan	1,100	Cash	10.00	35.00	Negligible	[●]
August 18, 2011	Transfer from Revathy Chandramohan	600	Cash	10.00	35.00	Negligible	[●]
August 18, 2011	Transfer from A Umapathy & U Manimekalai	2,500	Cash	10.00	35.0	0.01	[●]
August 18, 2011	Transfer from K Dhanalakshmi	2,500	Cash	10.00	35.00	0.01	[●]
August 18, 2011	Transfer from Sulochana Venkatesan	2,500	Cash	10.00	35.00	0.01	[●]
September 14, 2011	Preferential allotment	204,200	Cash	10.00	35.00	0.70	[●]
December 5, 2011	Transfer from Selina Venkatesan	750	Cash	10.00	35.00	Negligible	[●]
December 5, 2011	Transfer from Subha Sankaran	1,180	Cash	10.00	35.00	Negligible	[●]
December 5, 2011	Transfer from R Sankaran	300	Cash	10.00	35.00	Negligible	[●]
December 5, 2011	Transfer from C A Narasimhan	1,200	Cash	10.00	35.00	Negligible	[●]
December 5, 2011	Transfer from N Maragatham	1,100	Cash	10.00	35.00	Negligible	[●]
June 1, 2012	Transfer from K Saraswathi	1,000	Cash	10.00	35.00	Negligible	[●]
November 5, 2012	Transfer from P Manohar	300	Cash	10.00	35.00	Negligible	[●]
November 5, 2012	Transfer from R Mathanagopal	1,000	Cash	10.00	35.00	Negligible	[●]
November 5, 2012	Transfer from S D V Thilakavathy	2,500	Cash	10.00	35.00	0.01	[●]
January 17, 2013	Transfer from R Geetha	500	Cash	10.00	35.00	Negligible	[●]
March 5, 2013	Transfer from M Uma	300	Cash	10.00	35.00	Negligible	[●]
March 5, 2013	Transfer from Ethirasammal	300	Cash	10.00	35.00	Negligible	[●]
March 5, 2013	Transfer from S R Shridevi	2,500	Cash	10.00	35.00	0.01	[●]
September 3, 2014	Transfer from Veeralakshmi Vasantha	1,600	Cash	10.00	75.00	0.01	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
September 3, 2014	Transfer from C Prabhakar	300	Cash	10.00	75.00	Negligible	[●]
September 30, 2014	Transfer from S Gokulakrishnan	100	Cash	10.00	75.00	Negligible	[●]
September 30, 2014	Transfer from S Meera	100	Cash	10.00	75.00	Negligible	[●]
February 28, 2015	Transfer from M Anandan	136,790	Cash	10.00	84.50	0.47	[●]
February 28, 2015	Transfer from D Goutham	1,200	Cash	10.00	100.00	Negligible	[●]
March 18, 2015	Transfer from T V Prema	500	Cash	10.00	100.00	Negligible	[●]
March 18, 2015	Transfer from C Premalatha	1,000	Cash	10.00	100.00	Negligible	[●]
June 1, 2015	Transfer from S D V Dinakar	250	Cash	10.00	100.00	Negligible	[●]
June 1, 2015	Transfer from R Uma	200	Cash	10.00	100.00	Negligible	[●]
June 1, 2015	Transfer from R Rani	300	Cash	10.00	100.00	Negligible	[●]
September 29, 2015	Preferential allotment	350,000	Cash	10.00	130.00	1.20	[●]
September 29, 2015	Transfer from L R Deepak Krishna	75,650	Cash	10.00	130.00	0.26	[●]
November 6, 2015	Transfer from S D V Prakash	4,500	Cash	10.00	130.00	0.02	[●]
November 30, 2015	Preferential allotment	150,000	Cash	10.00	130.00	0.52	[●]
August 1, 2016	Transfer from K Dayalan	3,400	Cash	10.00	150.00	0.01	[●]
August 4, 2016	Transfer from K Dhinakaran	4,300	Cash	10.00	150.00	0.01	[●]
August 4, 2016	Transfer from K Dayalan	1,400	Cash	10.00	150.00	Negligible	[●]
August 4, 2016	Transfer from S D V Jayakumar	4,300	Cash	10.00	150.00	0.01	[●]
August 31, 2016	Transfer from D Saroja	1,200	Cash	10.00	150.00	Negligible	[●]
September 23, 2016	Transfer from Haribabu B	55,750	Cash	10.00	150.00	0.19	[●]
September 23, 2016	Transfer from Haribabu B	6,750	Cash	10.00	150.00	0.02	[●]
August 28, 2017	Transfer from A K Alwar	300	Cash	10.00	300.00	Negligible	[●]
August 28, 2017	Transfer from A K Prabhakar	300	Cash	10.00	300.00	Negligible	[●]
September 15, 2017	Transfer from O R Venkatesan	500	Cash	10.00	300.00	Negligible	[●]
September 15, 2017	Transfer from K M Lekshmi	1,000	Cash	10.00	300.00	Negligible	[●]
September 25, 2017	Transfer from Latha G	200	Cash	10.00	300.00	Negligible	[●]
September 25, 2017	Transfer from Murugappan N	240	Cash	10.00	300.00	Negligible	[●]
October 17, 2017	Transfer to Norwest Venture Partners X - Mauritius	(111,210)	Cash	10.00	674.40	(0.38)	[●]
October 17, 2017	Transfer to SCI Investments V	(111,210)	Cash	10.00	674.40	(0.38)	[●]
November 15, 2017	Transfer from Sanjeevi Babu	200	Cash	10.00	300.00	Negligible	[●]
May 8, 2018	Transfer from Chandrasekar N	300	Cash	10.00	600.00	Negligible	[●]
May 8, 2018	Transfer from Uma Chandrasekar	800	Cash	10.00	600.00	Negligible	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
May 8, 2018	Transfer from Vathsala Viswanathan	500	Cash	10.00	600.00	Negligible	[●]
May 8, 2018	Transfer from Viswanathan L	1,200	Cash	10.00	600.00	Negligible	[●]
May 8, 2018	Transfer from Haribabu B	50,000	Cash	10.00	750.00	0.17	[●]
August 3, 2018	Transfer to TPG Asia VII SF Pte. Ltd.	(142,449)	Cash	10.00	1,320.72	(0.49)	[●]
September 21, 2018	Transfer from Jayakumar D	300	Cash	10.00	1,000.00	Negligible	[●]
September 29, 2018	Transfer from Dhanalakshmi S	100	Cash	10.00	1,000.00	Negligible	[●]
September 29, 2018	Transfer from Krishnamurthy K	200	Cash	10.00	1,000.00	Negligible	[●]
September 29, 2018	Transfer from Navaneetha Krishnan H	250	Cash	10.00	1,000.00	Negligible	[●]
March 25, 2019	Transfer from Rajagopalan G	200	Cash	10.00	1,100.00	Negligible	[●]
April 8, 2019	Transfer from P Vasuki	2,800	Cash	10.00	1,100.00	0.01	[●]
April 9, 2019	Transfer from Suguna Balachandran	2,000	Cash	10.00	1,100.00	0.01	[●]
April 15, 2019	Transfer from Sumathi S	100	Cash	10.00	1,100.00	Negligible	[●]
May 22, 2019	Transfer from V Balachandran	2,000	Cash	10.00	1,100.00	0.01	[●]
May 22, 2019	Transfer from Sudhakar J	300	Cash	10.00	1,100.00	Negligible	[●]
May 31, 2019	Transfer from Sumathi S	100	Cash	10.00	1,100.00	Negligible	[●]
May 31, 2019	Transfer from U Sanjeevi	100	Cash	10.00	1,100.00	Negligible	[●]
June 14, 2019	Transfer from Usha Srinivasan	500	Cash	10.00	1,100.00	Negligible	[●]
August 7, 2019	Transfer from Sankaran S V	5,000	Cash	10.00	1,100.00	0.02	[●]
August 7, 2019	Transfer from Lalitha Sankaran	5,000	Cash	10.00	1,100.00	0.02	[●]
August 16, 2019	Transfer to Atma Ram Builders (P) Ltd.	(120,000)	Cash	10.00	1,250.00	(0.41)	[●]
November 29, 2019	Transfer from Ashokan Parasuraman	120	Cash	10.00	1,100.00	Negligible	[●]
December 27, 2019	Transfer from Padmanabhan R S	100	Cash	10.00	1,100.00	Negligible	[●]
February 25, 2020	Preferential allotment	725,000	Cash	10.00	2,364.40	2.49	[●]
March 16, 2020	Transfer from Nalini T	100	Cash	10.00	1,100.00	Negligible	[●]
March 21, 2020	Preferential allotment	800,000	Cash	10.00	1,037.94	2.75	[●]
June 30, 2021	Transfer from Haribabu B	1,050	Cash	10.00	2,500.00	Negligible	[●]
August 9, 2021	Preferential allotment	300,000	Cash	10.00	3,518.71	1.03	[●]
August 10, 2021	Transfer to Sirius II Pte. Ltd.	(225,000)	Cash	10.00	5,076.00	(0.77)	[●]
August 10, 2021	Transfer to TVS Shriram Growth Fund 3	(75,000)	Cash	10.00	5,076.00]	(0.26)	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
September 2, 2021	Transfer from Atma Ram Builders (P) Ltd.	76,924	Cash	10.00	3,550.00	0.26	[●]
October 8, 2021	Sub-division of equity shares of face value of ₹10 each to equity shares of face value of ₹1 each						
	Sub Total (A)	**37,887,450**				**13.01**	**[●]**
Hema Lakshmipathy							
November 22, 1989	Preferential allotment#	45	Cash	100.00	100.00	Negligible	[●]
September 7 ,1990	Preferential allotment#	25	Cash	100.00	100.00	Negligible	[●]
October 6, 1992	Preferential allotment#	700	Cash	10.00	10.00	Negligible	[●]
March 3, 1993	Preferential allotment#	400	Cash	10.00	10.00	Negligible	[●]
March 31, 1993	Preferential allotment#	700	Cash	10.00	10.00	Negligible	[●]
June 24, 1993	Transfer from Rajagopal S	100	Cash	10.00	10.00	Negligible	[●]
June 24, 1993	Transfer from Ponnambalam M	100	Cash	10.00	10.00	Negligible	[●]
June 24, 1993	Transfer from Simon	100	Cash	10.00	10.00	Negligible	[●]
June 24, 1993	Transfer from Vanaja S	100	Cash	10.00	10.00	Negligible	[●]
June 24, 1993	Transfer from Arunachalam V	100	Cash	10.00	10.00	Negligible	[●]
February 9, 1994	Preferential allotment#	2,000	Cash	10.00	10.00	0.01	[●]
January 11, 1995	Transfer from Seetha R.	1000	Cash	10.00	10.00	Negligible	[●]
January 11, 1995	Transfer from Latha R	1,000	Cash	10.00	10.00	Negligible	[●]
January 11, 1995	Transfer from Ramalingam N,	300	Cash	10.00	10.00	Negligible	[●]
March 3, 1995	Preferential allotment#	2, 700	Cash	10.00	10.00	0.01	[●]
June 19, 1999	Transfer from J Krishnamurthy	5,000	Cash	10.00	5.00	0.02	[●]
June 19, 1999	Transfer from K Venkatesan	5,000	Cash	10.00	5.00	0.02	[●]
September 20, 2000	Transfer from R Kasthuri	100	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from T Selvi	500	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from K Jayapal	800	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from G J Radhakrishnan	100	Cash	10.00	10.00	Negligible	[●]
September 20, 2000	Transfer from R Gomathi G J Radhakrishnan	100	Cash	10.00	8.50	Negligible	[●]
September 20, 2000	Transfer from D Banumathi	100	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from V Eswaran	100	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from G Narasimalu	100	Cash	10.00	8.00	Negligible	[●]
September 20, 2000	Transfer from B Jayanthi	300	Cash	10.00	8.50	Negligible	[●]
September 20, 2000	Transfer from S Rajendran jointly held with Thangam Rajendran	100	Cash	10.00	10.00	Negligible	[●]
September	Transfer from	200	Cash	10.00	10.00	Negligible	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
20, 2000	Annadurai P Kuppuswamy						
September 20, 2000	Transfer from R K V Finance	22,000	Cash	10.00	5.00	0.08	[●]
March 21, 2001	Transfer from R K V Finance	14,000	Cash	10.00	5.00	0.05	[●]
March 21, 2001	Transfer from Veekay Investments	2,500	Cash	10.00	8.00	0.01	[●]
March 29, 2002	Transfer from B. Santhalakshmi	10,000	Cash	10.00	5.00	0.03	[●]
June 21, 2002	Preferential allotment#	214, 650	Cash	10.00	10.00	0.74	[●]
December 30, 2002	Transfer from B Dayalan	100	Cash	10.00	7.50	Negligible	[●]
June 30, 2004	Transfer from R Rajendran	50,000	Cash	10.00	10.00	0.17	[●]
June 30, 2004	Transfer from Sukam Financial Service Pvt. Ltd	20,000	Cash	10.00	10.00	0.07	[●]
December 13, 2004	Transfer from N Gopalkrishnan	5,000	Cash	10.00	7.50	0.02	[●]
March 11, 2005	Transfer to M. R Bakthavachalu	(7,800)	Cash	10.00	10.00	(0.03)	[●]
June 6, 2005	Transfer from Jayaseelan,	100	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer from D Padmavathi,	100	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer from Satish	100	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer from Suresh	100	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer from E Rajesh	100	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer from Satish Kumar	200	Cash	10.00	10.00	Negligible	[●]
June 6, 2005	Transfer to S V Sankaran	(2500)	Cash	10.00	10.00	(0.01)	[●]
June 6, 2005	Transfer to C. Suganthi	(1,600)	Cash	10.00	10.00	(0.01)	[●]
June 6, 2005	Transfer to Devadoss	(200)	Cash	10.00	10.00	Negligible	[●]
September 5, 2005	Transfer from H.K Haridass	300	Cash	10.00	7.50	Negligible	[●]
September 5, 2005	Transfer to K. Karvanan	(100)	Cash	10.00	10.00	Negligible	[●]
December 2, 2005	Transfer from K. Kumudhavalli	600	Cash	10.00	10.00	Negligible	[●]
March 1, 2006	Transfer to M.K Ganeshram	(2,500)	Cash	10.00	10.00	(0.01)	[●]
May 29, 2006	Transfer to S.V Sankaran	(2,500)	Cash	10.00	10.00	(0.01)	[●]
January 20, 2007	Transfer from L. Janarthanan	17,500	Cash	10.00	10.00	0.06	[●]
January 20, 2007	Transfer from Umadevi	500	Cash	10.00	9.50	Negligible	[●]
April 18, 2007	Transfer from Subburathinam	1,700	Cash	10.00	9.00	0.01	[●]
February 25, 2008	Transfer from K Induvasini	700	Cash	10.00	10.00	Negligible	[●]
March 31, 2008	Preferential Allotment	18,000	Cash	10.00	10.00	0.06	[●]
June 23, 2008	Transfer from L Subramanian	500	Cash	10.00	10.00	Negligible	[●]
June 23, 2008	Transfer from S. Asokan	1,000	Cash	10.00	10.00	Negligible	[●]
June 23, 2008	Transfer from A.	100	Cash	10.00	10.00	Negligible	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
	Ramalakshmi						
September 1, 2008	Transfer from D. Ravichandranan,	500	Cash	10.00	10.00	Negligible	[●]
September 1, 2008	Transfer from N. Ramu	100	Cash	10.00	10.00	Negligible	[●]
September 30, 2008	Preferential Allotment	138,000	Cash	10.00	10.00	0.47	[●]
August 10, 2009	Transfer from D. Rajasekar	1000	Cash	10.00	10.00	Negligible	[●]
August 10, 2009	Transfer from G. Banumathy	1,000	Cash	10.00	10.00	Negligible	[●]
August 10, 2009	Transfer from D Chandrasekar	3,900	Cash	10.00	10.00	0.01	[●]
August 10, 2009	Transfer from N.Damodaran	3,000	Cash	10.00	10.00	0.01	[●]
August 10, 2009	Transfer from R.Kasthuri	1,000	Cash	10.00	10.00	Negligible	[●]
June 18, 2010	Transfer from M. Manoham	100	Cash	10.00	12.50	Negligible	[●]
December 1, 2010	Transfer from Vijayakumari D	100	Cash	10.00	12.50	Negligible	[●]
July 18, 2011	Preferential Allotment	50,000	Cash	10.00	35.00	0.17	[●]
September 14, 2011	Preferential Allotment	15,000	Cash	10.00	35.00	0.05	[●]
September 19, 2011	Transfer from V Swathypriya	15,000	Cash	10.00	35.00	0.05	[●]
October 10, 2011	Transfer from V. Srinivasan	3,000	Cash	10.00	35.00	0.01	[●]
October 10, 2011	Transfer from S. Brahadhambal	2,000	Cash	10.00	35.00	0.01	[●]
September 1,2012	Transfer from K Jayasingh	4,700	Cash	10.00	35.00	0.02	[●]
December 29, 2012	Transfer from V.P. Nandakumar jointly held with Sushama Nandakumar	840,000	Cash	10.00	37.00	2.89	[●]
February 28, 2015	Transfer from Deepthi Anand	140,660	Cash	10.00	84.50	0.48	[●]
February 28, 2015	Transfer from R. Anu Anand	562,550	Cash	10.00	84.50	1.93	[●]
April 21, 2015	Transfer from M.K Ganeshram	16,000	Cash	10.00	130.00	0.05	[●]
Mach 15, 2017	Transfer from Lankupalli Raviprasad Raghavan	42,000	Cash	10.00	375.00	0.14	[●]
April 19, 2017	Transfer from G. Gopal	2,000	Cash	10.00	200.00	0.01	[●]
June 29, 2017	Transfer to M/s Matrix Partners India Investment Holdings II, LLC	(140,000)	Cash	10.00	319.63	(0.48)	[●]
June 29, 2017	Transfer to M/s Matrix Partners India Investment II, Extension, LLC	(11,000)	Cash	10.00	319.63	(0.04)	[●]
February 15, 2018	Transfer from Gunasekaran R, Geetha Sekar, Selvakumar N, Muralikrishnan N and Sivakumar G	5,300	Cash	10.00	675.00	0.02	[●]
May 28, 2015	Transfer from B C	2,000	Cash	10.00	825.00	0.01	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred	Nature of consideration	Face value per Equity Share (₹)	Issue price/ Transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)*	Percentage of the post-Offer capital (%)
	Deendayalan and D Meera						
August 20, 2019	Transfer from Prathima Ganesh Ram	6,000	Cash	10.00	1,100.00	0.02	[●]
October 8, 2021	Sub-division of equity shares of face value of ₹10 each to equity shares of face value of ₹1 each						
	Sub Total (B)	**20,890,600**				**7.18**	**[●]**
Shritha Lakshmipathy							
March 29, 2002	Transfer from T Lakshminarayanan	10,000	Cash	10.00	5	0.03	[●]
March 29, 2002	Transfer from B Santhalakshmi	10,000	Cash	10.00	5	0.03	[●]
	Sub Total (C)	**200,000**				**0.06**	**[●]**
SCI Investments V							
August 18, 2017	Preferential Allotment	1,890,569	Cash	10.00	674.40	6.49	[●]
October 17, 2017	Transfer from Lakshmipathy Deenadayalan	111,210	Cash	10.00	674.40	0.38	[●]
August 3, 2018	Preferential Allotment	567,871	Cash	10.00	1,320.72	1.95	[●]
October 8, 2021	Sub-division of equity shares of face value of ₹10 each to equity shares of face value of ₹1 each						
	Sub Total (D)	**25,696,500**				**8.82**	**[●]**
Matrix Partners India Investment Holdings II, LLC							
February 21, 2014	Preferential Allotment	2,000,000	Cash	10.00	85.00	6.87	[●]
May 21, 2014	Transfer from M K Ganesh Ram	20,000	Cash	10.00	76.00	0.07	[●]
February 3, 2015	Preferential Allotment	1,200,000	Cash	10.00	130.00	4.12	[●]
March 31, 2015	Transfer from R. Deepthi Anand jointly held with Padma Anandan	565,240	Cash	10.00	235.00	1.94	[●]
March 31, 2015	Transfer from Varalakshmi Deenadayalan	155,000	Cash	10.00	235.00	0.53	[●]
June 29, 2017	Transfer from Hema Lakshmipathy	140,000	Cash	10.00	319.63	0.48	[●]
August 18, 2017	Preferential Allotment	20,759	Cash	10.00	674.40	0.07	[●]
October 8, 2021	Sub-division of equity shares of face value of ₹10 each to equity shares of face value of ₹1 each						
	Sub Total (E)	**41,009,990**				**14.08**	**[●]**
	Total (A+B+C+D+E)	**125,684,540**				**43.17**	**[●]**

** Our pre-Offer paid up share capital has been considered on a fully diluted basis, considering the vested stock options as on the date of this Draft Red Herring Prospectus.*

 # Certain corporate and secretarial records of our Company, including the shareholder minutes and Roc filings, are not traceable by our Company, or with the RoC, in connection with the allotment of equity shares between the date of incorporation of our Company and July 31, 2009. For further details, see "Risk Factors – Some of our corporate records, including those relating to allotments of our Equity Shares in the past, are not traceable" on page. [●]*. Accordingly, certain details in relation to the allotments made during this period, including the list of allottees, cannot be ascertained.*

As of the date of this Draft Red Herring Prospectus, one of our Individual Promoters, Lakshmipathy Deenadayalan has pledged 6,311,540 Equity Shares in favour of IIFL Wealth Finance Limited and 5,234,800 Equity Shares in favour of Avendus Finance Private Limited. The said pledged Equity Shares are fully paid-up as on the date of this Draft Red Herring Prospectus. For further details, see "*Risk Factors", and "Our Promoters and Promoter Group"* on pages 21 and 221, respectively.

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

(i) In accordance with Regulation 14 and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters (assuming exercise of vested options, if any, under the ASOP), shall be locked in for a period of eighteen months from the date of Allotment or any other date as may be specified by SEBI and the shareholding of our Promoters in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment or any other date as may be specified by SEBI.

(ii) The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of eighteen months from the date of Allotment are set forth below.

Name of the Promoter	Number of Equity Shares locked-in[(1)(2)]	Date of allotment/ transfer*	Nature of transaction	Face value (₹)	Issue/ Acquisition price per Equity Share (₹)	Percentage of pre-Offer paid-up Equity Share capital	Percentage of post-Offer paid-up Equity Share Capital
Lakshmipathy Deenadayalan	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Hema Lakshmipathy	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Shritha Lakshmipathy	[●]	[●]	[●]	[●]	[●]	[●]	[●]
SCI Investments V	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Matrix Partners India Investment Holdings II, LLC	[●]	[●]	[●]	[●]	[●]	[●]	[●]

* *Subject to finalisation of Basis of Allotment*

(1) *For a period of eighteen months from the date of Allotment in the Offer*

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

(iii) The Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as the Promoters' Contribution. The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "promoter" under the SEBI ICDR Regulations.

(iv) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoters, see "- *History of the Equity Share Capital held by our Promoters*" on page 69.

(v) In this connection, we confirm the following:

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

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

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

d. As on the date of DRHP, the Equity Shares held by the Promoters and offered for Promoters' contribution are not subject to any pledge.

e. All the Equity Shares held by the Promoters are held in dematerialised form.

c) **Other lock-in requirements:**

(i) In addition to 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked-in for eighteen months as specified above, in terms of Regulation 16(1)(b) and Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment, except for (i) the Equity Shares sold pursuant to the Offer for Sale; (ii) any Equity Shares allotted to the employees of our Company under the ASOP, as applicable; and (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by such shareholders. Further, any unsold portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations.

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

(iii) In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in may be transferred to and amongst the members of the Promoter Group or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

(iv) The Equity Shares held by the Promoters which are locked-in for a period of six months from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations.

(v) However, the relevant lock in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock in period has expired in terms of the SEBI ICDR Regulations.

(vi) In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters and locked-in for a period of six months from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.

(vii) Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

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

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

6. **Shareholding Pattern of our Company**

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

Category	Category of shareholder	Number of shareholders (III)	Number of fully paid-up Equity Shares held	Number of partly paid-up Equity Shares held	Number of shares underlying Depository Receipts	Total number of shares held	Shareholding as a % of total number of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			Number of shares underlying outstanding convertible securities (including warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of Shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
(I)	(II)		(IV)	(V)	(VI)	(VII) =(IV)+(V) + (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
								Number of Voting Rights		Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class: Equity Shares	Total								
(A)	**Promoters and Promoter Group**	10	128,571,790	NA	NA	128,571,790	44.31%	128,571,790	128,571,790	44.31%	NA	44.31%			11,546,340	3.98%	128,571,790
(B)	**Public**	1,677	161,563,330	NA	NA	161,563,330	55.69%	161,563,330	161,563,330	55.69%	NA	55.69%	-	0.00%	-	0.00%	160,321,230
(C)	**Non Promoters - Non Public**																
(C1)	**Shares underlying DRs**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(C2)	**Shares held by Employee Trusts**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Total	1,687	290,135,120	NA	NA	290,135,120	100.00	290,135,120	290,135,120	100.00	NA	100.00			11,546,340	3.98	288,893,020

7. **Details of equity shareholding of the major shareholders of our Company:**

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

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)*
1.	TPG Asia VII SF Pte. Limited	61,106,730	20.99
2.	Matrix Partners India Investment Holdings II, LLC	41,009,990	14.09
3.	Lakshmipathy Deenadayalan	37,887,450	13.01
4.	Norwest Venture Partners X - Mauritius	29,748,060	10.22
5.	SCI Investments V	25,696,500	8.83
6.	Hema Lakshmipathy	20,890,600	7.18
7.	Sirius II Pte. Limited.	17,593,990	6.04
8.	SCI Growth Investments III	11,026,160	3.79
9.	Sequoia Capital Global Growth Fund III - Endurance Partners, L.P.	10,157,290	3.49
10.	SCHF PV Mauritius, Ltd.	5,457,940	1.87
11.	Atma Ram Builders (P) Limited	4,685,860	1.61
12.	TVS Shriram Growth Fund 3	3,591,970	1.23
	Total	**268,852,540**	**92.35**

** The shareholding has been considered on a fully diluted basis, considering the vested stock options as on the date of this Draft Red Herring Prospectus*

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

S. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre-Offer Equity Share capital on a fully diluted basis (%)*
1.	TPG Asia VII SF Pte. Limited	61,106,730	20.99
2.	Matrix Partners India Investment Holdings II, LLC	41,009,990	14.09
3.	Lakshmipathy Deenadayalan	37,887,450	13.01
4.	Norwest Venture Partners X - Mauritius	29,748,060	10.22
5.	SCI Investments V	25,696,500	8.83
6.	Hema Lakshmipathy	20,890,600	7.18
7.	Sirius II Pte. Limited.	17,593,990	6.04
8.	SCI Growth Investments III	11,026,160	3.79
9.	Sequoia Capital Global Growth Fund III - Endurance Partners, L.P.	10,157,290	3.49
10.	SCHF PV Mauritius, Ltd.	5,457,940	1.87
11.	Atma Ram Builders (P) Limited	4,685,860	1.61
12.	TVS Shriram Growth Fund 3	3,591,970	1.23
	Total	**268,852,540**	**92.35**

** The shareholding has been considered on a fully diluted basis, considering the vested stock options as on 10 days prior to the date of this Draft Red Herring Prospectus*

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

S. No.	Name of the shareholder	Number of equity shares	Percentage of the share capital on a fully diluted basis*
1.	TPG Asia VII SF Pte. Ltd.	61,10,673	22.45
2.	Matrix Partners India Investment Holdings II LLC	41,00,999	15.07
3.	Lakshmipathy Deenadayalan	37,10,771	13.63
4.	NHPEA Chocolate Holding B.V	35,98,051	13.22
5.	Norwest Venture Partners X-Mauritius	25,69,650	9.44
6.	SCI Investments V	25,69,650	9.44
7.	Hema Lakshmipathy	20,89,060	7.67
8.	Atma Ram Builders (P) Ltd.	5,45,510	2.00
9.	Rangarajan.K	2,75,793	1.01
	Total	**27,183,891**	**99.87**

** The shareholding has been considered on a fully diluted basis, considering the vested stock options as on one year prior to the date of this Draft Red Herring Prospectus*

d) Set forth below is a list of shareholders holding 1% or more of the issued and paid-up Equity Share Capital of our Company, as of two years prior to the date of this Draft Red Herring Prospectus:

S. No.	Name of the shareholder	Number of equity shares	Percentage of the share capital on a fully diluted basis*
1.	TPG Asia VII SF Pte. Ltd.	59,82,006	23.50
2.	Matrix Partners India Investment Holdings II LLC	41,00,999	16.11
3.	NHPEA Chocolate Holding B.V	35,98,051	14.13
4.	Norwest Venture Partners X-Mauritius	25,69,650	10.09
5.	SCI Investments V	25,69,650	10.09
6.	Lakshmipathy Deenadayalan	21,85,451	8.58
7.	Hema Lakshmipathy	20,89,060	8.21
8.	Atma Ram Builders (P) Ltd.	5,45,510	2.14
	Total	**25,235,294**	**99.12**

** The shareholding has been considered on a fully diluted basis, considering the vested stock options as on two years prior to the date of this Draft Red Herring Prospectus*

8. **Details of Equity Shares held by our Directors, Key Managerial Personnel, Promoters, Promoter Group and directors of our Corporate Promoters**

(i) Except as disclosed below our Directors and Key Managerial Personnel do not hold Equity Shares and employee stock options in our Company:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)*	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
Directors					
1.	Lakshmipathy Deenadayalan	37,887,450	13.01	NA	[●]
KMPs					
1.	Rangarajan Krishnan	2,607,930	0.90	3,000,000	[●]
2.	Srikanth Gopalakrishnan	863,460	0.30	7,50,000	[●]
3.	Roopa Sampath Kumar	Nil	Nil	150,000	[●]
4.	Shalini Baskaran	2,000	Negligible	10,000	[●]
Total		**41,360,840**	**14.21**	**3,910,000**	**[●]**

**The shareholding has been considered on a fully diluted basis, considering the vested stock options as on the date of this Draft Red Herring Prospectus*

(ii) Set out below are the details of the Equity Shares held by our Promoters and the members of the Promoter Group, in our Company:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Percentage of the post-Offer Equity Share Capital (%)
1.	Lakshmipathy Deenadayalan	37,887,450	13.01	[●]
2.	Hema Lakshmipathy	20,890,600	7.18	[●]
3.	Shritha Lakshmipathy	200,000	0.07	[●]
4.	Matrix Partners India Investment Holdings II, LLC	41,009,990	14.09	[●]
5.	SCI Investments V	25,696,500	8.83	[●]
Total (A)		**125,684,540**	**43.17**	**[●]**
Promoter Group				
1.	Deenadayalan Rangasamy	1,632,000	0.56	[●]
2.	Varalakshmi Deenadayalan	461,700	0.16	[●]
3.	Ranganathan Vasireddy Kuppuswamy	10,000	Negligible	[●]

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Percentage of the post-Offer Equity Share Capital (%)
4.	Suguna Ranganathan	508,500	0.17	[●]
5.	Sujatha Janarthanan	275,050	0.09	[●]
Total (B)		**2,887,250**	**0.98**	**[●]**
Total (A + B)		**128,571,790**	**44.16**	**[●]**

The directors of our Corporate Promoters do not hold any Equity Shares.

9. Except for the issue of any Equity Shares pursuant to exercise of options granted under ASOP, if any, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.

10. As on the date of filing of this Draft Red Herring Prospectus, the total number of shareholders of our Company is 1,687.

11. Except as disclosed in "- *Equity share capital history of our Company*" and 1,400 equity shares transferred from Haribabu B. on June 30, 2021 for ₹ 2,500 per equity share to Varalakshmi Deenadayalan, none of our Promoter, members of our Promoter Group, directors of our Corporate Promoters, or the Directors of our Company or any of their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus

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

13. Neither our Company, nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the BRLMs have not made any buy-back arrangements for purchase of Equity Shares from any person.

14. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares.

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

16. Except for the options granted pursuant to the ASOP, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.

17. Any oversubscription to the extent of 1% of the Offer size can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot while finalizing the Basis of Allotment.

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

19. Except for issuance of Equity Shares on exercise of options vested pursuant to the ASOP, if any, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing 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.

20. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

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

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

23. **Associate Stock Options Plans of our Company**

I. ASOP 2015

Our Company, pursuant to the resolutions passed by our Board on September 18, 2015 and our Shareholders on April 12, 2016, adopted the 'Associate Stock Option Plan - 2015' ("**ASOP 2015**"). The objective of ASOP 2015 is to reward the associates for their performance, commitment and support for the growth of the Company and to provide an incentive to continue contributing to the success of the Company. In terms of ASOP 2015, our Company could grant an aggregate number of up to 563,000 options.

The Shareholders, pursuant to a resolution passed on October 8, 2021, have amended ASOP 2015, in order to align the plan with the Companies Act, 2013 read with rules made thereunder and the SEBI SBEB & SE Regulations, as well as a few other changes, intended to ensure better efficacy and administration. Accordingly, ASOP 2015 is in compliance with the SEBI SBEB & SE Regulations. The details of ASOP 2015, as certified by R P S V & Co., Chartered Accountants, through a certificate dated November 9, 2021 are as follows:

Particulars	From October 1, 2021 till the date of the DRHP	Six months ended September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Options granted	Nil	Nil	Nil	Nil	12,500
Exercise Price	Nil	Nil	Nil	Nil	₹ 130
Options vested	1,600	3,500	66,300	1,29,800	1,27,300
Options exercised	Nil	51,000	61,050	1,78,450	43,900
The total number of Equity Shares arising as a result of exercise of options	Nil	51,000	61,050	1,78,450	43,900
Options forfeited/lapsed	Nil	Nil	Nil	1,000	Nil
Variation of terms of options	Nil	Nil	Nil	Nil	Nil
Money realized by exercise of options (in million)	Nil	₹ 6.63	₹ 1.70	₹ 2.18	₹ 2.68
Total number of options in force	39,100	39,100	90,100	1,51,150	3,30,600
Employee-wise detail of options granted to:					
i. Key managerial personnel	Nil	Nil	Nil	Nil	Nil
ii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil	Nil
iii. Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil	Nil	Nil	Nil

Particulars	From October 1, 2021 till the date of the DRHP	Six months ended September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Fully diluted Earnings per Equity Share – (face value of ₹ 1 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard for 'Earnings per Share'	₹ 7.85**	₹ 7.85	₹13.61	₹10.07	₹6.73
Lock-in	Nil	Nil	Nil	Nil	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 ₹ 1 per Equity Share)	Not Applicable, the Company has used fair value of options				
	Black Scholes				
Description of the pricing formula method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Refer footnote to the table*				
Impact on profit and on Earnings per Equity Share – (face value ₹ 1 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI ESOP Regulations had been followed in respect of options granted in the last three years	Nil	Nil	Nil	Nil	Nil

Particulars	From October 1, 2021 till the date of the DRHP	Six months ended September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Intention of the KMPs 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	Refer note below#	Nil	Nil	Nil	Nil
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil	Nil	Nil	Nil	Nil

**Table is as follows:*

Particulars	Date of Grant	Date of Grant
	02-04-2018	01-06-2018
No of Options Granted	7,000	5,500
Risk Free Interest Rate	6.70%-6.75%	6.70%-6.75%
Expected Life (in years)	3.54-7.54	3.54-7.54
Expected Annual Volatility of Shares	29.28%-30.73%	29.35%-30.89%
Expected Dividend Yield	0%	0%
Price of Underlying share at the time of the Option Grant	₹674.40	₹674.40
Fair Value of the Option (Rs.)		
1st Stage	₹571.87	₹595.47
2nd Stage	₹578.76	₹602.15
3rd Stage	₹585.08	₹608.64
4th Stage	₹590.95	₹614.54
5th Stage	₹596.45	₹620.03
The weighted average share price on the date of grant	₹674.40	₹674.40

*** computed based on profit for the six months ended 30 September 2021 after incorporating the options granted till the date of DRHP.*

 # Rangarajan Krishnan and Srikanth Gopalakrishnan may sell up to 2,50,000 and 1,00,000 Equity Shares, respectively, allotted to them under the ASOPs schemes within three months of the date of listing of the Equity Shares pursuant to the Offer.

II. **ASOP 2018**

Our Company, pursuant to the resolutions passed by our Board on February 28, 2018 and our Shareholders on March 26, 2018, adopted the 'Associate Stock Option Plan - 2018' ("**ASOP 2018**"). The objective of ASOP 2018 is to reward the associates for their performance, commitment and support for the growth of the Company and to provide an incentive to continue contributing to the success of the Company. In terms of ASOP 2018, our Company could grant an aggregate number of up to 500,000 options.

The Shareholders, pursuant to a resolution passed on October 8, 2021, have amended ASOP 2018, in order to align the plan with the Companies Act, 2013 read with rules made thereunder and the SEBI SBEB & SE Regulations issued, as well as a few other changes, intended to ensure better efficacy and administration. Accordingly, ASOP 2018 is in compliance with the SEBI SBEB & SE Regulations. The details of ASOP 2018, as certified by R P S V & Co., Chartered Accountants, through a certificate dated November 9, 2021 are as follows:

Particulars	From October 1, 2021 till the date of the DRHP	From April 01, 2021 to September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Options granted	6,100	69,000	3,72,000	9,000	Nil
Exercise Price	₹ 2364.4	₹ 674.4, ₹ 1,320.72	₹ 674.4	₹ 674.4	Nil
Options vested	99,500	200	1,800	Nil	Nil
Options exercised	Nil	Nil	1,800	Nil	Nil
The total number of Equity Shares arising as a result of exercise of options	Nil	Nil	1,800	Nil	Nil
Options forfeited/lapsed	Nil	Nil	Nil	Nil	Nil
Variation of terms of options	Nil	Nil	Nil	Nil	Nil
Money realized by exercise of options (in million)	Nil	Nil	₹ 1.21	Nil	Nil
Total number of options in force	4,54,300	4,48,200	3,79,200	9,000	Nil
Employee-wise detail of options granted to:					
i. Key managerial personnel	Nil	Mr. Rangarajan Krishnan- 30,000 options Ms. Roopa Sampath Kumar- 15,000 Options Ms. Shalini B- 1,000 Options	Mr. Rangarajan Krishnan- 2,70,000 options Mr. Srikanth Gopalakrishnan- 75,000 options	Nil	Nil
ii. Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil	Nil	Nil	Nil	Nil
iii. Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Nil	Nil	Mr. Rangarajan Krishnan- 2,70,000 options	Nil	Nil

Particulars	From October 1, 2021 till the date of the DRHP	From April 01, 2021 to September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Fully diluted Earnings per Equity Share – (face value of ₹ 1 per Equity Share) pursuant to issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard for 'Earnings per Share'	₹ 7.85**	₹ 7.85	₹13.61	₹10.07	₹6.73
Lock-in	Nil	Nil	Nil	Nil	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 ₹ 1 per Equity Share)	Not Applicable, the Company has used fair value of options				
	Black Scholes				
Description of the pricing formula method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	Refer footnote to this table*****				
Impact on profit and on Earnings per Equity Share – (face value ₹ 1 per Equity Share) of the last three years if the accounting policies prescribed in the SEBI ESOP Regulations had been followed in respect of options granted in the last three years	Nil	Nil	Nil	Nil	Nil

Particulars	From October 1, 2021 till the date of the DRHP	From April 01, 2021 to September 30, 2021	Financial Year 2021	Financial Year 2020	Financial Year 2019
Intention of the KMPs 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	Refer note below#	Nil	Nil	Nil	Nil
Intention to sell Equity Shares arising out of an employee stock option scheme within three months after the listing of Equity Shares, by Directors, senior management personnel and employees having Equity Shares arising out of an employee stock option scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Nil	Nil	Nil	Nil	Nil

**Please refer to the below table*

Particulars	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant
	08-10-2019	14-09-2020	01-10-2020	01-11-2020	01-11-2020	01-04-2021	22-04-2021	10-05-2021	17-05-2021	05-08-2021	01-10-2021
No of Options Granted	9,000	1,000	1,000	2,95,000	75,000	1,000	30,000	8,000	15,000	15,000	6,100
Risk Free Interest Rate	6.25%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%	5.3%-5.4%
Expected Life (in years)	3.54-7.54	3.54-7.54	3.54-7.54	3.54-7.54	3.54-5.29	3.54-5.54	3.54-6.04	3.54-7.54	3.54-7.54	3.54-7.54	3.54-7.54
Expected Annual Volatility of Shares	31.06%-33.56%	34.42%-37.82%	34.51%-38.04%	34.62%-38.28%	36.16%-38.28%	40.93%-45.26%	38.93%-43.81%	37.67%-44.4%	37.78%-44.53%	38.26%-45.45%	38.26%-45.45%
Expected Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of Underlying share at the time of the Option Grant	₹2,128.	₹1,466.	₹1,466.	₹2,187.	₹2,187.	₹3,518.	₹3,518.	₹3,518.	₹3,518.	₹3,518.	

Particulars	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant	Date of Grant
	91	24	24	24	24	00	00	00	00	00	₹3808.12
Fair Value of the Option (Rs.)											
1st Stage	₹1,591.82	₹932.13	₹932.69	₹1,636.72	₹1,636.72	₹2,484.50	₹2,963.79	₹2,480.05	₹2,480.74	₹2,485.52	₹2125.56
2nd Stage	₹1,625.48	₹967.84	₹968.33	₹1,670.03	₹1,670.03	₹2,542.84	₹2,994.60	₹2,538.64	₹2,539.19	₹2,542.72	₹2217.65
3rd Stage	₹1,658.08	₹998.02	₹998.47	₹1,700.97	₹1,671.77	₹2,609.60	₹3,025.52	₹2,604.96	₹2,605.44	₹2,608.80	₹2323.86
4th Stage	₹1,688.26	₹1,028.42	₹1,028.88	₹1,730.34	₹1,676.09		₹3,039.39	₹2,656.69	₹2,657.04	₹2,659.43	₹2410.06
5th Stage	₹1,716.24	₹1,053.16	₹1,053.50	₹1,755.59	₹1,686.07			₹2,708.26	₹2,708.90	₹2,712.22	₹2499.09
6th Stage					₹1,693.47						
The weighted average share price on the date of grant	₹2,128.91	₹1,466.24	₹1,466.24	₹2,187.24	₹2,187.24	₹3,518.00	₹3,518.00	₹3,518.00	₹3,518.00	₹3,518.00	₹3,808.12

****** computed based on profit for the six months ended 30 September 2021 after incorporating the options granted till the date of DRHP.*

 # Rangarajan Krishnan and Srikanth Gopalakrishnan may sell up to 2,50,000 and 1,00,000 Equity Shares, respectively, allotted to them under the ASOPs schemes within three months of the date of listing of the Equity Shares pursuant to the Offer.

OBJECTS OF THE OFFER

The objects of the Offer are to (i) to carry out the Offer for Sale; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all such proceeds (net of any Offer related expenses to be borne by the Selling Shareholders) will go to the Selling Shareholders.

Utilisation of the Offer Proceeds by the Selling Shareholders

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For further details of the Offer for Sale, see "*The Offer*" beginning on page 48.

Offer Expenses

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

Other than listing fees, which shall be solely borne by the Company, all costs, charges, fees and expenses associated with and incurred with respect to the Offer, including audit fees to the extent attributable to the Offer, offer advertising, printing, road show expenses, accommodation and travel expenses, stamp, transfer, issuance, documentary, registration, costs for execution and enforcement of the Offer Agreement, Registrar's fees, fees to be paid to the BRLMs, fees and expenses of legal counsels to the Company and the BRLMs, fees and expenses of the auditors, fees to be paid to SCSBs, Sponsor Bank (processing fees and selling commission), brokerage for Syndicate Member, commission to Registered Brokers, Collecting DPs and Collecting RTAs, and payments to consultants, and advisors in relation to the IPO, shall be borne by the Selling Shareholders in proportion to the Equity Shares sold by each of them in the Offer. However expenses relating to the Offer may be paid by the Company on behalf of the Selling Shareholders in the first instance and the Selling Shareholders agree that, upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, each Selling Shareholder shall, severally and not jointly, reimburse the Company for any expenses in relation to the Offer, paid by the Company on behalf of such Selling Shareholder, in proportion of their respective portion of the Offered Shares.

The estimated Offer related expenses are as under:

Activity	Estimated expenses(1) (in ₹ million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
Book Running Lead Managers' fees	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs (2)(3)(4)(5)	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to 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*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders 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 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*

(3) *No 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 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 Bid cum Application Form (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	₹[●] *per valid Bid cum Application Form (plus applicable taxes)*

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

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

Sponsor Bank	₹[●] *per valid Bid cum Application Form* (plus applicable taxes)* *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*

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Monitoring of utilisation of funds

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no monitoring agency will be appointed for the Offer.

Other confirmations

Except to the extent of the proceeds received pursuant to the Offer for Sale by our Selling Shareholders, none of our Promoter, Directors, KMPs, members of our Promoter Group or Group Companies will receive any portion of the Net Proceeds and there are no existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Directors, Key Managerial Personnel, members of our Promoter Group or Group Companies.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined by our Company and the Investor 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 ₹1 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price, and Floor Price is [●] times the face value and the Cap Price is [●] times the face value. Investors should also see "*Risk Factors*", "*Summary of Financial Information*", "*Our Business*", "*Financial Statements*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 49, 156, 243 and 309, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

- Fastest AUM growth among our compared peers with more than ₹30,000 million in AUM, with strong return and growth metrics and a significant potential addressable market;
- Among the select institutions to develop an underwriting model that evaluates the cash-flows of small business owners and self-employed individuals in the absence of traditional documentary proofs of income;
- Strong on-ground collections infrastructure leading to our ability to maintain a robust asset quality;
- Ability to successfully expand to new underpenetrated geographies through a calibrated expansion strategy;
- 100% in-house sourcing, comprehensive credit assessment and robust risk management and collections framework, leading to good asset quality;
- Access to diversified and cost-effective long-term financing with a conservative approach to asset liability and liquidity management; and
- Experienced, cycle-tested leadership with an experienced longstanding promoter, and a professional management team and supported by marquee investors.

For details, see "*Our Business – Our Competitive Strengths*" on page 160.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see "*Financial Statements*" and "*Other Financial Information*" on pages 243 and 307, respectively.

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

A. Basic and Diluted Earnings Per Equity Share ("EPS") as adjusted of sub-division (face value of each Equity Share is ₹1):

Fiscal	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	14.01	13.61	3
March 31, 2020	10.32	10.07	2
March 31, 2019	6.88	6.73	1
Weighted Average	**11.59**	**11.28**	
September 30, 2021 (not annualized)	7.96	7.85	

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.*
2. *The face value of each Equity Share is ₹1 each.*
3. *Earnings per Equity Share (₹) = Profit of the Company for the year/Weighted Average No. of shares at the end of the year*
4. *Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
5. *The Company in its extraordinary general meeting held on October 8, 2021, after the Balance Sheet date of September 30, 2021, has approved sub-division of each equity share of ₹10 each into Equity Shares of ₹1 each. The computation given above is after taking into account share sub-division and hence above information is not derived from Restated Financial Statements.*

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

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for year ended March 31, 2021	[●]	[●]
Based on diluted EPS for year ended March 31, 2021	[●]	[●]

C. Industry Peer Group P/E ratio

	P/E Ratio (x)
Highest	76.49
Lowest	32.32
Industry Composite	54.41

Notes:

(1) *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. For further details, see "– Comparison with listed Industry Peers" on page 99.*

(2) *P/E figures for the peer are computed based on closing market price as on November 4, 2021 at BSE, divided by Diluted EPS based on the annual report of the company for the Financial Year 2021.*

D. Return on Average Net worth ("RoNW")

Fiscal	RoNW (%)	Weight
March 31, 2021	16.85%	3
March 31, 2020	15.35%	2
March 31, 2019	15.11%	1
Weighted Average	16.06%	
September 30, 2021	14.53%	

NOTES*:*

1. *Return on Average Net Worth ratio: Restated profit for the period/ year divided by the simple average of our monthly Total equity, as of the last day of the month, starting from the last month of the previous Financial Year and ending with the last month of the current Financial Year.*
2. *The weighted average return on net worth is a product of return on net worth and respective assigned weight, dividing the resultant by total aggregate weight.*
3. *Net Worth is equivalent to Total Equity, which represents Equity share capital plus Other equity.*

E. Net Asset Value ("NAV") per Share, as adjusted of sub-division

Financial Year ended/ Period ended	Amount (₹)
As on September 30, 2021	119.02
As on March 31, 2021	85.26
After the completion of the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
Offer Price	[●]

NOTES*:*

1. *Net assets value per share (in ₹): Net asset value per share is calculated as Restated Total Equity of the company at the end of the year divided by number of shares as at period end.year end adjusted for sub-division of shares carried out subsequent to year end as detailed below.*
2. *The Company in its extraordinary general meeting held on October 8, 2021, has approved sub-division of each equity share of ₹10 each into Equity Shares of ₹1 each. The computation given above is after taking into account share sub-division and hence above information is not derived from Restated Financial Statements.*

F. Comparison with Listed Industry Peers

Name of Company	Face Value (₹ Per Share)	Closing price on November 4, 2021 (₹)	Total Income, for Financial Year 2021 (in ₹ million)	EPS (₹)		NAV[3] (₹ per share)	P/E (x)[4]	P/B (x)[5]	RoNW[6] (%)
				Basic[1]	Diluted[2]				
Five-Star Business Finance Limited	1	N.A.	10,512.55	14.01	13.61	85.26	[●]	[●]	16.85
Aavas Financiers	10	2,795.10	11,053.351	36.86	36.54	304.24	76.49	9.19	11.25
Aptus Value	2	347.35	6,552.42	5.56	5.55	54.53	62.59	6.37	9.87
Au Small Finance Bank	10	1,223.60	63,658.84	38.19	37.86	216.56	32.32	5.65	17.26

Notes:

Source: All the financial information for listed industry peer mentioned above is sourced from the annual report of the relevant company for the year ended March 31, 2021.

(1) *Basic EPS sourced from the annual report of the company for the year ended March 31, 2021.*

(2) *Diluted EPS refers to the Diluted EPS sourced from the annual report of the peers for the year ended March 31, 2021.*

(3) *NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.*

(4) *P/E Ratio has been computed based on the closing market price of equity shares on November 4, 2021 on BSE, divided by the Diluted EPS provided under Note 1 above.*

(5) *P/B is computed as closing market price of equity shares on BSE as on November 4, 2021, divided by NAV, as on March 31, 2021.*

[6] *RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth. Net worth has been computed as sum of paid-up share capital and other equity*

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

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

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 156, 243 and 309, respectively, to have a more informed view.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors
Five-Star Business Finance Limited
New No. 27, Old No. 4,
Taylors Road, Kilpauk,
Chennai – 600 010

9 November 2021

Dear Sirs,

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

This report is issued in accordance with the Engagement Letter dated 17 August 2021.

We hereby report that the accompanying Statement of Possible Special Tax Benefits (enclosed as Annexure II), states the possible special tax benefits available to the Company and its shareholders under direct and indirect taxes (hereinafter referred to as "the Tax Laws") presently in force in India as on the signing date, which are defined in Annexure I, has been prepared by the management of the Company and initialed by us for identification purposes only. The Company does not have any subsidiary.

These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them. We wish to highlight that the distinction between 'general' and 'special' tax benefits is not clear as the said terms have not been defined under the ICDR Regulations. Accordingly, we have provided comments on those tax benefits, the availability of which is contingent to fulfillment of certain conditions as per the applicable tax laws. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising of an offer for sale of equity shares by certain shareholders (the "Proposed Offer") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" **("Guidance Note")** issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

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

i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or

ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

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

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

We hereby give consent to include this Statement in the Draft Red Herring Prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

K Raghuram
Partner
Membership number: 211171
ICAI UDIN: 21211171AAAACK5682
Place: Chennai
Date: 9 November 2021

ANNEXURE I

LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

Sr. No.	Details of tax laws
1	Income-tax Act, 1961 and Income-tax Rules, 1962
2	Central Goods and Services Tax Act, 2017
3	Integrated Goods and Services Tax Act, 2017
4	Goods and Services Tax legislations as promulgated by various states

ANNEXURE II

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS ("TAX LAWS") IN INDIA

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Tax Laws in force in India (*i.e.* applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23 till the signing date of this annexure). These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company or its shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

A. ***Special tax benefits available to the Company***

The Company avails direct tax benefit under the Tax Laws identified supra. The same has been outlined as under-:

1. Deduction under section 80JJAA of the Income-tax Act, 1961 ('the Act')

As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

2. Deduction under section 36(1)(viia) of the Income-tax Act, 1961 ('the Act')

The Company is entitled to accelerated deduction in respect of bad and doubtful debts up to the limit specified under section 36(1)(viia) of the Act in computing its income under the head "Profits and gains of business or profession", to the extent of five per cent (5%) of the gross total income, and subject to satisfaction of prescribed conditions. Further, gross total income considered for the said deduction shall be before considering any deduction under the aforesaid section and Chapter VI-A of the Act.

B. ***Special tax benefits available to the Shareholders***

There are no special tax benefits available to the shareholders for investing in the shares of the Company under the Tax Laws identified in Annexure I above.

NOTES:

1. We have not considered general tax benefits available to the Company or shareholders of the Company.

2. The above is as per the current Tax Laws in force in India (i.e. applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23 till the signing date of this annexure).

3. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

4. This statement does not discuss any tax consequences in any country outside India of an investment in the shares of the Company The shareholders/investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

for **Five-Star Business Finance Limited**

Lakshmipathy Deenadayalan
Chairman and Managing Director
DIN: 01723269
Place: Chennai
Date: 9 November 2021

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The information contained in this section, unless otherwise specified, is derived from a report titled "Industry Report on Small Business Loans in India" dated November 2021 prepared by CRISIL Limited (the "**CRISIL**"), and commissioned and paid for by us for the purposes of understanding the industry in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 19.*

Macroeconomic Overview

COVID-19 pandemic impacts world and Indian economy; bounce back expected in fiscal 2022

According to the provisional estimates released by the NSO, India's real GDP growth in fiscal 2021 stood at -7.3% versus the earlier estimate of -8.0%. After sluggish growth in first half of the fiscal owing to rising Covid-19 cases, gross domestic product (GDP) growth has moved into positive territory in the second half of the year reflecting a pickup in economic activity.

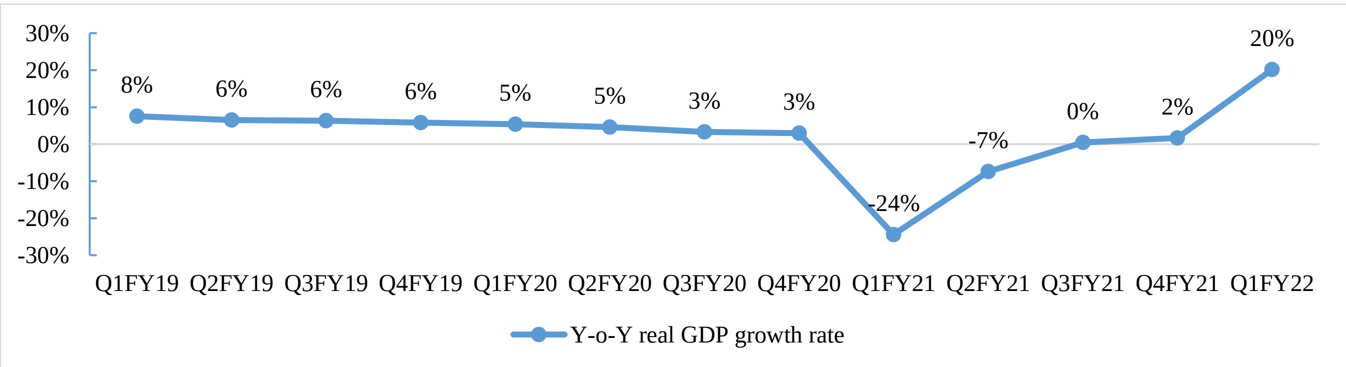
Fiscal 2020 was volatile for the global economy. The first three quarters were ensnared in trade protectionist policies and disputes among major trading partners, volatile commodity and energy prices, and economic uncertainties arising from Brexit. Hopes of broad-based recovery in the fourth quarter were dashed by the Covid-19 pandemic, which has infected more than 227 million people in 224 countries (as of September 17, 2021), leading to considerable human suffering and economic disruption.

The COVID-19 pandemic sharply slowed the Indian economy in the first quarter of Fiscal 2021, but the huge economic costs that it extracted, forced the economy to open up and get back on its feet in the second quarter of Fiscal 2021. What also helped was a sharp cutback in operating costs for corporates due to job and salary cuts, employees exercising work from home options, low input costs due to benign interest rates, crude and commodity prices.

The fierce second wave of Covid-19 pandemic took the healthcare ecosystem to the brink and beyond in Q1 of fiscal 2022, but it did not hit economic activity as hard as the first wave did. The main reason for this would be decentralised and less-stringent lockdowns, which reflect the 'learning to live with the virus attitude' that authorities adopted. Many states also permitted construction and manufacturing activities to continue during the lockdown.

The pandemic came at the most inopportune time since India was showing signs of recovery following a slew of fiscal/monetary measures as nominal GDP grew by 8.8% on year in Q4 of fiscal 2021 as compared to 4.7% in Q4 of fiscal 2020. Having said that, CRISIL Research foresees growth rebounding in Fiscal 2022, on the back of a very weak base, a counter-cyclical Union Budget for Fiscal 2022 pushing investments and some benefit from a rising-global-tide-lifting-all-boats effect. The gradual increase in vaccinations against COVID-19 is also expected to boost confidence and support stronger recovery. Even after the strong rebound, fiscal 2022 real GDP is expected to be only slightly higher than that in fiscal 2020.

Trend in real GDP growth rate on quarterly basis

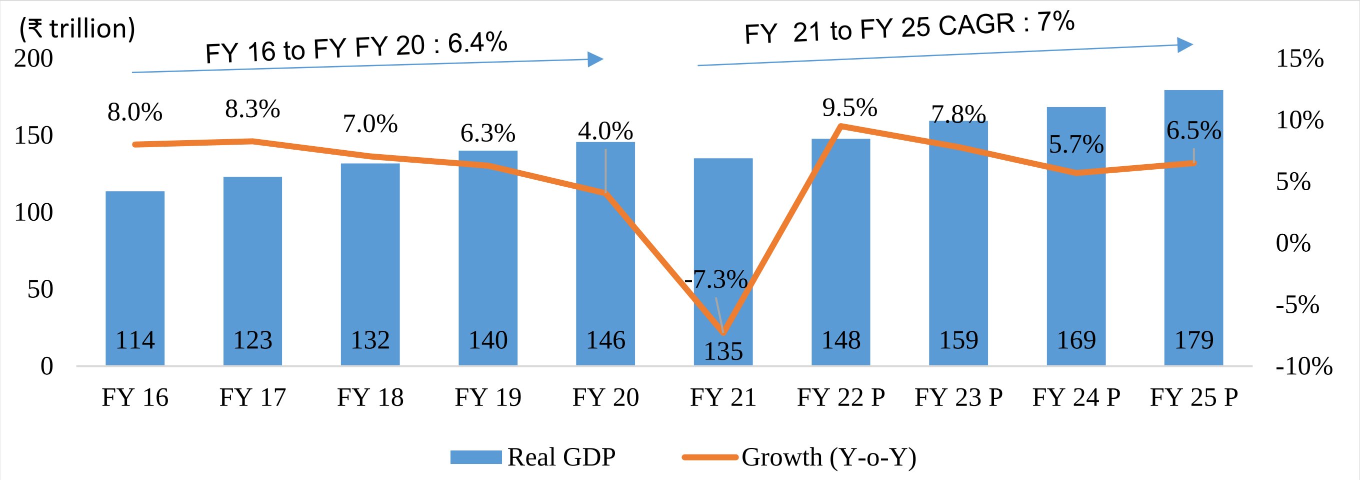


Source: CSO, RBI, CRISIL Research

The budget's focus on pushing capital expenditure (capex) despite walking a fiscal tightrope however provides optimism and creates a platform for higher growth. Given that the focus of the budget was on investment rather than consumption push, the full impact of the expenditure will be seen in the near term via multiplier effects, and over time, through enhancement of productive capacity. To that extent, CRISIL Research believes that the budgetary provisions help raise the medium-term prospects for the economy.

This budget not only focussed on pushing central capex but also attempted to nudge state government capex. A Reserve Bank of India (RBI) study points out that an increase in capex by the central and state governments by one rupee each induces an increase in output by ₹ 3.25 and ₹ 2.0, respectively (Source: RBI Bulletin – April 2019).

Budgetary support and vaccines expected to boost economic growth



Note: P – Projected
Source: National Statistics Office (NSO), International Monetary Fund (IMF) and CRISIL Research estimates

CRISIL Research forecasts India's GDP for fiscal 2022 to grow by around 9.5% in our base case scenario, assuming that 70% of the adult population will be vaccinated by December 2021 and a third Covid wave does not strike us. Covid-19 vaccinations have also started gaining pace in India. While close to 64% of India's adult population has received the first dose of the Covid-19 vaccine (as of September 19, 2021), 21% of India's adult population has taken the second dose.

A third wave would pose a significant downside risk to the growth forecast, as would a slower-than-anticipated pace of vaccination. We forecast India's GDP to grow by 9.5% in fiscal 2022 in our base case scenario and 8% in fiscal 2022 in our pessimistic scenario.

In fiscal 2023, CRISIL Research expects growth to remain strong at 7.8% and become more broad-based, as a sufficient proportion of population gets vaccinated by then. This will particularly strengthen growth for contact-based services, which have been the biggest victims. Beyond that, growth is expected to moderate.

Prior to the onset of the pandemic, India's GDP growth slowed on account of existing vulnerabilities such as a weak financial sector and subdued private investment. However, in light of production-linked incentive (PLI) scheme, reduction in corporate tax rate, labour law reforms together with healthy demographics and a more favourable corporate tax regime, India is expected to witness strong GDP growth when the global economy eventually recovers, supported by prudent fiscal and monetary policy.

Macroeconomic outlook for Fiscal 2022

Macro variables	FY20	FY21E	FY22P	Rationale for outlook
GDP (y-o-y)	4.0%	-7.3%	9.5%*	The second wave and the resultant localised lockdowns has impeded the path to economic recovery, leading CRISIL to revise down the growth forecast for Fiscal 2022 to 9.5%, from 11.0% earlier. That said, expected pick-up in economic activity post-vaccination and support from global growth would act as positives
Consumer price index (CPI) inflation (y-o-y)	4.8%	6.2%	5.3%	Upside risks on inflation are growing from surging international commodity prices. While producers are bearing a greater burden of rising input costs for now, these could get passed to retail prices once demand recovers. Food inflation could also face pressure from disruptions to the rural economy due to the pandemic's spread, and rising global prices
10-year Government security yield (March-end)	6.2%	6.2%	6.5%	The RBI's unconventional policy measures have been instrumental in keeping G-sec yields at decadal lows, at a time when the bond market is facing an unprecedented rise in Government borrowing. Supply pressures could have a bearing on yields once the RBI starts normalising liquidity. Adverse global developments such as premature withdrawal of monetary easing by US Federal Reserve could further add pressure

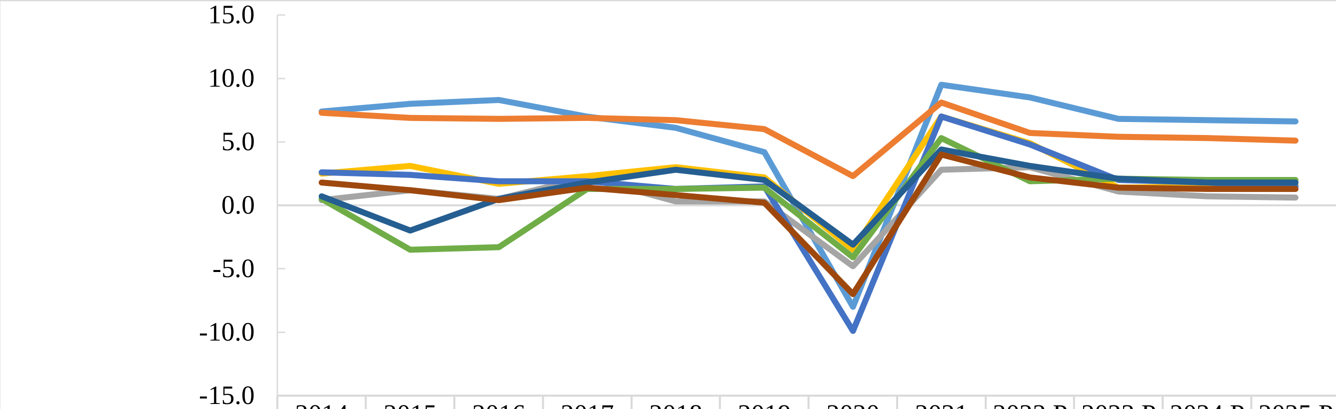
**Downward bias*
Note: P – Projected
Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL Research

GDP to bounce back over the medium term

After clawing back in fiscal 2022, CRISIL Research forecasts India's GDP to grow at 6.0-7.0% per annum between fiscals 2023 and 2025. This growth will be supported by the following factors:

- Focus on investments rather than consumption push enhancing the productive capacity of the economy.
- The production linked incentive (PLI) scheme which aims to incentivise local manufacturing by giving volume-linked incentives to manufacturers in specified sectors
- Raft of reform measures by the government along with a more expansionary stance of monetary policy leading to a steady pick-up in consumption demand
- Policies aimed towards greater formalisation of the economy are bound to lead to an acceleration in per capita income growth

India is one of the fastest-growing major economies (GDP growth, % year-on-year)



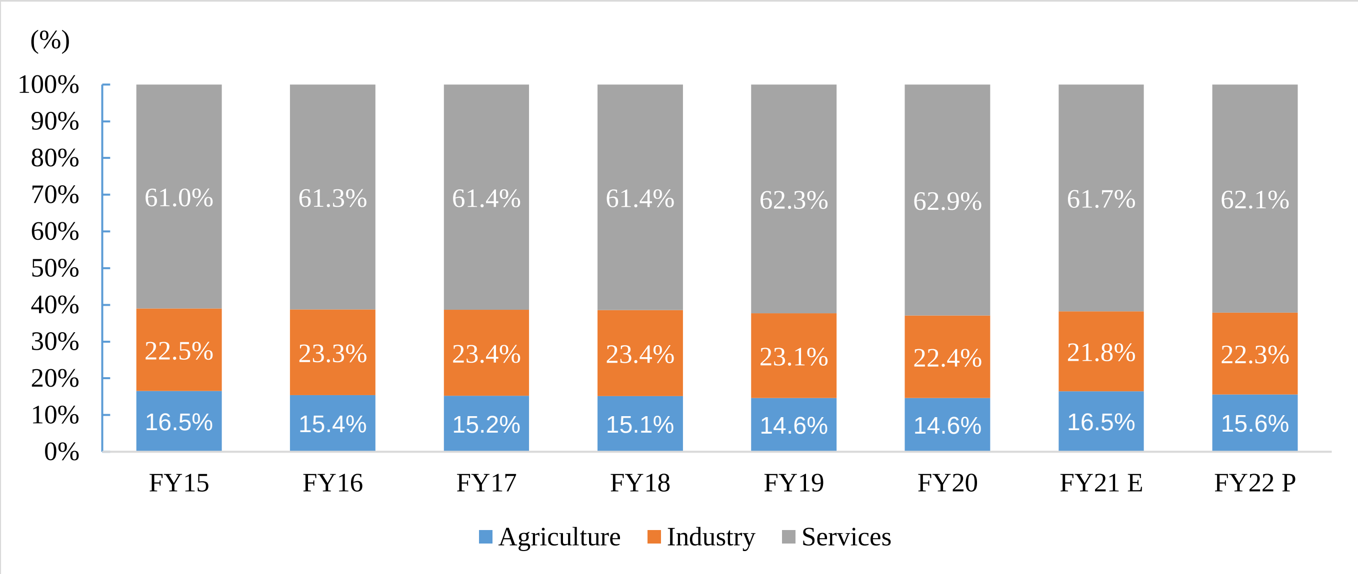
	2014	2015	2016	2017	2018	2019	2020	2021	2022 P	2023 P	2024 P	2025 P
India	7.4	8.0	8.3	7.0	6.1	4.2	-8.0	9.5	8.5	6.8	6.7	6.6
China	7.3	6.9	6.8	6.9	6.7	6.0	2.3	8.1	5.7	5.4	5.3	5.1
Japan	0.4	1.2	0.5	2.2	0.3	0.3	-4.8	2.8	3.0	1.1	0.7	0.6
United states	2.5	3.1	1.7	2.3	3.0	2.2	-3.5	7.0	4.9	1.4	1.5	1.6
United kingdom	2.6	2.4	1.9	1.9	1.3	1.5	-9.9	7.0	4.8	2.0	1.8	1.5
Brazil	0.5	-3.5	-3.3	1.3	1.3	1.4	-4.1	5.3	1.9	2.1	2.0	2.0
Russia	0.7	-2.0	0.5	1.8	2.8	2.0	-3.1	4.4	3.1	2.1	1.8	1.8
South Africa	1.8	1.2	0.4	1.4	0.8	0.2	-7.0	4.0	2.2	1.4	1.3	1.3

Note: GDP growth is based on constant prices, Data represented is for calendar years, P: Projected
Source: IMF (World Economic Outlook – July 2021 and April 2021 update), CRISIL Research

Contribution of various sectors to GDP

As compared to various developed economies, which witnessed a good contribution from manufacturing and industry first and subsequently in services, the Indian transformation story has been different. A notable feature of Indian economy has been the services sector's rising contribution to the overall output of the economy. Over the last three fiscal years ending fiscal 2020, the service sector has grown at a rate of ~7%, thereby taking the contribution of services sector to 62.9% in terms of Gross Value Added (GVA) at constant prices. In fiscal 2021, overall GVA contracted by ~6.5% with industry and services sector contracting by ~7.4% and ~8.4% respectively.

Share of sector in GVA at constant prices



Note: E – Estimated, P - Projected
Source: RBI; CRISIL Research

Key growth drivers

India has world's second largest population

As per Census 2011, India's population was ~1.2 billion, and comprised nearly 245 million households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase about 11% between 2011 and 2021, to 1.4 billion. The population is expected to reach 1.5 billion by 2031 and number of households are expected to reach ~376 million over the same period.

Favourable demographics

As of 2020, India has one of the largest young populations in the world, with a median age of 28 years. About 90% of Indians will still be below the age of 60 by calendar 2021 CRISIL Research forecasts that 63% of them will be between 15 and 59 years. In comparison, in calendar year 2020, the United States (US), China and Brazil had 77%, 83% and 86%, respectively, of their population below the age of 60.

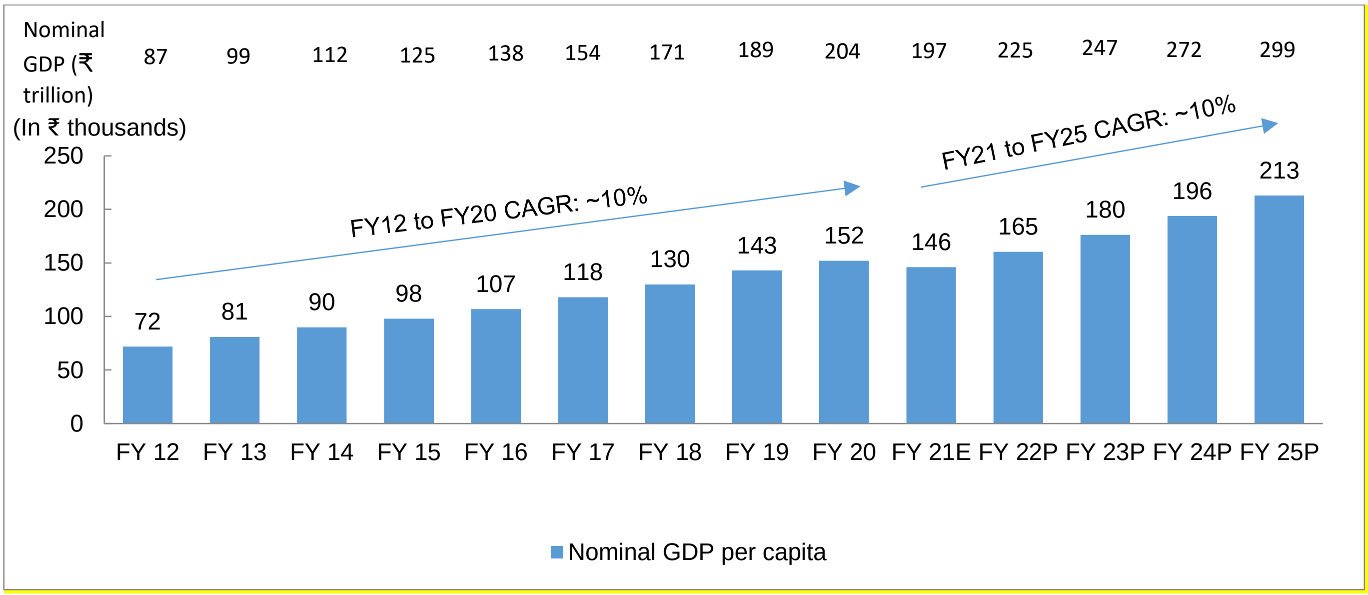
Urbanisation

Urbanisation is one of India's most important economic growth drivers as it will drive substantial investments in infrastructure development, which, in turn, is expected to lead to job creation, development of modern consumer services and increased ability to mobilise savings. The country's urban population has been rising consistently over the decades. In 1950, it was 17% of total population. As per the 2018 revision of World Urbanization prospects, it was estimated at 34% for India. This is expected to reach 37% by 2025.

Increasing per capita GDP

Per capita income is estimated to have contracted by 8% in Fiscal 2021 compared to a growth of 2.9% in the preceding Fiscal. CRISIL forecasts that the per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This will be an enabler for domestic consumption. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.2% compound annual growth rate (CAGR) from Fiscals 2021-25.

Trend in Nominal GDP per capita (at current prices)



Note: P- Projected
Source: MOSPI, World Bank, CRISIL Research

Financial penetration to rise with increase in awareness of financial products

Overall literacy in India is at 77.7% as per the results of recent NSSO survey conducted in 2018 which is still below the world literacy rate of 86.5%. However, according to the National Financial Literacy and Inclusion Survey (NCFE-FLIS) 2019, only 27% of Indian population is financially literate indicating huge gap and potential for financial services industry. The survey defines financial literacy as combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

With increasing financial literacy, mobile penetration, awareness and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), there has been a rise in the participation of individuals from non-metro cities in banking. With more people attached to the formal banking sector, the demand for financial products in smaller cities has seen a major uptick in recent years. Going forward, CRISIL expects financial penetration to increase on account of increasing financial literacy.

Measures to counter the pandemic's onslaught on growth

Reserve Bank of India goes all out to combat the crisis

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) slashed the repo rate by 115 basis points (bps) to address financial market stress in the wake of the pandemic and the subsequent lockdown. In an unusual move, the MPC also asymmetrically reduced the reverse repo initially by 90 bps and by another 25 bps and 40 bps subsequently. The repo and reverse repo rates are now 4.00% and 3.35%, respectively. To tide over any unwarranted volatility, the MPC also increased borrowing limits under the marginal standing facility (MSF) of the liquidity adjustment facility window from 2% to 3%. The MSF rate is now 4.25% (down from 5.40%).

The RBI also announced a host of other measures to address financial market stress due to the pandemic / lockdown, such as:

- **Reducing debt servicing burden through moratorium period:** The RBI initially permitted lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding as on March 1, 2020 and defer interest payments due on working capital facilities outstanding.
- **Loan restructuring**: The central bank constituted a committee which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalising resolution plans for borrowers.
- **Enhancing liquidity**: Apart from reducing repo and reverse repo rate, the RBI reduced the cash reserve ratio (CRR) requirements of all banks by 100 bps to 3% of net demand and time liabilities (NDTL). Further, the minimum daily CRR balance maintenance was reduced to 80% from 90% till June 26, 2020.
- **Supporting financial market liquidity**: The RBI initially announced targeted long-term repo operations (TLTROs) of up to three years' tenure for a total of up to ₹ 1 trillion. Liquidity availed under the scheme by banks had to be deployed in investment grade corporate bonds, commercial paper, and non-convertible

debentures. Subsequently, TLTROs worth ₹ 500 billion were announced specifically for non-banking financial companies (NBFCs) and micro finance institutions (MFIs), with 50% targeted towards small and mid-sized firms.

- **Pushing credit growth**: The RBI decided to postpone the implementation of net stable funding ratio to October 1, 2021 to encourage banks to lend in these challenging times. Deferring the last tranche of capital conservation buffer to October 1, 2021 was also a step in the same direction.
- **Addressing rupee volatility**: Banks in India which operate International Financial Services Centre banking units have been allowed to participate in the Non-deliverable Forward (NDF) market with effect from June 1, 2020.
- **Regulatory changes**: With regards to the moratorium provided on loans, the RBI clarified these measures would not result in asset quality downgrade, nor would it affect the credit history of borrower.
- **Measures during second wave of Covid-19**: On May 5, 2021, RBI announced several measures to protect small and medium businesses, individual borrowers from the adverse impact of the intense second wave of Covid-19 across the country. RBI also made provisions for banks to advance loans to businesses and restructure loans for enhancing liquidity in the system to help mitigate the crisis.

'Aatmanirbhar' package is a timely relief amid the pandemic

Liquidity boost for NBFCs

The government announced a ₹ 450 billion partial guarantee scheme (for NBFCs) and ₹ 300 billion special liquidity scheme for NBFCs, housing finance companies (HFCs) and MFIs, aimed at covering the concern of credit risk perception on mid and small size non-banks.

Change in MSME definition

To bring in more enterprises under the ambit of MSMEs and the relief package being offered by the regulator, the government revised the MSME investment limit across each category and introduced an alternate/additional criteria of turnover buckets to the definition. It further helped remove the difference between the definition of manufacturing based and services based MSMEs. Given below is the composite revised definition of MSMEs in comparison to the old existing one:

Existing and revised definitions of MSMEs

Existing MSME classification			
Criteria : Investment in plant and machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing enterprises	Investment < ₹ 2.5 million	Investment < ₹ 50 million	Investment < ₹ 100 million
Services enterprises	Investment < ₹ 1 million	Investment < ₹ 20 million	Investment < ₹ 50 million
Revised MSME classification			
Composite Criteria : Investment and annual turnover			
Classification	Micro	Small	Medium
Manufacturing and Services enterprises	Investment < ₹ 10 million and Turnover < ₹ 50 million	Investment < ₹ 100 million and Turnover < ₹ 500 million	Investment < ₹ 500 million and Turnover < ₹ 2.5 billion

Source: Ministry of MSME, CRISIL Research

Collateral-free loans to MSMEs (₹ 3 trillion): Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. MSMEs with up to ₹ 250 million outstanding credits and ₹ 1 billion turnover are eligible for these loans. It will have four-year tenure with a moratorium of 12 months on principal payment and can be availed till October 31, 2020. The government will provide complete credit guarantee cover to lenders on principal and interest amount.

Subordinate debt to MSMEs (₹ 200 billion): The government is also facilitating the provision of ₹ 200 billion as subordinate debt for stressed assets of MSMEs. It will also provide ₹ 40 billion as partial credit guarantee support to banks for lending to MSMEs.

Equity infusion in MSMEs (₹ 500 billion): The government has committed to infuse ₹ 500 billion in equity of MSMEs having growth potential and viability. It will also encourage MSMEs to list on stock exchanges.

Clearing MSME dues; guarantee scheme: The government has requested central public sector enterprises to release all pending MSME payments within 45 days. It will boost transaction-based lending by fintech enterprises. Under the Emergency Credit Line Guarantee Scheme (ECLGS), banks will offer ₹ 3 trillion government guaranteed loans to MSME borrowers that are not non-performing assets (NPAs) to address short-term liquidity concerns and boost the MSME sector.

Global tenders disallowed up to ₹ 2 billion: The government will not allow foreign companies in government procurement tenders of value up to ₹ 2 billion. This is likely to ease the competition faced by the MSMEs against foreign companies.

Loan interest subvention scheme (₹ 15 billon): Under this scheme, the government has provided 2% interest subvention for loans given under Mudra-Shishu scheme. These loans are up to the ticket size of ₹ 50,000 and are mostly given by NBFC-MFIs benefiting low income groups customers.

Special credit facility for street vendors (₹ 50 billon): The government announced this scheme to facilitate easy access of credit to street vendors to offset the adverse effect of pandemic on their livelihoods.

'Aatmanirbhar 3.0' stimulus package rolled out to boost economy in November 2020

The finance minister, on November 12, 2020, announced a stimulus package. Under the package, 12 stimulus measures were rolled out to boost employment in the formal and informal economy, help housing infrastructure, enhancing ease of doing business, extending the deadline for the Credit Line Guarantee Scheme, etc. The announcement was made a day after the government announced a ₹ 2 trillion production-linked incentives (PLIs) scheme for boosting identified manufacturing sectors. The government also announced some fresh projects, collaterally boosting employment in the country.

An additional outlay of ₹ 180 billion for PM Awaas Yojana (PMAY) Urban was announced, which will help ground 1.2 million houses and complete 1.8 million houses. The move is expected to create additional 7.8 million jobs and improve production and sale of steel and cement, resulting in a multiplier effect on the economy. Stimulus packages worth ₹. 2.65 trillion were announced by the government.

Following are the twelve announcements made in the Aatmanirbhar 3.0 stimulus package:

1. Aatmanirbhar Bharat Rozgar Yojana: Aatmanirbhar Bharat Rozgar Yojana, operational during October 1, 2020 to June 2021 to incentivise creation of new employment opportunities during COVID recovery phase.
2. Emergency credit line guarantee scheme 2.0: Launch of an emergency credit line guarantee scheme 2.0 for guaranteed credit to 26 stressed sectors. Tenure of additional credit under ECLGS 2.0 to be 5 years, including 1 year of moratorium on principal repayment. Emergency credit line guarantee scheme extended till March 31 2021.
3. PLI scheme: Introduction of the PLI scheme in 13 key sectors for enhancing India's manufacturing capabilities and exports.
4. PMAY **–** Urban**:** ₹ 180 billion will be provided over the Budged Estimates for 2020-21 for PM Awaas Yojana (PMAY) - Urban through additional allocation and extra-budgetary resources. This is over and above ₹ 80 billion already budgeted this year.
5. Support for construction and infrastructure - Relaxation of earnest money deposit (EMD) and performance security on government tenders.
    a. Performance *security on contracts to be reduced to 3% instead of 5-10%*
    b. *EMD will* not *be required for tenders and will be replaced by Bid Security Declaration*
    c. *Relaxations* will *be given till December 31, 2021*
6. Demand booster for residential real estate income-tax relief for developers and home buyers: Increase in the differential from 10% to 20% for the period from the date of the announcements to June 20, 2021 for only primary sale of residential units of value up to ₹ 2 billion.
7. Government will invest ₹ 60 billion as equity in the NIIF debt platform. Infra project financing of ₹ 1.1 trillion will be provided by the government.
8. Government will provide support to farmers with ₹ 650 billion for subsidised fertilisers
9. Boost for the rural employment -Enhanced outlays under PM Garib Kalyan Rozgar Yojana: ₹ 400 billion was additionally provided in Atmanirbhar Bharat 1.0. Further outlay of ₹ 100 billion to be provided for PM Garib Kalyan Rozgar Yojana in the current fiscal.
10. Boost for exports - ₹ 30 billion to EXIM Bank for lines of credit: ₹ 30 billion will be released to EXIM Bank for promotion of project exports through lines of credit under the IDEAS scheme.
11. Capital and industrial stimulus: ₹ 102 billion additional budget outlay will be provided towards capital and industrial expenditure.
12. Research and development grant for Covid-19 vaccine development: ₹ 9 billion provided for Covid Suraksha Mission for research and development of an Indian Covid-19 vaccine to the Department of Biotechnology.

Scope of ECLGS Scheme further expanded post the COVID-19 wave

Recently in September 2021, with a view to support various businesses impacted by the second wave of COVID 19 pandemic, the timeline for *Emergency Credit Line Guarantee Scheme (ECLGS) has been extended till March 2022* or till guarantees for an amount of ₹ 4.5 lakh crore are issued under the scheme, whichever is earlier. Further, the last date of disbursement under the scheme has also been extended to June 2022. As of September 24, 2021, loans sanctioned have crossed ₹ 2.86 trillion under the scheme.

In June 2021, the government increased the overall admissible guarantee limit from ₹ 3.0 trillion to ₹ 4.5 trillion. Along with this, the limit of admissible guarantee and loan amount is increased from 20% to 40% of outstanding for Covid-affected sectors like Hospitality sector, Travel & Tourism sector, Leisure & Sporting sector and Civil Aviation sector, subject to a maximum of ₹.200 crore per borrower.

Earlier, in May 2021, the Government announced the following further modifications to the ECLGS scheme:

- The scope was expanded to cover loans up to ₹. 20 million to hospitals/nursing homes/clinics/medical colleges for setting up on-site oxygen generation plants with interest rate capped at 7.5%
- Additional ECLGS assistance of up to 10% of the outstanding loans as on February 29, 2020 to borrowers covered under ECLGS 1.0 was allowed
- Civil Aviation sector was included in the list of sectors covered
- Ceiling of ₹. 5 billion of loan outstanding for eligibility under ECLGS 3.0 was removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹. 2 billion, whichever is lower
- Borrowers who had availed loans under ECLGS 1.0 of overall tenure of 4 years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months were allowed to increase the tenure to 5 years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter)

Earlier, in March 2021, the Government had made the following modifications to the scheme

- The scope of ECLGS was expanded to cover business enterprises in hospitality, travel & tourism, leisure & sporting sectors which had, as on February 29, 2020, total credit outstanding not exceeding ₹. 5 billion and were less than or equal to 60 days past due as on that date.
- The validity of ECLGS was extended up to June 30, 2021 or till guarantees for an amount of ₹. 3 trillion are issued.

Key structural reforms: Long-term positives for the Indian economy

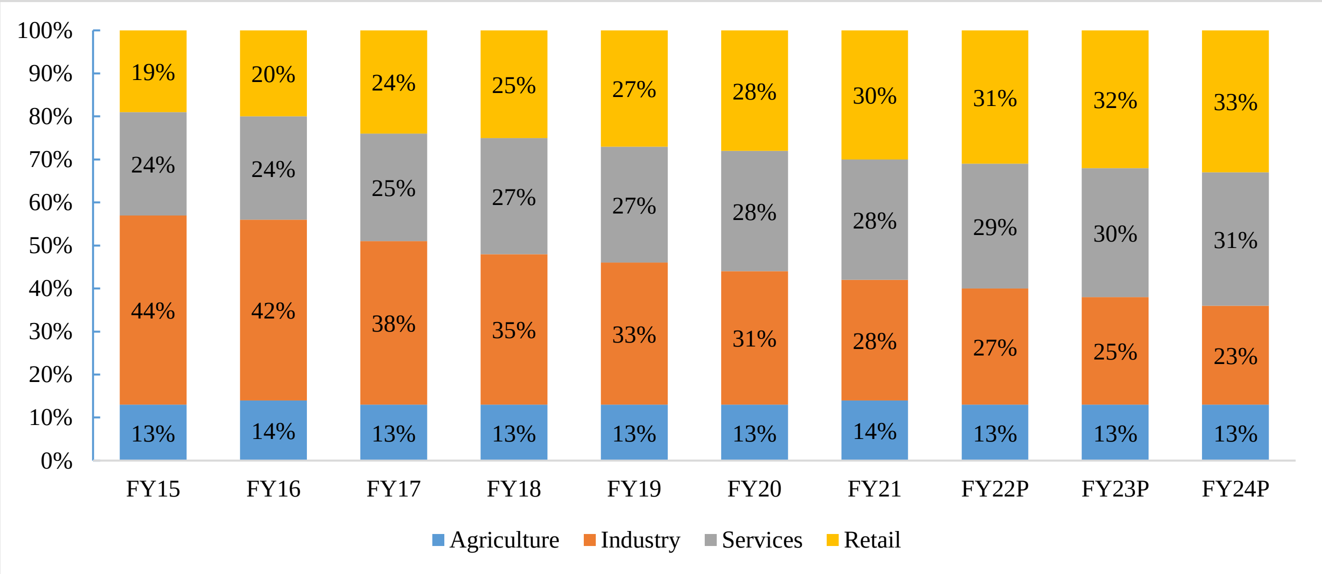
- ***Financial inclusion***: India's financial inclusion has improved significantly between 2014 and 2017, with the adult population with bank accounts rising from 53% (as per Global Findex Database 2014) to 80% in 2017 with concentrated efforts by the government to promote financial inclusion and the proliferation of supporting institutions.
- ***GST implementation:*** Introduced on July 1, 2017, the GST is an indirect tax regime that subsumed multiple cascading taxes levied by the central and state governments. Its implementation has spawned structural changes in the supply chain and logistics network in the country.
- ***PLI scheme to boost manufacturing in the long run:*** The government has budgeted ~₹ 2 trillion to give incentives to the locally manufacturing units to 13 key sectors. By incentivising production subject to achieving the desired scale, the scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors.
- ***Thrust on affordable housing:*** The residential real estate segment saw two policy changes – Real Estate (Regulation and Development) Act (RERA) and Goods and Services Tax (GST) -- which had a direct impact on the sector's demand-supply dynamics. Going ahead, about half of the incremental supply being added in urban stock is expected to be via affordable housing.
- ***PMAY Gramin (Rural):*** Under the PMAY-Gramin (PMAY-G), as many as 15.5 million houses were completed as of September 2, 2021. The government has set up a target of constructing 20.19 million houses by fiscal 2022 under the scheme.
- ***PMAY Urban:*** Under the PMAY-U, of the estimated 11 million houses to be constructed over seven years (fiscals 2016-2022), 11.31 million have been sanctioned as of August 31, 2021 and 5.02 million have been constructed.

Credit penetration in India

Retail sector to bounce back from fiscal 2022

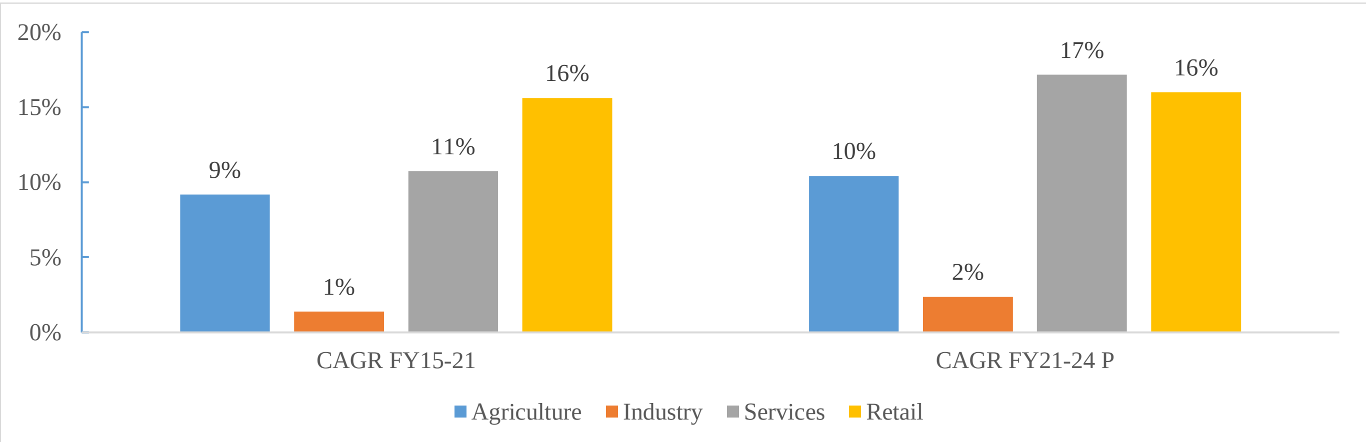
Industrial credit accounted for nearly a third of the overall banking credit mix in Fiscal 2019. The demand has been lower in the past three fiscal years, owing to subdued capital expenditure and low commodity prices. The sector has been plagued with worsening asset quality, which has reached 17.5% in fiscal 2019 as compared to 7.2% in fiscal 2015. This has led to gradual reduction of share of industry credit in the overall banking sector's credit. CRISIL Research expects the growth to stay low towards this sector on account of cautious approach taken by lenders. In contrast, credit towards the retail and services segments has risen rapidly over the past five fiscal years, driven by strong consumer demand, lower NPA and better margins. Because of this, their shares in the overall banking credit mix have been expanding. However, in fiscal 2021, retail credit clocked slower growth as private consumption plunged on account of Covid-19 pandemic and its profound impact on economic activity. However, between fiscal 2021 and fiscal 2024, retail credit is expected to make a strong comeback and grow at 13-15%.

Retail loan has the largest share in banking credit; will continue to form largest share at 33% in FY24



Note: P: Projected
Source: RBI; CRISIL Research

Trend in growth of bank credit of various segments



Note: P: Projected
Source: RBI; CRISIL Research

Increasing retail penetration to support credit growth

Household debt-to-GDP ratio measures the credit penetration of the household sector in an economy. India ranks one of the lowest in this parameter. However, this ratio has been rising with increase in formalisation, rise in income levels, and improving banking penetration in the country. This is further supported by strong retail focus by banks, as this segment offers better risk-to-reward. We expect this pace to continue in medium term, given huge under-penetration in the segment, and supported by rapid growth in income levels.

Total credit-to-GDP ratio to pick up in the long-term on the back of structural reforms

Total credit-to-GDP ratio (total credit to for private non-financial sector), which measures the financial sector penetration in the economy, has been observed to be one of the lowest in case of India (~56% as of 2019) compared with other developing BRICS economies, such as China (~204%) and South Africa (~73%), and developed economies, such as the United States (~150%), United Kingdom (~163%) and France (~215%). Faster economic growth, improving digitisation initiatives, increasing banking penetration, and government's implementation of structural reforms such as IBC, augur well for the total credit to GDP ratio in the long term.

Greater credit penetration will increase proportion of new-to-credit customers

In India, the proportion of new-to-credit customers has been showing a steady increase across segments, indicating increasing comfort of the younger population in availing credit and a consequent increase in credit penetration. According to CRIF Highmark data, the proportion of new-to-credit (NTC) customers in fiscal 2021 was around 35% in the case of consumer durable loans, 34% in the case of business loans 18% in the case of credit cards, 19% for personal loans, and 28% for auto loans. In the case of two wheelers, as much as 65% of the loans in fiscal 2021 were given to NTC borrowers.

	Proportion of new-to-credit customers
Home loans	10-15%
Personal loans	19%
Credit cards	18%
Auto loans	28%
Business Loans	34%
Consumer durable loans	35%

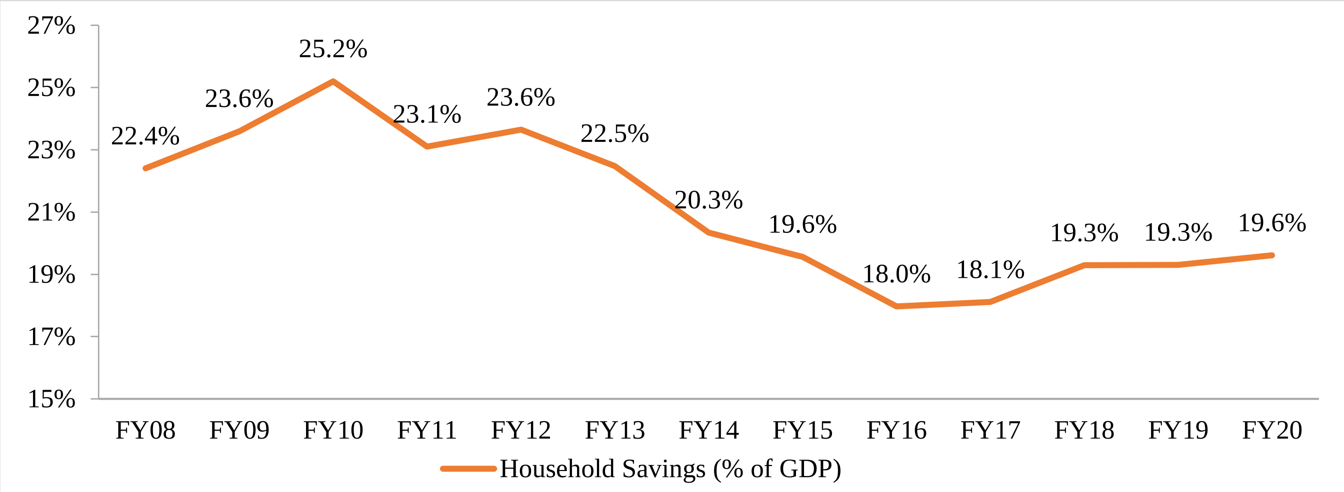
NTC defined as loans with borrower vintage <= 12 months
Source: Industry, CRIF Highmark, CRISIL Research estimates

Household savings to increase

CRISIL Research expects India to continue being a high savings economy. However, household savings as a percentage of GDP has been sliding since Fiscal 2012, with its share in total savings falling significantly from 23.6% in Fiscal 2012 to 18.0% in Fiscal 2016. The household savings as percentage of GDP rose to 19.6% in Fiscal 2020. CRISIL Research expects the household savings as a percentage of GDP to increase further on account of expected decline in discretionary spending during the pandemic. However, the absolute amount of savings might not increase at the same pace since the GDP growth is expected to be negative in Fiscal 2021.

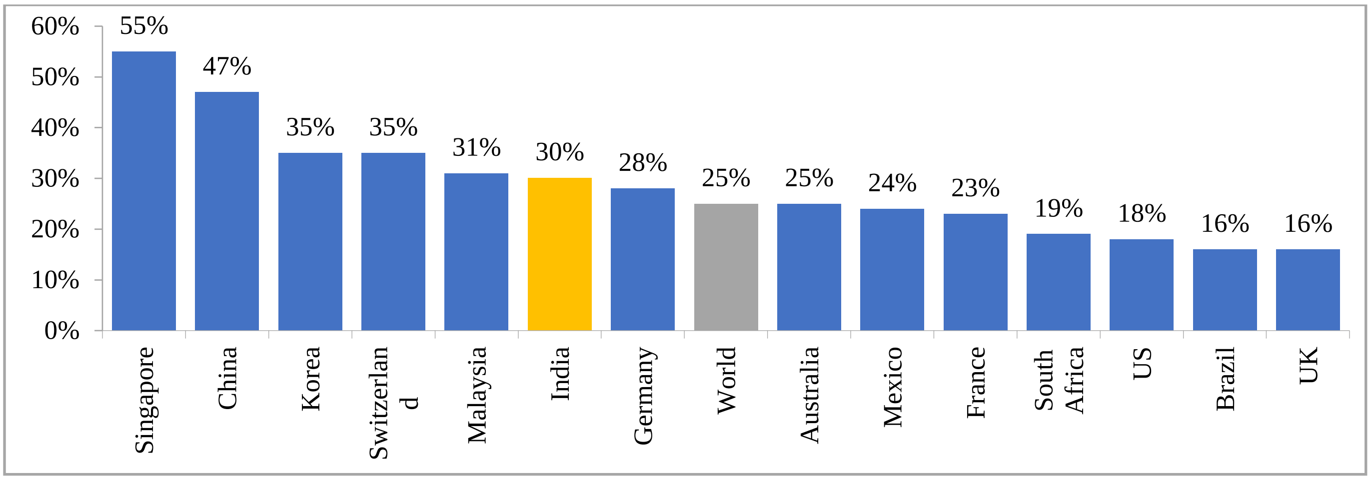
CRISIL is also sanguine on savings rate increasing in the medium-term, as households become more focused post the pandemic-induced uncertainty on creating a nest egg for the future.

Household savings as a percentage of GDP has increased marginally in Fiscal 2020



Note: E: Estimated
Source: Ministry of Statistics and Programme Implementation (MOSPI), RBI, CRISIL Research

Gross Domestic Savings rate: India vs other countries (CY 2019)



Note: Gross Domestic Saving consists of savings of household sector, private corporate sector and public sector
Source: World Bank, Handbook of Statistics on Indian Economy 2018-19, RBI, MOSPI, CRISIL Research

Rural economy is becoming structurally far more resilient

At a time when the Indian economy has been severely impacted by the COVID-19 pandemic, the rural economy, which accounts for almost half of India's GDP, has been a harbinger of hope. Rural India emerged relatively unscathed from the first Covid-19 wave due to lower spread of the pandemic in these areas, agricultural activity continuing unhindered, additional support offered by the government by increasing allocation under the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and disbursing funds under the PM-Kisan scheme, and the relatively lower contribution of services, most badly hurt due to the pandemic, in the rural GDP. Further, higher Government procurement of food grains to support the Pradhan Mantri Garib Kalyan Anna Yojana, also spurred higher production.

The second wave of Covid-19 has had some impact in rural India, thereby hurting household balance sheets. This, along with the progress of the monsoons and sowing activity in respect of kharif crops, would influence rural incomes in the near-term.

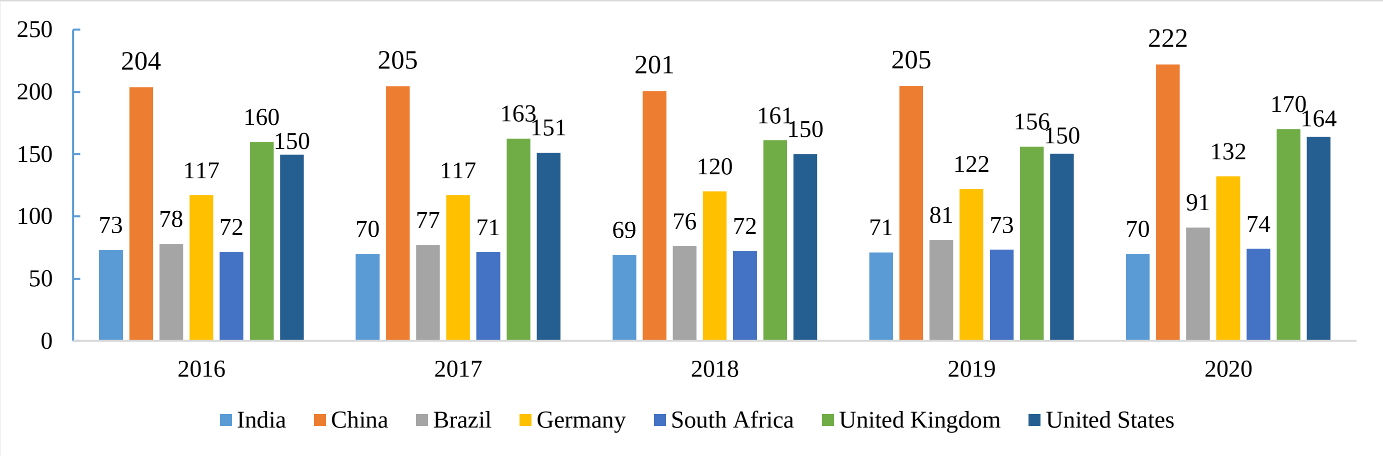
Nevertheless, CRISIL Research believes that the rural economy is far more resilient today due to two consecutive years of good monsoon, increased spends under MNREGA and irrigation programmes, direct benefit transfer (DBT), the PM-Kisan scheme, PM Ujwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat scheme for healthcare. To supplement this, there has been a continuous improvement in rural infrastructure such as electricity and roads. These Government initiatives have led to lesser leakages and higher incomes in the hands of the rural populace, thereby enhancing their ability and willingness to spend on discretionary products and services.

Through Direct Benefit Transfer, the government has transferred more than ₹ 5.5 trillion in fiscal 2021 under 318 schemes. In the coming years as well, CRISIL Research expects DBT transfers to continue to increase at a healthy pace, as the government tightens focus on making subsidies available directly in the account of the intended beneficiaries.

The structural changes, combined with a positive macro environment, will improve rural business prospects, provide business opportunities for the banking and financial services sector and drive the long term growth of the economy.

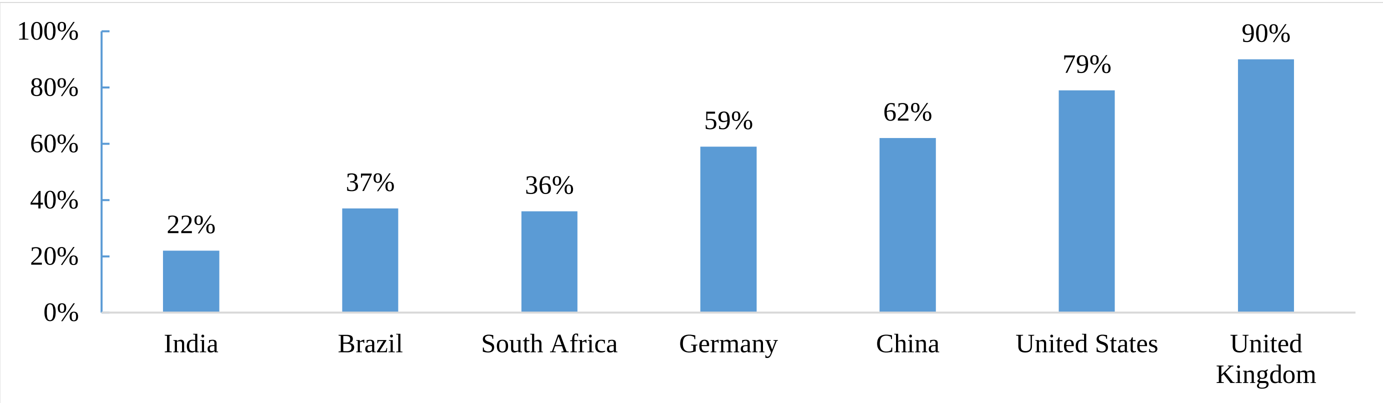
Financial Inclusion

Credit to GDP ratio (%)



Note: Data is represented for calendar years for all countries except India. For India, numbers are for fiscal year
Source: Bank of International Settlements, CRISIL Research

Retail Credit to GDP ratio (2020)

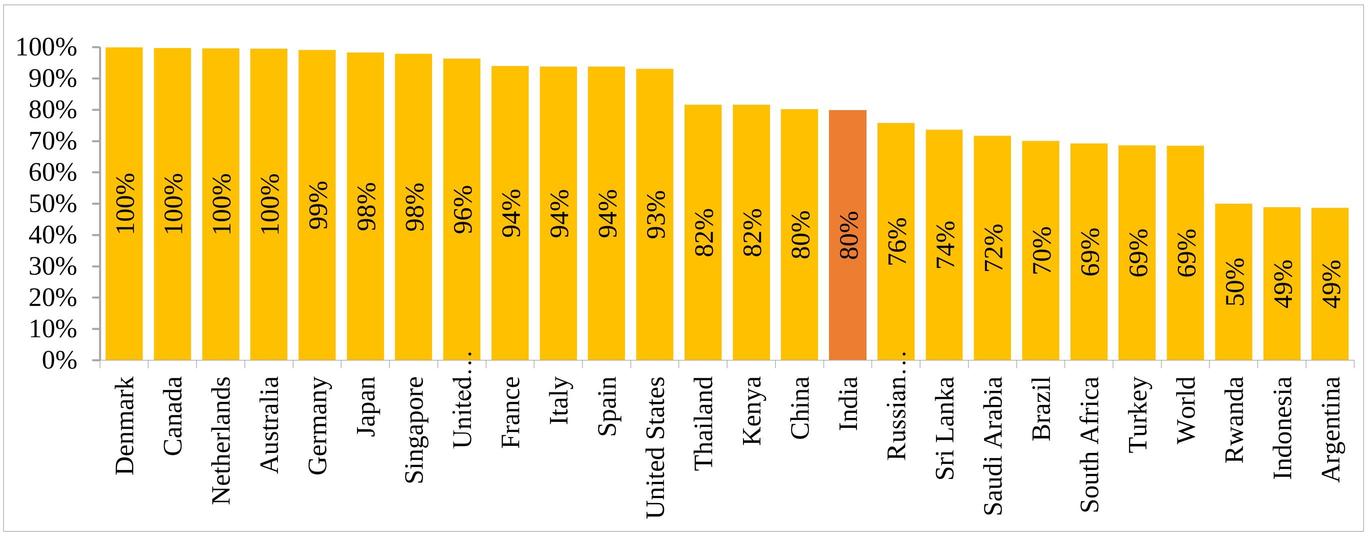


Note: For countries except India, data is represented for calendar years. For India, data represented is for fiscal year 2021.

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

According to the World Bank's Global Findex Database 2017, the global average of adult population with an account (with a bank, financial institution, or mobile money providers) was about 69% in 2017. 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% (in 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 fruitful usage of those accounts.

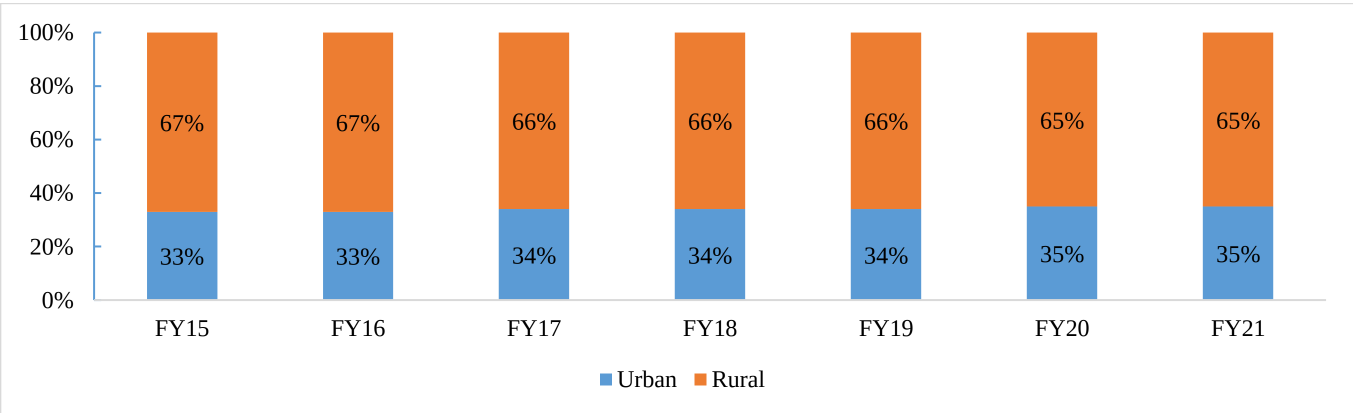
Adult population with a bank account (%): India vis-à-vis other countries



Note: 1. Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Account penetration is for the population within the age group of 15+
Source: World Bank - The Global Findex Database 2017, CRISIL Research

The low levels of adults with bank accounts in comparison with various countries can be further explained by the large number of rural households in the country, which account for nearly two-thirds of the total 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



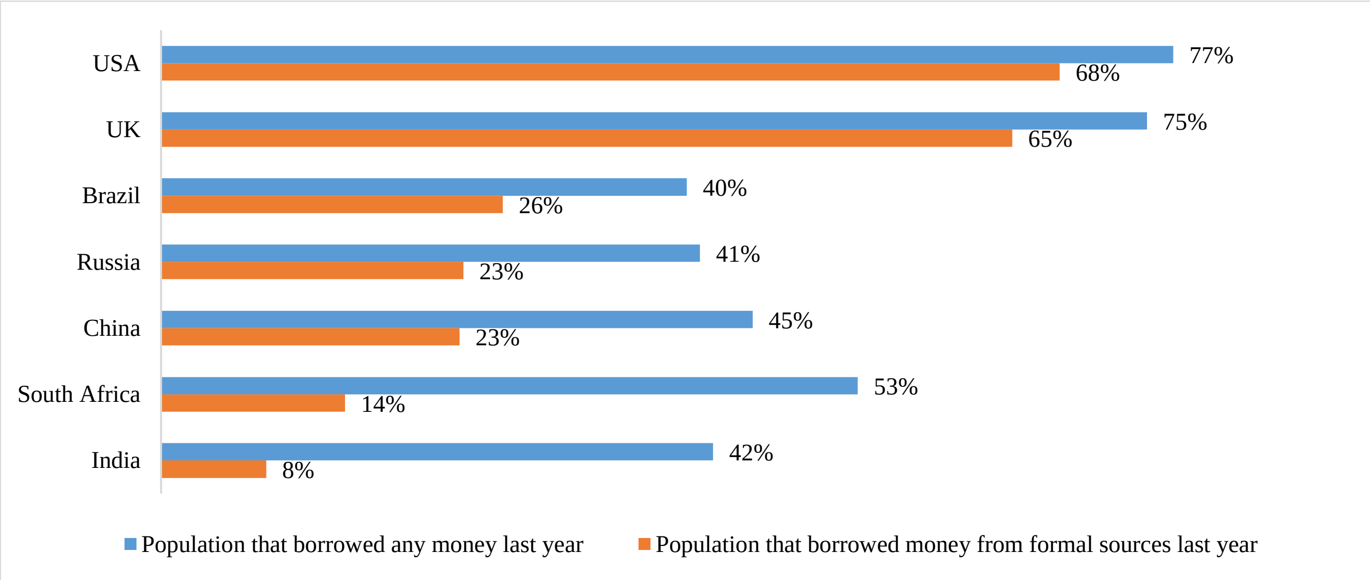
Source: World Bank; Census; CRISIL Research

Although the majority of Indian households are located in the rural region, the banking infrastructure in these regions is relatively inferior and, thus, there is a gap in the supply and demand of financial services in the backward regions of the country, which is a pocket of opportunity for the financial services sector.

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). Consequently, a significant proportion of the population still lacks access to formal banking facilities. According to NABARD All India Rural Financial Inclusion Survey 2016-17, 40% loans were reported as taken from non-institutional investors or informal channels like relative and friends, money lenders and local landlords.

According to the World Bank's Global Findex Database 2017, only 8% of the Indian population borrowed money through a formal channel like financial institutions which is very low compared to other developed and developing countries.

Only 8% of India's population borrowed money from formal sources



Note: 1. Global Findex data for India excludes northeast states, remote islands and selected districts; 2. Data is for the population within the age group of 15+; 3. Money borrowed from formal sources includes money borrowed from Banks, NBFCs and usage of credit card
Source: World Bank - The Global Findex Database 2017, CRISIL Research

To tackle financial exclusion, the Indian government introduced the PMJDY, a scheme that facilitates opening bank accounts by the unbanked. However, the effective use of these new accounts, increase in the number of transactions in these accounts and availability of credit remain key challenges, which need to be effectively addressed as borrowings from the formal sources still remains low.

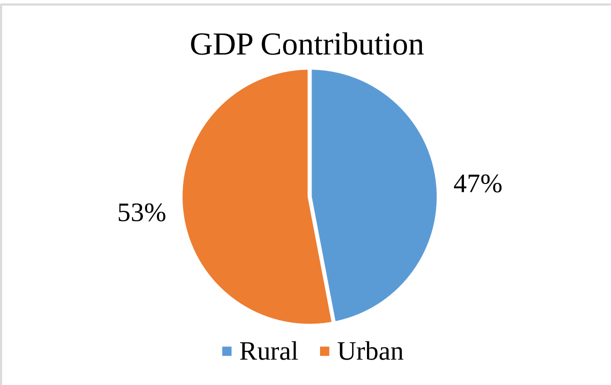
India is one of the countries with lower commercial bank branches and ATM penetration indicating huge room for financial inclusion and banking services penetration. As of calendar year 2019, India has 14.6 branches and 21 ATMs for one lakh adults according to World Bank data which is relatively lower than other developing and developed countries.

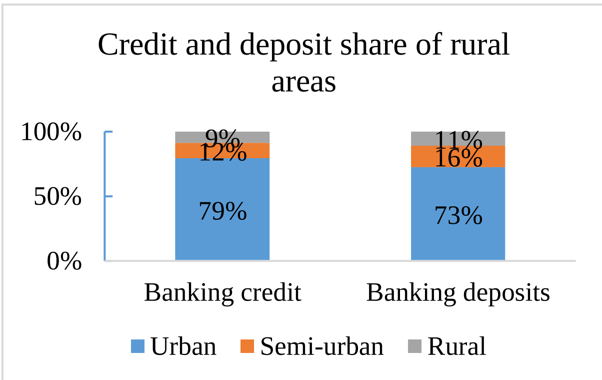
Rural India accounts for about half of GDP, but only about 9% of total credit and 11% of total deposits

According to Census 2011, there are about 640,000 villages in India, which are inhabited by about 893 million people, comprising about 66% of the country's population as of March 31, 2021. About 47% of India's GDP comes from rural areas. The share of total credit outstanding is about 9% in rural areas and 91% in urban areas as of March 31, 2021. The massive divergence in the rural areas' share of India's GDP and banking credit services compared with urban areas is an indicator of the extremely low penetration of banks in rural areas.

The chart below shows the percentage of GDP contribution and credit outstanding in rural and urban areas**:**

Low share of banking credit and deposit indicates lower penetration in rural areas (as of March 2021)



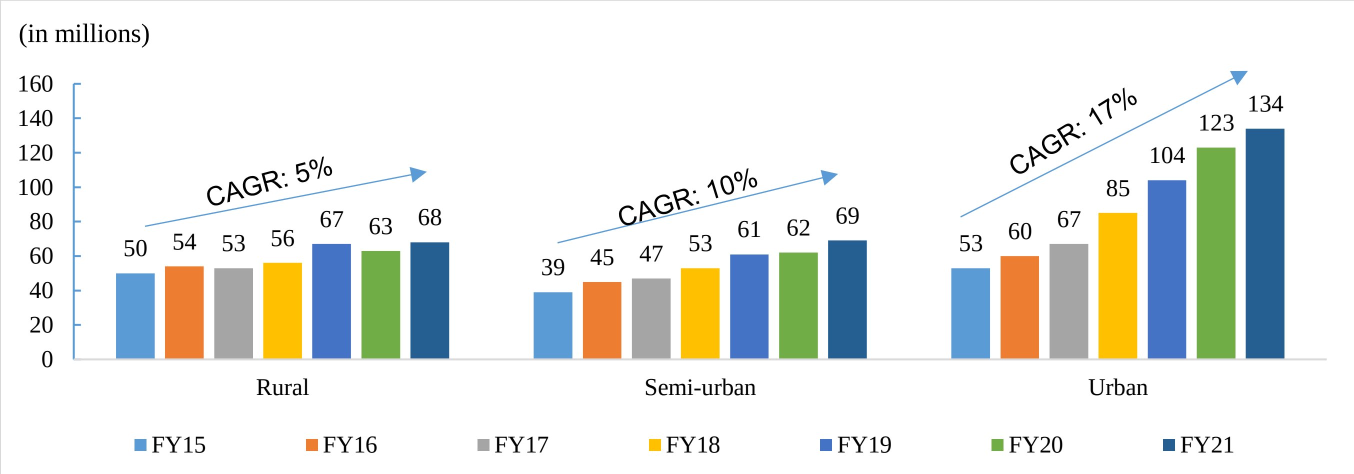


Source: CSO; RBI; CRISIL Blac

As rural areas in India have lower financial inclusion compared with urban areas and there is less competition for banking services in rural areas compared with urban areas, this presents significant growth opportunities in rural areas.

India's ATM withdrawal to Cash-in-circulation ratio lies behind other countries indicating lower debit card penetration is in the country. However, with initiatives like PMJDY focussed towards increasing financial penetration and inclusion, the government has been attempting to change the situation. Under PMJDY, the beneficiaries have been issued RuPay debit cards which has also been a key enabler from rural participation in financial system. As of March 31, 2021, 309 million RuPay debit cards have been issued to 422 million PMJDY beneficiaries. Out of these, 66% of the beneficiaries belong to rural and semi-urban areas.

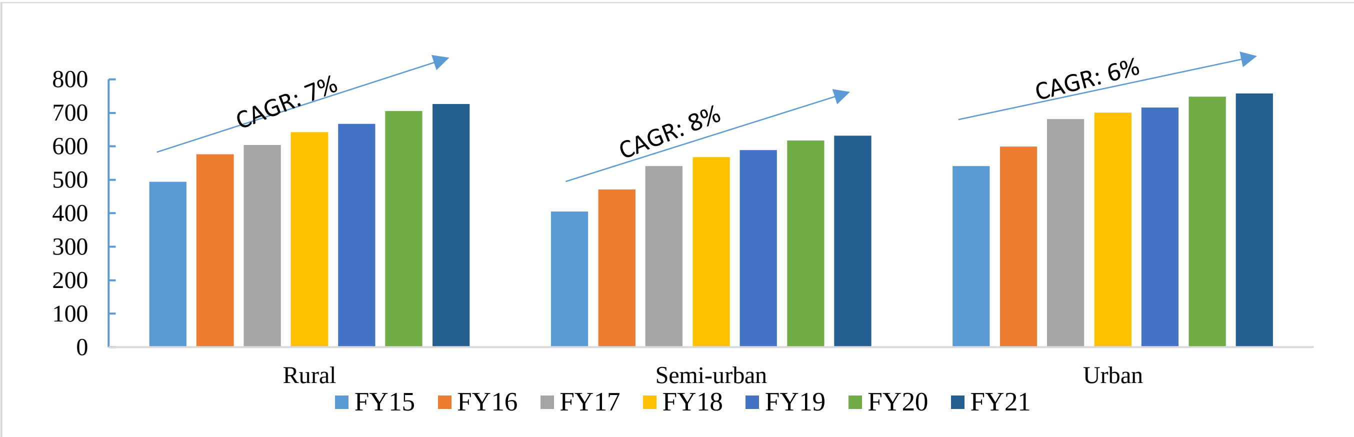
Bank credit accounts in rural, semi-urban and urban areas (FY21)



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

Bank deposit accounts in rural, semi-urban and urban areas (FY21)



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

State-wise GDP and GDP growth (FY 2021)

States	Real GDP ₹s. Billion (FY 2020)	YOY growth	Real GDP growth CAGR (FY 2015-FY 2020)	Credit account penetration (FY 2021)	Deposit account penetration^	Branch penetration (FY 2021)	ATM penetration (FY 2021)	CRISIL Inclusix Score (FY 2016)
Maharashtra*	20,391	6.0%	6.6%	32%	164%	108	211	62.7
Tamil Nadu	13,129	8.0%	8.0%	14%	182%	147	331	77.2
Karnataka	12,010	6.8%	9.9%	9%	190%	157	259	82.1
Uttar Pradesh	11,873	4.4%	7.3%	2%	175%	80	96	44.1
Gujarat*	11,864	9.2%	8.7%	7%	149%	126	175	62.4
West Bengal	7,932	7.3%	6.7%	3%	146%	90	120	53.7
Rajasthan	7,116	5.0%	6.4%	4%	123%	101	137	50.9
Andhra Pradesh	6,720	8.2%	8.6%	9%	167%	137	231	78.4
Delhi	6,344	7.4%	8.2%	25%	277%	197	422	86.1

Haryana	5,722	7.7%	9.1%	10%	187%	180	237	67.7
Madhya Pradesh	5,618	7.6%	7.9%	4%	133%	89	128	48.7
Kerala*	5,594	7.5%	6.7%	11%	200%	180	267	90.9
Punjab	4,189	5.3%	6.1%	9%	196%	212	232	70.9
Bihar	4,150	10.5%	8.2%	1%	114%	65	71	38.5
Odisha	4,024	5.3%	8.3%	4%	137%	113	157	63
Chhattisgarh	2,435	5.3%	5.6%	4%	140%	99	129	45.7
Jharkhand	2,400	6.7%	5.2%	3%	127%	86	97	48.2
Assam*	2,340	6.4%	8.1%	3%	124%	86	117	47.9
Uttarakhand*	1,933	6.9%	7.3%	5%	123%	193	239	69
Himachal Pradesh	1,244	5.6%	6.9%	5%	180%	217	242	72.3
Jammu & Kashmir*	1,128	6.1%	7.3%	8%	151%	125	182	47.8
Tripura	405	9.6%	8.5%	3%	133%	139	123	66.2
Meghalaya	267	8.2%	5.8%	4%	88%	111	121	34.6

Note: 1. (*) – As of FY 2019, (^) – As of FY 2020
2. Credit account penetration is calculated as total number of retail bank credit accounts/population of the state
3. Deposit account penetration is calculated as total number of bank deposit accounts/ population of the state
4. Branch penetration is calculated as Number of bank branches per million people
5. ATM penetration is calculated as Number of ATMs per million people
6. For Credit and Deposit account penetration, this does not represent unique borrowers or depositors, total number of accounts have been considered
7. Andhra Pradesh and Telangana have been considered as one state
Source: RBI, MOSPI, CRISIL Research

CRISIL Inclusix, an index that measures the extent of financial inclusion at a geographical level across all districts in India, reported a score of 58.0 at the end of Fiscal 2016, up from 50.1 in Fiscal 2013 and 35.4 in Fiscal 2009. The index scores each district in India on a scale of 0 to 100 with 0 being the worst and 100 being the best. The overall improvement of the score in Fiscal 2016 was mostly driven by JAM trinity: Jan Dhan Yojana, Aadhaar and mobile.

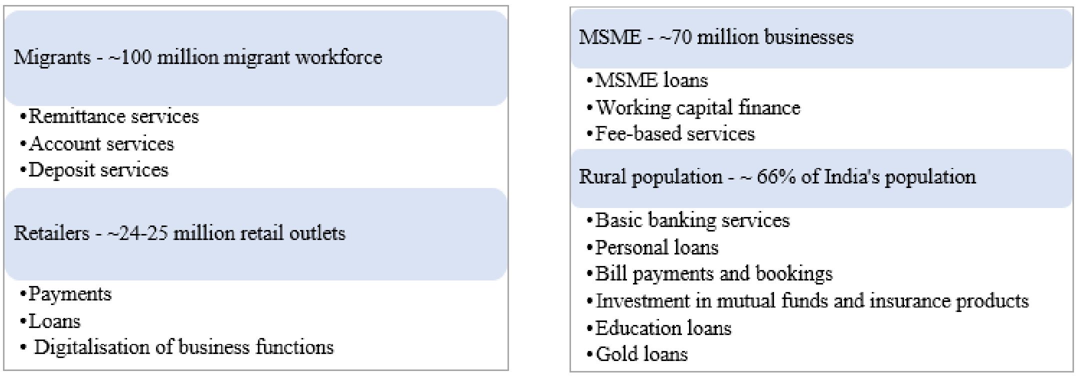
Kerala had the highest CRISIL Inclusix score as of 2016 with only 1 district having a score less than 70. Goa, Karnataka, Andhra Pradesh are other states with higher Inclusix scores and no districts having a score below 50. States such as Uttar Pradesh and Bihar, on the other hand, have an Inclusix score below 45, with a large majority of districts – 50% in case of Uttar Pradesh and 65% for Bihar – having Inclusix scores below 40. North-eastern states like Manipur, Nagaland and Meghalaya have the lowest Inclusix scores with hardly any district having a score more than 50.

Business opportunities available owing to financial inclusion on the asset and liability side

Factors such as lack of documents, migration of individuals for work or other purposes, lack of transaction history with financial institutions, etc., have led to low inclusion of households in the financial system. Also, the costs involved in setting up a network to serve the traditionally ignored categories, such as migrants, rural population, retailers, shop owners, and MSMEs, is high.

In addition, the gap between various regions of the country, as highlighted above, is very wide. However, owing to the Government's emphasis and growth of the banking facility in these regions, the gap is slowly getting plugged. This gives financial institutions an opportunity to expand their services in underserved regions.

Key business opportunities among various population categories - assets and liabilites



Source: CRISIL Research

MSME sector in India

Brief overview of MSMEs in India

The National Sample Survey (NSS) 73rd round dated June 2016 estimated that there are around 63.5 million MSMEs in India. Since then, the number of MSMEs is estimated to have increased further to around 70 million as of fiscal 2021. MSMEs complement large corporates as suppliers or directly cater to end users. The MSME sector contributes to the country's socio-economic development by providing huge employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income. The segment currently contributes to 30% of the GDP, over 40% of exports and creates employment for about 110 million people in the country, thus supporting economic development and growth.

MSME segment account for 30% of India's GDP

₹s trillion	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	All India GDP	Share of MSME in All India GDP (in %)	Number of MSMEs (in millions)*
FY16	41	11.0%	126	32.3%	138	29.5%	63.5
FY17	45	10.9%	140	32.2%	154	29.3%	65.5
FY18	51	13.0%	155	32.8%	171	29.7%	66.5
FY19	57	12.9%	171	33.5%	190	30.3%	68.5

Note: (*) - Estimated
Source: MSME Ministry Annual report for FY21, CRISIL Research

The RBI has adopted the definition of MSMEs in line with the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. This definition is based on investments in plant and machinery in the manufacturing and services sectors.

To bring in more enterprises under the ambit of MSMEs and widen the definition of MSMEs taking into account inflation over the past few years, in June 2020, the Government revised the MSME investment limit across each category and introduced an alternate and additional criteria of turnover buckets to the definition. It further removed the difference between the definition of manufacturing based and services based MSMEs.

In June 2021, the government has included retailers and wholesalers under the MSMEs definition to extend the benefits of priority sector lending to traders as well. The move is structurally positive from long-term perspective, as it will enable entities operating in the segment to register on Government's UDYAM portal, participate in government tenders and also avail financing options/benefits available to the category.

Given below is the composite new, revised definition of MSMEs in comparison to the old existing one:

New MSME definition removed distinction between manufacturing and services

Old MSME classification			
Criteria : Investment in plant and machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing enterprises	Investment < ₹. 2.5 million	Investment < ₹. 50 million	Investment < ₹. 100 million
Services enterprises	Investment < ₹. 1 million	Investment < ₹. 20 million	Investment < ₹. 50 million
Revised MSME classification			
Composite Criteria : Investment and annual turnover			
Classification	Micro	Small	Medium
Manufacturing and Services enterprises	Investment < ₹. 10 million and Turnover < ₹. 50 million	Investment < ₹. 100 million and Turnover < ₹. 500 million	Investment < ₹. 500 million and Turnover < ₹. 2.5 billion

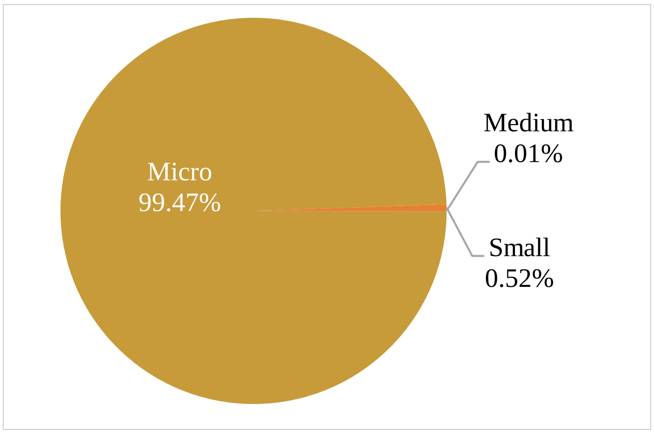
Source: MSME Ministry, CRISIL Research

Financial institutions also use internal business classifications to define MSMEs, based on their turnover. Most banks and non-banks follow this practice.

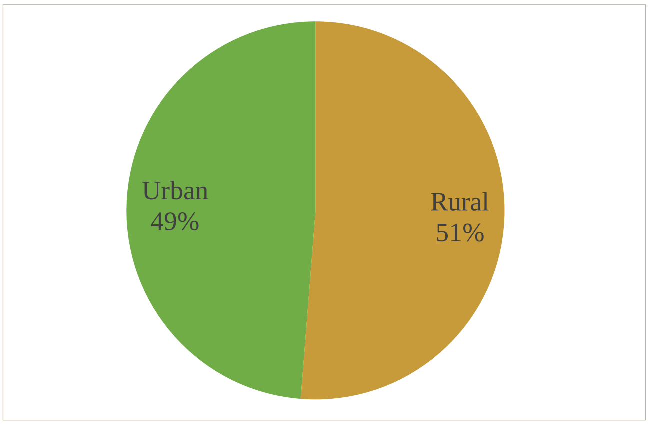
Micro segment accounted for as much as ~ 99.47% of total estimated number of MSMEs in India. Small and medium sector accounted for 0.52% and 0.01%, respectively of the total estimated MSMEs. At a region level, rural regions accounted for marginally higher share of 51% as compared to urban region. MSMEs units are largely dominated by bigger states including Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra and Karnataka. The top 5 states together accounted for ~50% of the total number of MSMES in India. Service sector accounts for dominant 79% share in MSMEs, of which retail forms major share.

In terms of constitution, close to 94% of the entities in the MSME universe in India are estimated to be sole proprietorship firms, wherein a small business undertaking is run and managed by the business owner and the business and the owner can virtually not be separated.

Micro segment accounts for dominant share

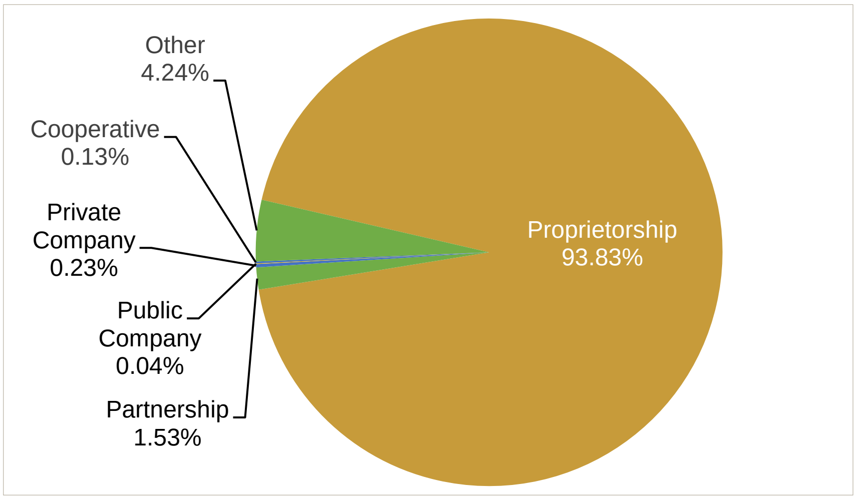


Rural region accounts for marginally higher share



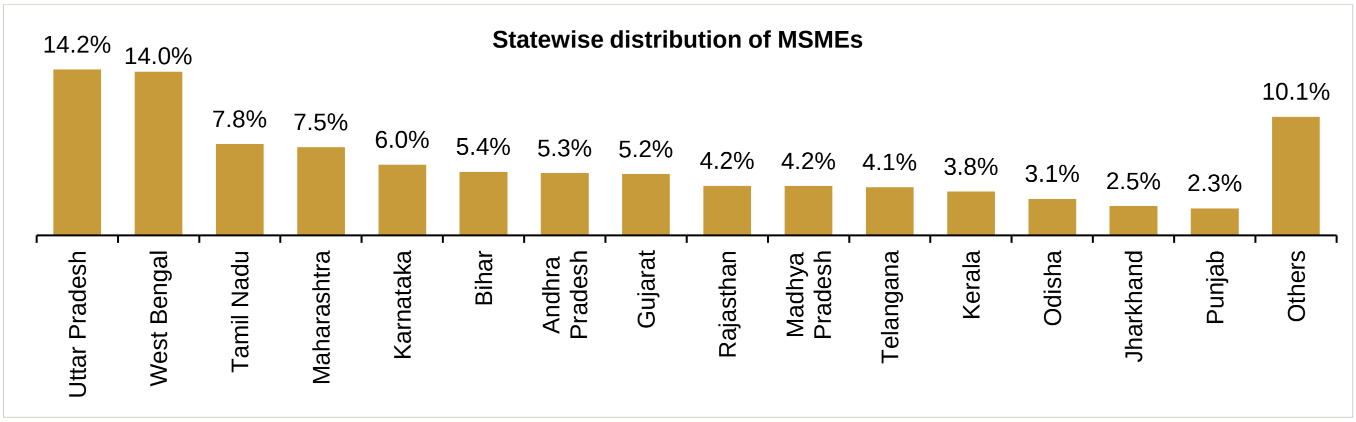
Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL Research

MSMEs are largely dominated by individuals



Source: IFC, CRISIL Research

Top 5 states together form ~50% of total MSME units



Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL Research

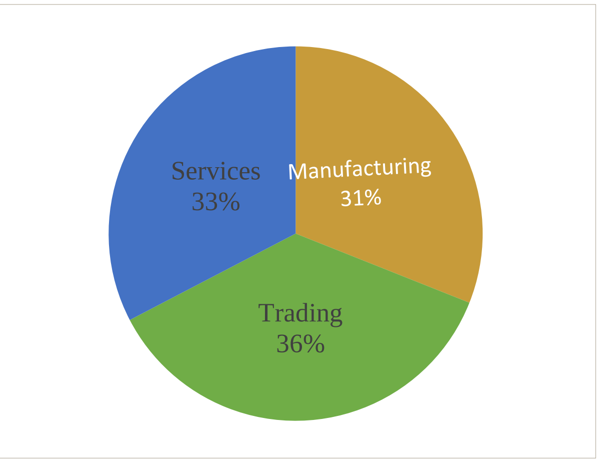
State-wise number of Micro, Small and Medium enterprises in India

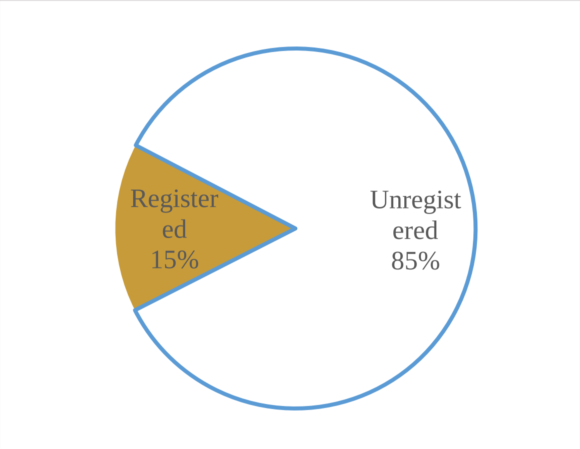
States	Micro	Small	Medium	Total MSME
Uttar Pradesh	89,63,623	35,531	332	89,99,487
West Bengal	88,40,924	25,983	528	88,67,435
Tamil Nadu	49,26,652	20,812	157	49,47,621
Maharashtra	47,59,959	17,144	469	47,77,572
Karnataka	38,24,909	9,049	42	38,34,000
Bihar	34,41,300	4,259	2	34,45,561
Andhra Pradesh	33,74,136	12,556	290	33,86,983
Gujarat	32,66,544	49,744	113	33,16,400
Rajasthan	26,65,918	20,169	579	26,86,665
Madhya Pradesh	26,42,023	30,984	925	26,73,932
Telangana	25,93,968	10,048	555	26,04,571
Kerala	23,58,300	20,716	378	23,79,395
Odisha	19,79,769	4,311	348	19,84,428
Jharkhand	15,77,873	9,946	51	15,87,870
Punjab	14,56,274	8,681	58	14,65,012
Others	63,79,356	50,933	453	64,30,740
All India	**6,30,51,524**	**3,30,866**	**5,282**	**6,33,87,673**

Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL Research

Left: Trading sector accounts for higher share in number of MSMEs

Right: Only 15% of MSMEs are registered (FY17)





Source (left): MSME Ministry, CRISIL Research
Registered MSMEs includes entities that file business information with District Industry Centers (DCs) of the State / Union Territory
Source (right): IFC, CRISIL Research

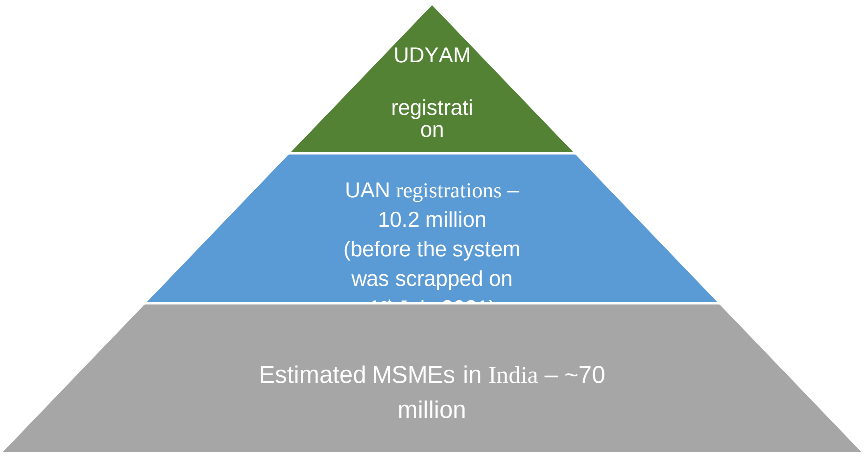
Small fraction of MSMEs in India registered under UDYAM system

After the government revised the definition of MSMEs (in June 2020), MSMEs that had the then existing MSME registration (Udyog Aadhaar Number or UAN) or Enterprise Memorandum (EM) were required to re-register themselves under UDYAM. Thereafter, in August 2020, the RBI issued a notification allowing financiers to obtain the UDYAM certificate from entrepreneurs for lending purposes.

As of August 24, 2021, close to 4.5 million MSMEs have registered on UDYAM. A much higher number of MSMEs – around 10.2 million – were registered on the erstwhile UAN system. This number pales in comparison to the total number of MSMEs in India, estimated at 65-70 million

Like UAN, UDYYAM also offers free, paperless online and instant registration through a web portal. Small businesses aren't required to upload any documents or proof except the Aadhaar number for registration. Earlier GST registration was mandatory for UDYAM Registration but from March 2021 onwards, it is exempted for those units who are not eligible for GST registration.

UDYAM certificate will be required by MSMEs for taking benefit of any scheme of the Central government. The UDYAM portal is also integrated with the Government e-Marketplace (GeM) and the Trade Receivables and Discounting System (TReDS) so that enterprises can participate in government procurement, and have a mechanism for discounting their bills.



**As of mid-May 2021*
Source: MSME Ministry, CRISIL Research

Probable reasons for low registration rates

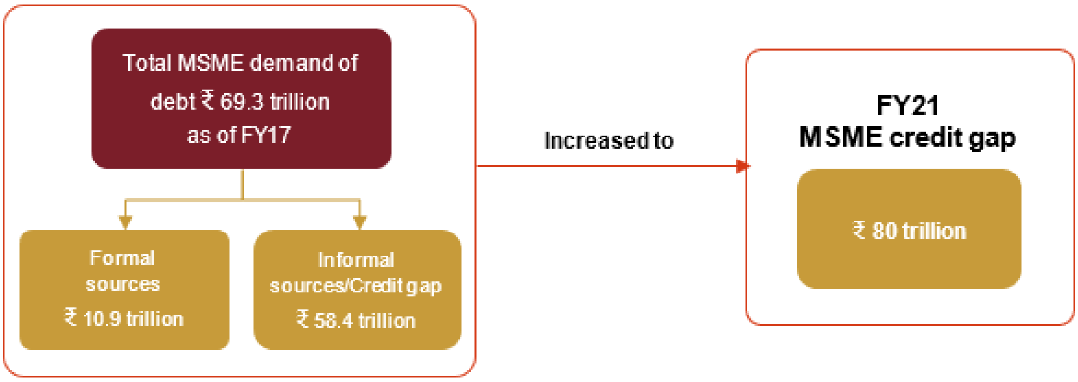
- Earlier, the requirement was that companies that wanted to register under UDYAM had to provide their GSTIN. Since many entities have a turnover of less than ₹ 40 lakh and hence do not need to be GST compliant, they were ineligible to register on the UDYAM system. This requirement was removed by the MSME Ministry in early March 2021.
- Low levels of awareness regarding the roll-out of schemes, their eligibility conditions, paperwork requirements and grievance redressal mechanisms could have also impacted the registration of MSMEs. As per the NCAER Business Expectations Survey (BES) in December 2020, 75% of MSMEs were not even aware of Emergency Credit Line Guarantee Scheme (ECLGS) launched by the Government post-Covid.

MSME Credit gap estimated at ₹ 80 trillion; Covid-19 has further widened the credit gap

High risk perception and prohibitive cost of delivering services physically have constrained formal lending to MSMEs. An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at ₹ 69.3 trillion in fiscal 2017, of which only ~16% of demand met through formal financing and consequently, the MSME credit gap (defined as the gap between the demand for funds amongst MSMEs and the supply from formal financiers) was estimated at ₹ 58.4 trillion. This gap was met through informal sources including moneylenders, chit funds and personal sources from friends and relatives. The interest rate for these sources generally ranges between 30-60% per annum.

The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in fiscal 2020, followed by the Covid-19 pandemic in fiscal 2021. Furthermore, government schemes post the Covid-19 pandemic such as the ECLGS scheme provided relief to MSME units with existing loans from a formal financial institution. As of fiscal 2021, the MSME credit demand is estimated to be around ₹ 99 trillion, of which 19% of demand met through formal financing. Assuming an increase of around 8% annually (Based on MSME credit growth over fiscal 2017-21) in the demand for credit and the availability of credit from formal sources, CRISIL Research estimates the credit gap to have further increased to ₹ 80 trillion as of fiscal 2021.

MSME credit demand was largely met by informal sources

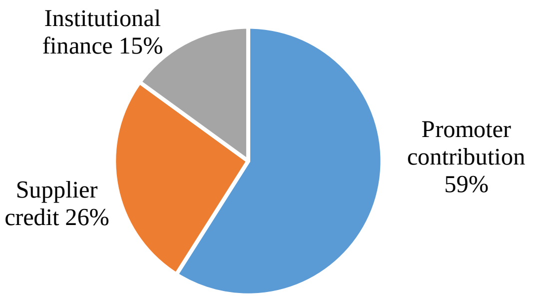


Source: IFC report on Financing India's MSMEs dated November 2018, CRISIL Research

Smaller enterprises relatively more starved of credit

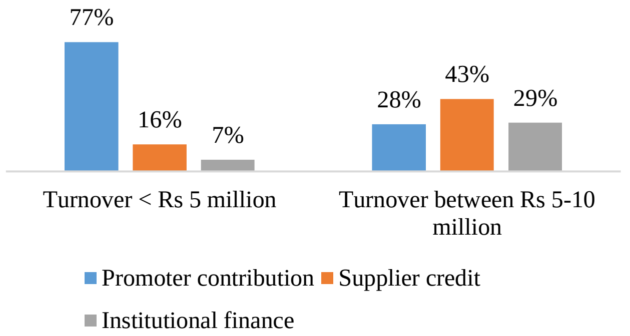
While the overall MSME credit gap is estimated at ₹ 80 trillion, analysis of both SME gradings assigned by CRISIL between January 2010 to September 2015 and the Fourth Census of the MSME sector (2009) suggests that smaller enterprises are much more starved of institutional credit, and therefore, they primarily depend on promoter contribution for working capital and fund requirements. While the access to funding has improved in the last few years, credit remains out of bounds for large swathes of the MSME population in India.

Dependence on various sources of finance for working capital needs for enterprises with turnover below ₹ 10 million



Note: Based on an analysis of 12,000 SMEs graded by CRISIL between January 2010 and September 2015
Source: CRISIL Ratings

Smaller enterprises much more starved of access to institutional finance



Note: Based on an analysis of 12,000 SMEs graded by CRISIL between January 2010 and September 2015
Source: CRISIL Ratings

Even while the credit gap has increased, new MSME units continue to be set up across the country. During fiscal 2016 to 2020, 8.3 million units were set up, according to the government registration data of MSMEs. Thus, though a myriad of small businesses are set up every day in the country, access to credit remains a challenge.

Year-wise and MSME category-wise registration of MSMEs

Year/Category	FY16	FY17	FY18	FY19	FY20	Cumulative total for last 5 years
Micro	4,21,516	21,47,908	13,44,612	18,70,932	16,32,644	74,17,612
Small	70,866	2,16,558	1,66,259	2,41,187	2,22,226	9,17,096
Medium	2,631	8,592	6,584	9,426	8,506	35,739
Total	4,95,013	23,73,058	15,17,455	21,21,545	18,63,376	83,70,447

Source: Development Commissioner Ministry of Micro, Small & Medium Enterprises (DCMSME), CRISIL Research

Potential market for residential property-backed small business lending is estimated at ₹ 22 trillion

The sheer size of the gap between the supply and demand of credit and the number of enterprises impacted indicates a veritable opportunity in MSME financing. There therefore exists a plethora of players – universal banks, small finance banks, traditional NBFCs, new age fintechs, MFIs, as well as local moneylenders – who try to meet the financing requirements of MSMEs by offering secured or unsecured loans straddling various tenures.

CRISIL Research has attempted to decipher the size of the potential opportunity in secured residential property-backed small business lending (hereafter referred to as the Addressable market for secured small business loans), using data, information and insights at a state-level pertaining to:

- Number of households from NSS 76th round (July 2018-December 2018)
- Self-employed non-agricultural households in both urban and rural areas from Periodic Labour Force Survey (PLFS) dated July 2019-June 2020
- Proportion of self-employed households, which are staying in their own pucca or semi-pucca home (which can be taken as a collateral by financiers) from NSS 76th round (July 2018-December 2018)

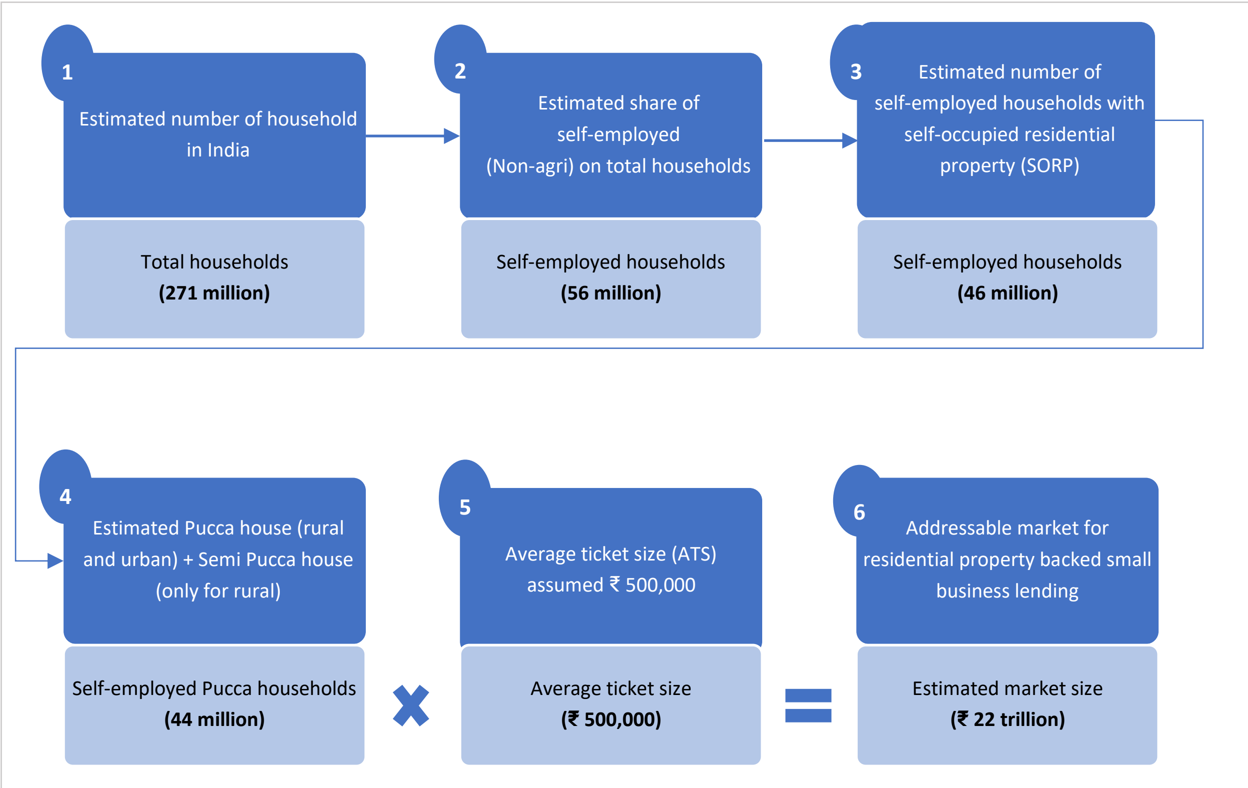
Based on our analysis and assumptions detailed in the chart below, small ticket size secured (SORP – Self occupied residential property) small business loan market potential is estimated at ₹ 22 trillion. Players such as Five Star Business Finance, Vistaar Financial, Veritas Finance and AU SFB currently operate in this market; our analysis indicates the Addressable Market available for these players. The top 5 states including UP, West Bengal, Bihar, Maharashtra and Tamil Nadu together account for almost half the addressable market.

While the latent market opportunity is indeed significant, we observe that there are not many formal financiers who cater to this segment and have built scale. This can be attributed to the high cost of serving the market and the time it takes to build expertise, the requirement of having a strong knowledge of the local market and regional dynamics, and the challenges associated with building a credit underwriting model for non-income proof customers and collections infrastructure.

Most small businesses in India do not maintain documents such as income proof, business registration, GST registration, income tax filings, and bank statements, making credit assessment challenging. To illustrate, as per GST council data, only 12.9 million enterprises across various size dimensions were registered under GST as of June 2021. Hence, these businesses have limited or no access to formal credit from banks and financial institutions due to the requisite documentation and stringent underwriting norms.

Examples of such businesses include provision stores, building materials stores, tea shops, vegetable vendors and others. The small business in manufacturing and services include small fabrication units, machine tools manufacturers (using lathe machines), tailors, saloons, Gym owners, vehicle service centres, etc.

Addressable market estimation methodology for small business loans given to non-agriculture self-employed households with residential self-occupied property as collateral (FY21)



Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), CRISIL Research

State wise split of addressable market

Top 15 states	Total Households ('000)	Total Non-agri Self Employed Households ('000)	Total Non-agri Self Employed Households - SORP ('000)	Total Non-agri Self Employed Households - SORP - Pucca + Semi Pucca ('000)	Addressable Market Size (₹ billion)
Uttar Pradesh	38,224	7,776	7,023	6,674	3,337
West Bengal	23,781	5,923	5,143	4,849	2,424
Bihar	19,960	4,498	4,270	3,953	1,976
Maharashtra	24,120	4,353	3,316	3,270	1,635
Rajasthan	13,384	3,075	2,743	2,685	1,342
Tamil Nadu	20,200	3,715	2,584	2,523	1,262
Gujarat	13,064	3,188	2,471	2,428	1,214
Madhya Pradesh	15,251	2,360	1,988	1,922	961
Andhra Pradesh	14,279	2,677	1,956	1,895	947
Kerala	8,577	1,988	1,795	1,789	895
Karnataka	14,928	2,740	1,822	1,786	893
Assam	6,740	1,965	1,702	1,660	830

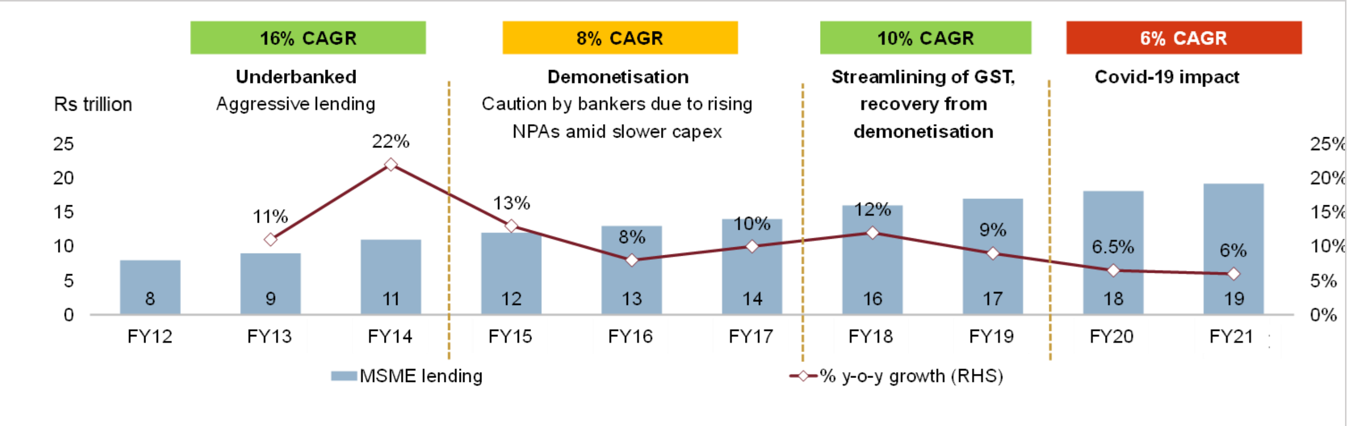
Top 15 states	Total Households ('000)	Total Non-agri Self Employed Households ('000)	Total Non-agri Self Employed Households - SORP ('000)	Total Non-agri Self Employed Households - SORP - Pucca + Semi Pucca ('000)	Addressable Market Size (₹ billion)
Odisha	10,401	1,909	1,647	1,415	707
Punjab	5,922	1,636	1,415	1,409	705
Telangana	9,793	1,788	1,205	1,188	594
Others	32,483	6,585	5,317	5,180	2,590
All India	**2,71,105**	**56,115**	**46,397**	**44,624**	**22,312**

Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), Periodic Labour Force Survey (PLFS) dated July 2019-June 2020, CRISIL Research

Overall MSME lending has grown at a CAGR of 10% in past decade; NBFC share estimated at 20%

CRISIL Research estimates the total size of MSME lending market across ticket sizes and various player groups (banks, NBFCs, small finance banks, and other formal lenders) to be around ₹ 19 trillion as of March 2021. This market size includes loans taken by MSMEs across various constitution types (sole proprietorships, partnership firms, private and public limited companies, and co-operatives) and the ticket size spectrum, and includes loans extended in the name of the firm/entity/company as well as the individual in case of micro enterprises or entrepreneurs. We estimate loans to MSMEs to have grown at a CAGR of 10% during fiscal 2012 to fiscal 2021, which is more or less than the nominal GDP growth in this period. This can be attributed to various events during this time span that has hurt MSMEs – demonetisation of high-value currency loans in November 2016, the implementation of GST subsequently, the economic slowdown in fiscal 2020 followed by the Covid-19 pandemic.

MSME credit outstanding estimated at ₹ 19 trillion as of March 2021; NBFCs enjoy 20% market share



Source: CRISIL Research estimates

NBFCs have managed to carve out a strong presence in MSME loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. Over the years, the MSME portfolio of NBFCs have grown at a faster rate than the overall MSME portfolio at a systemic level. Thus, the share of NBFCs in total credit to MSMEs is estimated to have increased to ~20% at end of fiscal 2021 from 14% as of fiscal 2015. Going forward, we expect the market share of NBFCs in to continue to increase with increasing demand.

1. ECLGS scheme has provided some relief to MSMEs hurt by the pandemic

Given the pain suffered by MSMEs due to the pandemic and the importance of MSMEs in India, the Government undertook several initiatives to support MSMEs and keep them afloat, the most significant of which was the ₹. 3 trillion emergency credit line guarantee scheme (ECLGS) extended to MSMEs in May 2020, and consequently further enhanced by ₹ 1.5 trillion in June 2021. Under this scheme, banks and NBFCs were allowed to extend incremental credit of up to 20% of the loans outstanding of MSMEs as on February 29, 2020, subject to these accounts not being delinquent as on February 29, 2020. These loans enjoy credit guarantee cover from the Government. This scheme clearly provided much-needed liquidity to MSMEs that are known to have faced severe working capital crunch during downturns. In May 2021, the scope of the scheme was enhanced to allow incremental credit up to an additional 10% of loans (over the above the 20% of loans allowed previously) to MSMEs adversely impacted by the pandemic.

ECLGS 1.0

May 2020 to

- ECLGS was introduced by providing the MSMEs additional funding of up to ₹. 3 trillion in the form of a fully guaranteed emergency credit line.
- **Eligible entities**: All MSME borrower accounts with outstanding credit of up to ₹. 250 million as on February 29, 2020, which were less than or equal to 60 days past due as on that date and with an annual turnover of up to ₹. 1 billion
- In August 2020, the upper ceiling of outstanding credit was revised to ₹ 0.5 billion and annual turnover to ₹ 2.5 billion.

ECLGS 2.0

March 2021

- The Government extended ECLGS through ECLGS 2.0 for 26 sectors identified as stressed due to the Covid-19 pandemic by the Kamath Committee and the healthcare sector.
- **Eligible entities:** Entities with outstanding credit above ₹. 0.5 billion and not exceeding ₹. 5 billion as on February 29, 2020, which were less than or equal to 30 days past due as on February 29, 2020
- Annual turnover ceiling was removed from the eligibility criteria for ECLGS 1.0

ECLGS 3.0

Nov 2020

- Government extended the scope of ECLGS to cover business enterprises in Hospitality, Travel & Tourism, Leisure & Sporting sectors which had, as on February 29, 2020, total credit outstanding not exceeding ₹. 5 billion and were less than or equal to 60 days past due as on that date.
- The validity of ECLGS was extended up to June 30, 2021 or till guarantees for an amount of ₹. 3 trillion are issued.

ECLGS 4.0

May 2021

- ECLGS scope expanded to cover loans up to ₹ 20 million to hospitals/nursing homes/clinics/medical colleges for setting up on-site oxygen generation plants with interest rate capped at 7.5%
- Civil Aviation sector included under ECLGS 3.0
- Ceiling of ₹ 5 billion of loan outstanding for eligibility under ECLGS 3.0 to be removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹ 2 billion, whichever is lower.
- Borrowers who had availed loans under ECLGS 1.0 of overall tenure of 4 years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months can increase the tenure to 5 years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter)
- Additional ECLGS assistance of up to 10% of the outstanding as on February 29, 2020 to borrowers covered under ECLGS 1.0

ECLGS 5.0

June 2021

- Additional allocation of ₹ 1.5 trillion towards ECLGS scheme; limit of admissible guarantee and loan amount increased above existing level of 20% of outstanding on each loan
- Sector wise details to be finalized as per evolving needs
- Loan guarantee of ₹ 1.1 trillion for Covid-affected sectors: INR 0.5 trillion towards health sector and INR 0.6 trillion towards other covid-affected sectors, including travel and tourism stakeholders
- Working capital/personal loans will be provided to people in tourism sector to discharge liabilities and restart businesses impacted due to COVID-19
- Loan guarantee of ₹ 7,500 Crore for loans extended by SCBs to MFIs for on lending upto ₹ 1.25 lakh to ~25 lakh customers; guarantee cover provided till March 31, 2022 or till guarantees for an amount of ₹ 7,500 crore are issued, whichever is earlier

Recently in September 2021, with a view to support various businesses impacted by the second wave of COVID 19 pandemic, the timeline for Emergency Credit Line Guarantee Scheme (ECLGS) has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 lakh crore are issued under the scheme, whichever is earlier. Further, the last date of disbursement under the scheme has also been extended to June 2022.

Out of the targeted amount of ₹ 4.5 trillion, ₹ 2.76 trillion has been sanctioned as of mid-July 2021 of which ₹ 2.14 trillion have been disbursed. However, considering the entire universe of around 70 million MSMEs, the proportion of MSMEs that have benefitted remains limited at ~15% (10.9 million) of entire universe. This is because the scheme covered only MSMES having loan exposure to formal financiers as of February 2020. Among the eligible MSMEs, small and micro MSMEs have benefitted the most from ECLGS with 71% share in amount of guarantees issued and 92% share in number of guarantees issued as of February 2021.

The cap of 14% on final interest rate charged to MSME customers for NBFCs meant that customers of many NBFCs, which typically charge more than 14% due to high operating costs and the relatively riskier profile of their borrowers, could not avail the benefits under the ECLGS scheme. As of February 28, 2021 cumulative sanctioned and disbursed amount of loans under the ECLGS scheme stood at ₹ 2.46 trillion and ₹ 1.81 trillion, respectively. Against the sanctioned amount, guarantees for a total amount of ₹ 2.14 trillion to more than 9.2 million borrowers have been issued as on 2nd July 2021. Till June 2021, the banks and financial institutions have sanctioned ₹ 2.74 trillion and disbursed ₹ 2.14 trillion under the scheme. As of September 24, 2021, loans sanctioned have crossed ₹ 2.86 trillion under the scheme.

Modest response to restructuring of MSME loans

Post the Covid-19 pandemic, the central bank constituted a committee which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalising resolution plans for borrowers. However, only those borrower accounts were eligible for resolution which were classified as standard, but not in default for more than 30 days with any lending institution as on March 1, 2020.

The RBI has, since 2019, permitted restructuring of temporarily impaired MSME loans (of size up to ₹ 250 million) under three schemes. While public sector banks have actively resorted to restructuring under all the schemes, participation by private sector banks was significant only in the restructuring scheme offered post Covid-19 in August 2020. Despite the restructuring, however, stress in the MSME portfolio remains high, especially in the case of public sector banks. For all scheduled commercial banks together, restructured loans as a proportion of MSME advances stood at 1.7 per cent as of March 2021. For NBFCs, the aggregate stressed assets (including GNPA as well as restructured assets) is estimated at 7.5-8.0% of MSMEs outstanding loan portfolio as of March 2021.

In May 2021, RBI announced a second loan restructuring program for small businesses for a loan amount up to ₹ 250 million to contain the second wave of COVID-19. The restructuring 2.0 is applicable to those who had not availed restructuring earlier but the account should be standard as of 31st March 2021. In June 2021, the exposure limit for availing restructuring was enhanced from ₹ 250 million to ₹ 500 million.

Restructuring of MSME portfolios

Restructuring Scheme	Aggregate Restructured Portfolio (₹ billion)	
	Public sector banks (PSBs)	Private Sector Banks (PVBs)
Restructuring - January 2019 scheme	262	22
Restructuring - February 2020 scheme	59	14
Restructuring - August 2020 scheme	248	110

Source: Financial Stability Report, July 2021

SMA distribution of MSME portfolio (bank group wise)

	PSBs					PVBs				
(%)	0 days past due	SMA-0	SMA-1	SMA-2	NPA	0 days past due	SMA-0	SMA-1	SMA-2	NPA
Mar-20	65.0	6.9	5.7	4.2	18.2	88.6	4.4	1.9	0.7	4.3
Jun-20	63.3	18.2	2.2	2.6	13.7	88.6	7.0	0.9	0.6	2.9
Sep-20	65.9	13.4	3.2	2.6	14.9	87.9	8.1	0.9	0.6	2.6
Dec-20	65.7	7.8	5.6	7.8	13.1	88.1	4.8	2.6	2.4	2.0
Mar-21	60.7	10.6	9.2	3.6	15.9	89.6	3.7	2.4	0.8	3.6

Note: MSME exposures of up to ₹ 250 million only are included.

Small Business Loans of less than ₹ 10 lakhs ticket size

Small Business Loans has witnessed fastest growth within the overall MSME portfolio

In this section, we have classified all loans with ticket size lower than or equal to ₹ 10 lakhs extended in the name of the individual to MSMEs, micro-entrepreneurs, and self-employed individuals irrespective of the turnover of the entity, as small business loans. Therefore, loans given out to enterprises or companies in the name of the entity and loans reported in the commercial bureau of credit information companies (CICs), even if they are below ₹ 10 lakhs ticket size, are excluded from our market size.

CRISIL Research estimates outstanding small business loans given out by banks and NBFCs to be around ₹ 1.7 trillion as of March 2021.

Small business loans grew at a fast pace with portfolio registering a CAGR of 36% over fiscal 2017 and 2020. Over the last few years, expansion in branch network, more data availability and government initiatives like GST, UDYAM, and increasing thrust to adoption of digital payments has led to increasing focus of lenders, especially the NBFCs, on the underserved segment of MSME customers including individuals and micro-entrepreneurs. Loan portfolio of Five Star Business Finance grew at a 99% CAGR over the same period (fiscal 2017 and 2020) to reach ₹ 38 billion.

In fiscal 2021, the nationwide lockdown to contain the spread of the pandemic disrupted economic activity, hurt demand, impacted working capital needs and supply chain along with future investments and expansions. Domestic supplies and supplies from imports also suffered, affecting both, their availability and cost. Contractual and wage labour were also hit due to lower demand and layoffs. MSMEs and businesses in the sectors such as hotels, tourism, logistics, construction, textiles and gems and jewellery suffered the most during the first half of the fiscal. Businesses in the retail sector, especially those catering to daily usage goods and everyday cash and carry businesses such as grocery shops, fruits and vegetables sellers, etc., however, fared relatively better as their availability close to the residences of customers' increased the demand for their services.

Although the demand for small business loan to meet liquidity and cash requirements existed in months of pandemic, lenders have been watchful and have been going slow on disbursements since the onset of the pandemic. Disbursements of small business loans of lower than ₹ 10 lakhs ticket size declined by as much as 57% on a year-on-year basis to ₹ 468 billion in fiscal 2021. As a result, small business loans portfolio of banks and NBFCs grew at a slower pace of 11% in fiscal 2021 compared to the past. Five Star Business Finance witnessed a 14% growth in its loan portfolio in fiscal 2021 to touch ₹ 44 billion as of March 2021.

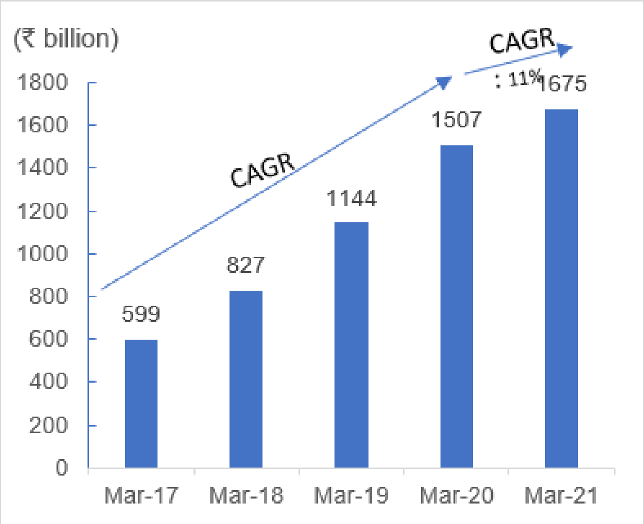
Given the pain suffered by MSMEs due to the pandemic and the importance of MSMEs in India, the government undertook several initiatives to support MSMEs to keep them afloat, the most significant of which was the ₹ 3 trillion emergency credit line guarantee scheme (ECLGS), which was aimed at pushing banks and NBFCs to extend further credit to MSMEs to meet their liquidity and funding needs with the government providing a back stop guarantee against such loans. Under this scheme, banks and NBFCs were allowed to extend incremental credit of up to 20% of the loans outstanding of MSMEs as on February 29, 2020 subject to these accounts not being delinquent as on February 29, 2020. This scheme clearly provided much-needed liquidity to MSMEs that are known to have faced severe working capital crunch during downturns. Recently in September 2021, the timeline for *Emergency Credit Line Guarantee Scheme (ECLGS) has been extended till March 2022.* As of September 24, 2021, loans sanctioned have crossed ₹ 2.86 trillion under the scheme. In June 2021, the government increased the overall admissible guarantee limit from ₹ 3.0 trillion to ₹ 4.5 trillion. Along with this, the limit of admissible guarantee and loan amount was increased above the existing level of 20% of outstanding.

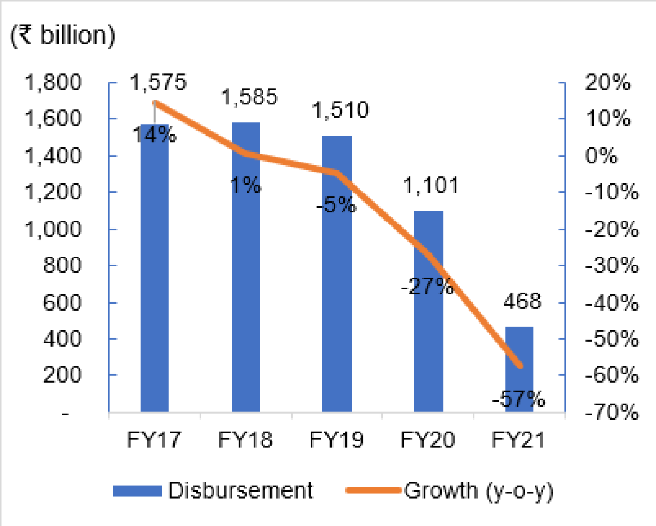
The sharp decline in disbursements of loans less than ₹ 10 lakhs ticket size in fiscal 2021 indicates that several MSME borrowers availing loans of this ticket size probably did not avail significant credit under the ECLGS scheme. The cap on interest rates that could be charged to end-borrowers under ECLGS – 9.25% in case of banks and 14% in case of NBFCs – may also have limited the lender participation in the scheme for this ticket size of loans.

Other measures taken by the government to support MSMEs amidst the pandemic include making available subordinated debt to MSMEs, equity infusion in MSMEs, steps undertaken to clear MSME dues, and disallowing global tenders in government tenders up to ₹ 2 billion to support the MSMEs.

Left: Small Business Loans grew at 36% CAGR between fiscal 2017 and 2020, before slowing down in fiscal 2021 amidst the Covid-19 pandemic

Right: Disbursements declined due to Covid-19 pandemic





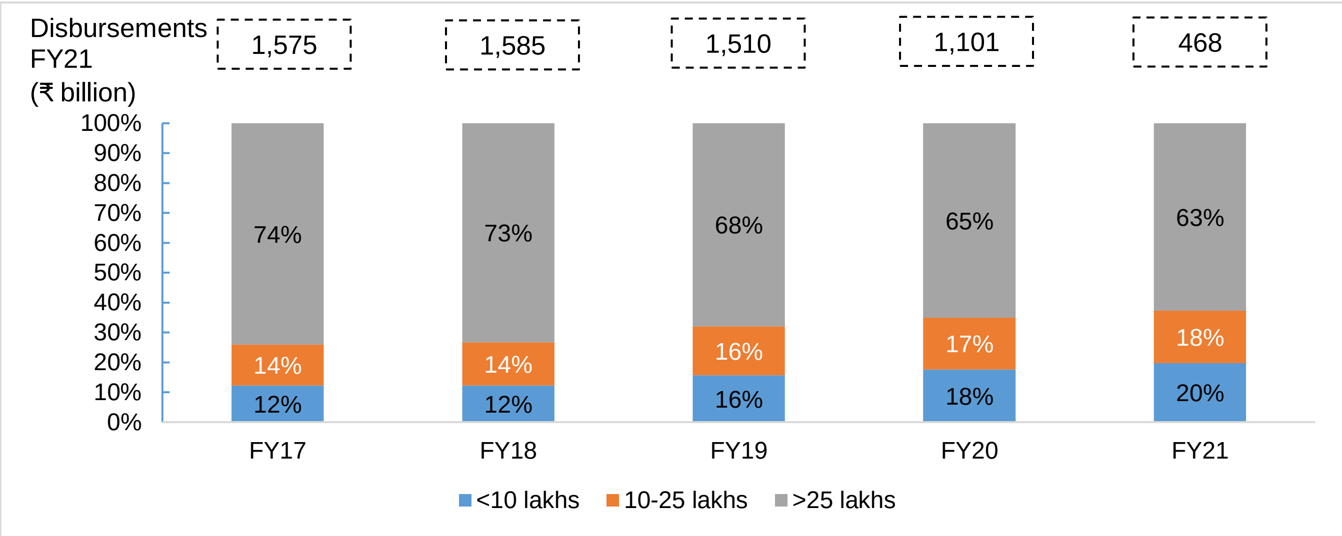
Note (left): Above data includes business loans given to MSMEs upto ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs.
Source: CRIF Highmark, CRISIL Research

Note (right): Above data includes business loans given to MSMEs upto ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs.
Source: CRIF Highmark, CRISIL Research

Small value business loans gained market share over the years

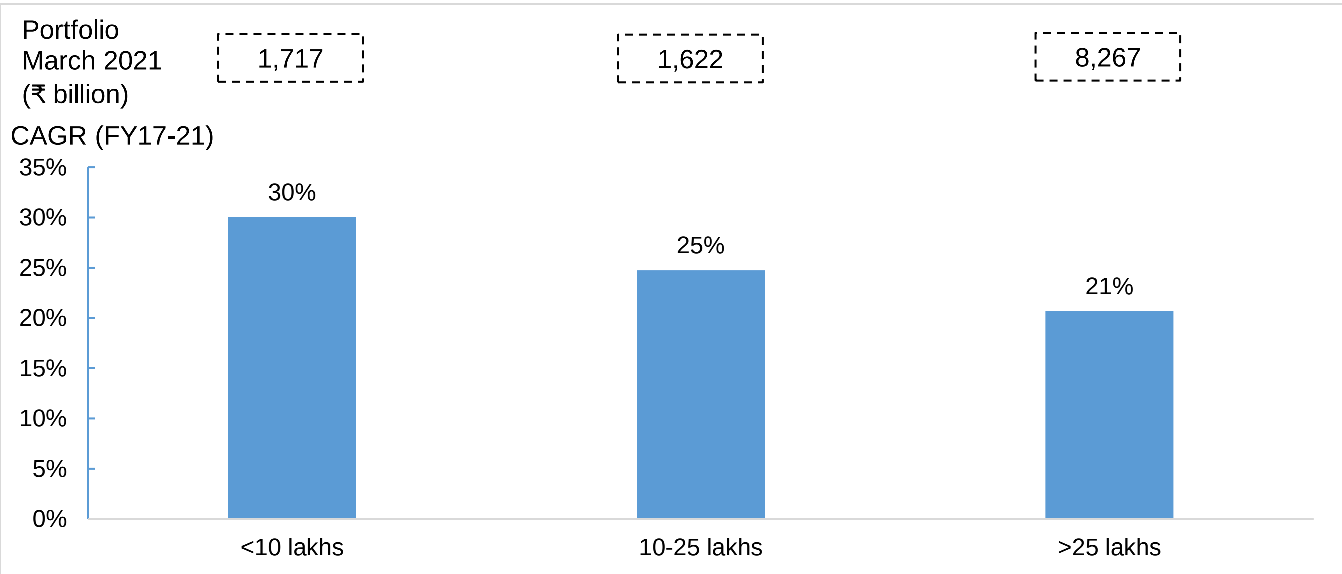
With increase in data availability and enhanced use of technology and experience gained across several cycles while lending to the same customer segment, lenders have increased focus on targeting the underserved segment within the small business loans market. This has led to a continued increase in share of smaller ticket size loans in the overall lending pie. The demand-supply gap, as outlined earlier, is also the highest in this segment, indicating significant business opportunities for financiers with a deep understanding of the target customer segment across focus geographies, ability to underwrite credit and the right unit economics. The market share of small business loans with ticket size less than ₹ 10 lakhs in overall disbursements has increased from 12% in fiscal 2017 to 20% in fiscal 2021. Loans outstanding with relatively smaller ticket sizes have grown at a much higher pace than larger ticket size loans between fiscal 2017 and fiscal 2021.

Share of smaller ticket size loans in disbursements lower than ₹ 10 lakhs increasing over past four years



Note: Above data includes business loans reported in consumer bureaus of CICs
Source: CRIF Highmark, CRISIL Research

Lower ticket small business loan portfolio grew at higher CAGR compared to higher ticket size loans

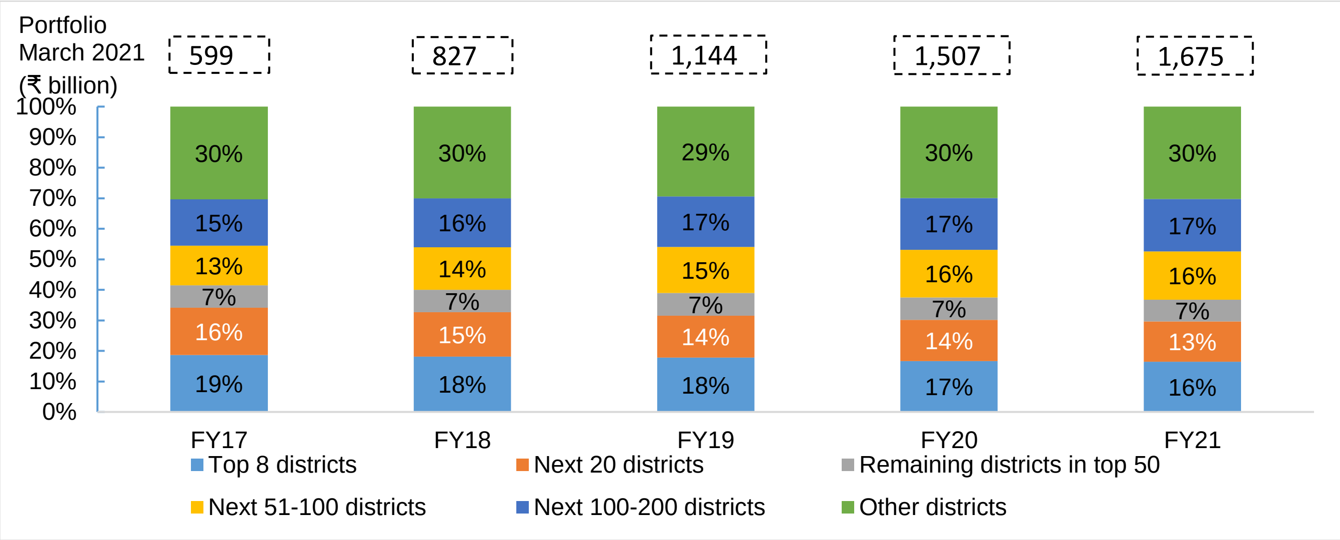


Note: Above data includes business loans reported in consumer bureaus of CICs
Source: CRIF Highmark, CRISIL Research

Penetration on small business loans is increasing in smaller cities

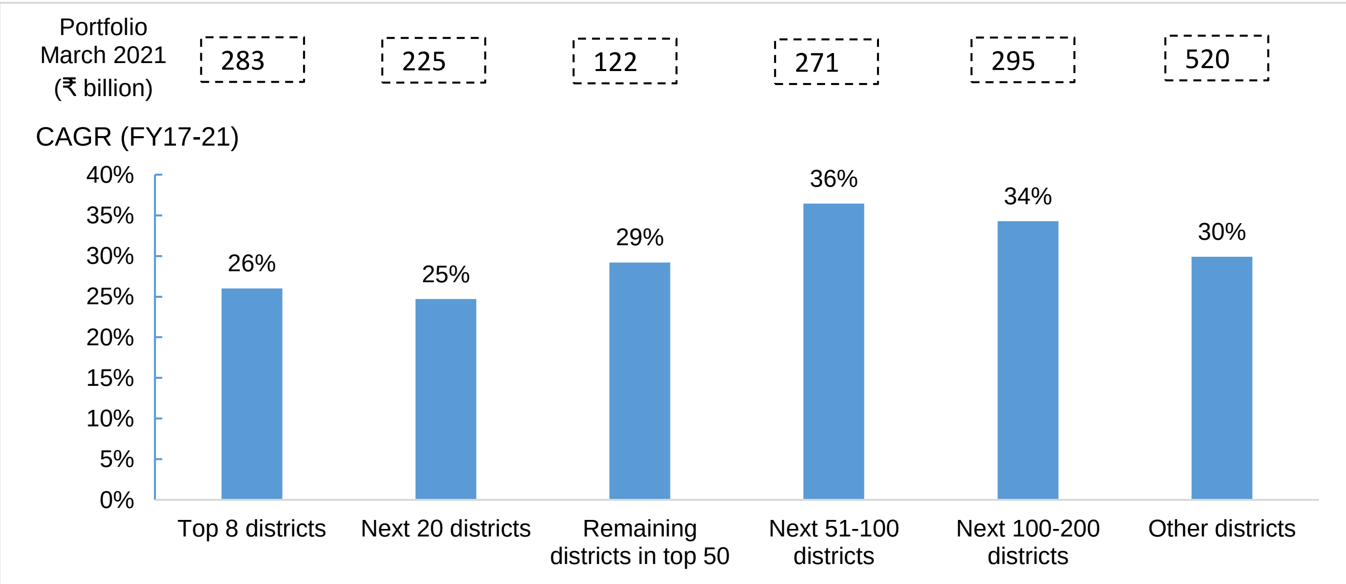
Over the years, share of smaller cities have increased in the small business loans segment owing to increasing penetration of financial services and players focussing on the underserved customer segment. Share of loans outside top 50 cities has increased from 58% in fiscal 2017 to 64% in fiscal 2021. Small business loans portfolio in smaller cities has grown at relative higher CAGR compared to that in top 50 cities.

Share of small business loans portfolio in smaller cities increasing over past four years



Note: Above data includes business loans given to MSMEs up to ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs
1) Classification of districts is done based on population as per Census 2011.
2) Mumbai Metropolitan Region (MMR), National Capital Region (NCR), Bengaluru and Kanpur have each been considered as a district.
3) MMR includes Thane and Mumbai, NCR includes Delhi, Gurugram, Gautam Buddha Nagar, Ghaziabad and Faridabad, Bengaluru includes Bangalore Urban and Bangalore Rural, Kanpur includes Kanpur Nagar and Kanpur Dehat
Source: CRIF Highmark, CRISIL Research

Small business loans portfolio in smaller cities grew at a higher CAGR than that in top 50 cities



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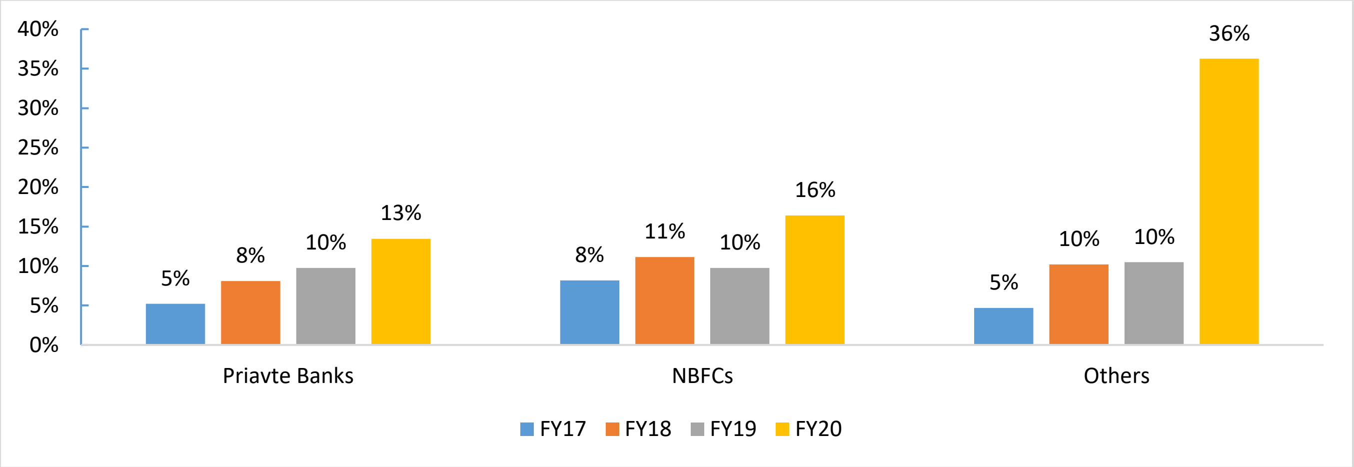
Source: CRIF Highmark, CRISIL Research

Share of new to credit customers has been increasing in small business loans segment

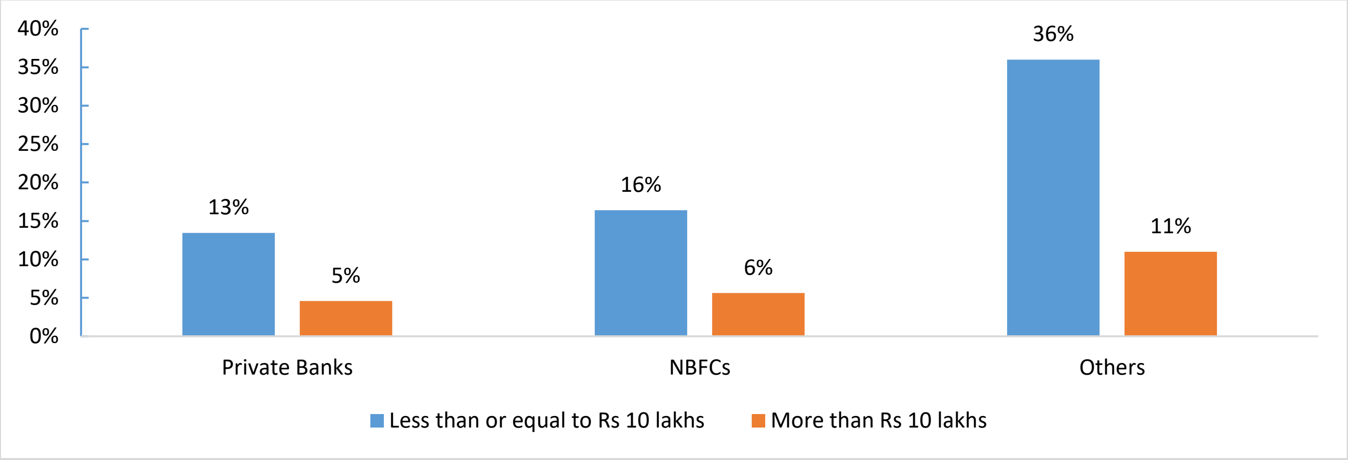
Share of new to credit (NTC) customers has increased over the years, indicating increasing penetration of small business loans. Overall, share of new to credit customers in small business loan segment with ticket size less than ₹ 10 lakhs has increased from 9% in fiscal 2017 to 25% in fiscal 2020. Among player groups, public sector banks have highest share of NTC customers followed by NBFCs. *Share of new to credit customers is much higher in small business loans of ticket size less than ₹ 10 lakhs compared to that of ticket size more than ₹ 10 lakhs across players. In fiscal 2021, the proportion of NTC customers in small business loans segment is estimated to have further increased to around 34%.*

Share of new to credit customer increasing across players



Note: Above data includes business loans reported in consumer bureaus of CICs, NTC defined as loans with borrower vintage <= 12 months, Others includes player groups like Small Finance Banks, Foreign Banks, Regional Rural Banks
Source: CRIF Highmark, CRISIL Research

Share of new to credit customers much higher for smaller ticket size loans (Fiscal 2020)



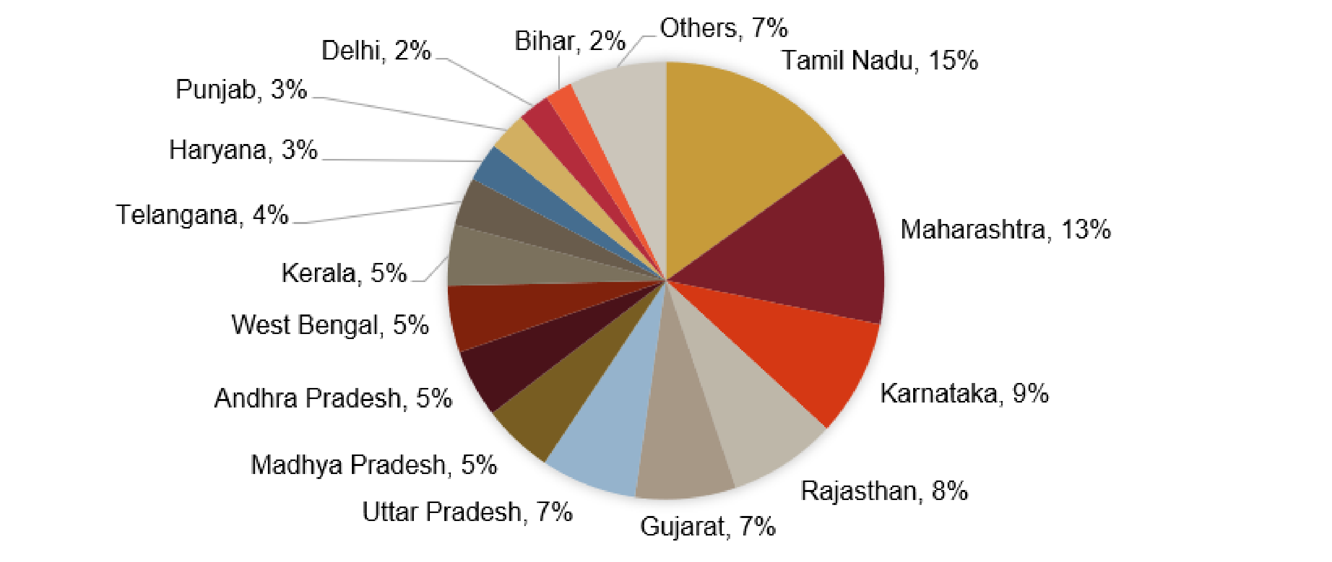
NTC defined as loans with borrower vintage <= 12 months
Note: Above data includes business loans reported in consumer bureaus of CICs
Source: CRIF Highmark, CRISIL Research

State-wise analysis

The small business loans segment has been growing strongly with a four-year CAGR of 29% between fiscal 2017 and 2021. However, there are wide variations across states and within various districts in the same state as well, which indicates latent opportunity for offering loans to unserved or underserved customers. Based on the value of small business loans lower than ₹ 10 lakhs ticket size outstanding, the top 15 states accounted for 93% of the market size in this segment as of March 2021. Tamil Nadu tops the list with the highest share of 15%, followed by Maharashtra (13%), Karnataka (9%), Rajasthan (8%) and Gujarat (7%).

In the last four years, among the top 15 states, small business loans outstanding has grown at the fastest clip in West Bengal, which exhibited growth of 57% CAGR, followed by Andhra Pradesh (40%) and Rajasthan (33%).

Top 15 states account for 93% of small business loans portfolio (March 2021)



Note: Above data includes business loans given to MSMEs upto ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs

Source: CRIF Highmark, CRISIL Research

Among the top 15 states, in Rajasthan, Madhya Pradesh, Telangana and West Bengal, the top five districts (based on outstanding) within the states have more than 80% concentration of credit outstanding and in Maharashtra, Karnataka, Gujarat and Kerala, this concentration in the top five districts is more than 60%. In contrast, the dispersion in loans across districts is far higher in Tamil Nadu and Uttar Pradesh, with the top 5 districts accounting for 54% and 52% of outstanding loan, respectively, as of March 2021. This indicates wide variations in credit availability across districts in the same state as well.

Amongst player groups, the share of NBFCs is highest at 67% in Rajasthan followed by Telangana (53%), Gujarat (49%) and Madhya Pradesh (49%).

State-wise small business loans (of lower than ₹ 10 lakhs ticket size)

State	No. of districts	Small Business Loans outstanding as of March 2021 (₹ billion)	Share of state in small business loans market (March 2021)	Growth in Small Business Loans outstanding (CAGR: FY17-21)	Top 5 districts based on small business loans outstanding	Share of top 5 districts in small business loans outstanding	Share of NBFCs in small business loans market (March 2021)
Tamil Nadu	32	253.1	15.2%	25%	Thiruvallur, Kancheepuram, Chennai, Coimbatore, Salem	37%	42%
Maharashtra	34	219.5	13.2%	31%	Pune, Thane, Mumbai, Nashik, Kolhapur	54%	45%
Karnataka	31	144.3	8.7%	30%	Bangalore, Belgaum, Mysore, Tumkur, Davanagere	52%	37%
Rajasthan	32	133.8	8.0%	33%	Jaipur, Ajmer, Jodhpur, Bhilwara, Alwar	46%	67%
Gujarat	26	124.8	7.5%	28%	Ahmadabad, Surat, Rajkot, Vadodara, Mahesana	60%	49%
Uttar Pradesh	72	119.0	7.1%	25%	Ghaziabad, Lucknow, Agra, Meerut, Saharanpur	30%	33%
Madhya Pradesh	50	88.1	5.3%	33%	Indore, Bhopal, Ujjain, Dewas, Dhar	44%	49%
Andhra Pradesh	14	84.6	5.1%	40%	Visakhapatnam, Krishna, East Godavari, Guntur, West Godavari	61%	50%
West Bengal	19	82.8	5.0%	57%	Kolkata, North Twenty Four Parganas, South Twenty Four Parganas, Barddhaman, Murshidabad	49%	21%
Kerala	16	75.4	4.5%	25%	Ernakulam, Kottayam, Thiruvananthapuram, Thrissur, Malappuram	62%	23%

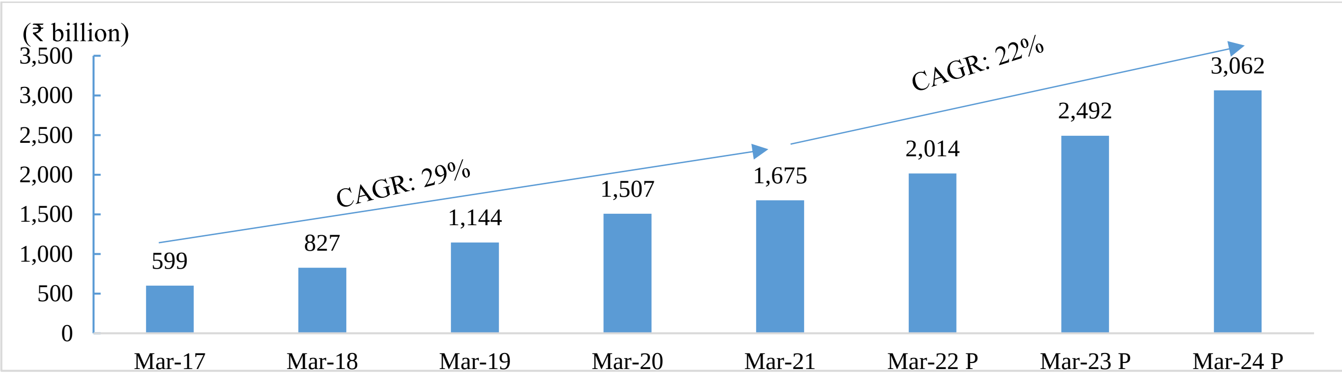
State	No. of districts	Small Business Loans outstanding as of March 2021 (₹ billion)	Share of state in small business loans market (March 2021)	Growth in Small Business Loans outstanding (CAGR: FY17-21)	Top 5 districts based on small business loans outstanding	Share of top 5 districts in small business loans outstanding	Share of NBFCs in small business loans market (March 2021)
Telangana	9	60.1	3.6%	26%	Hyderabad, Rangareddy, Karimnagar, Nalgonda, Warangal	76%	53%
Punjab	20	47.8	2.9%	23%	Ludhiana, Jalandhar, Amritsar, Patiala, Sahibzada Ajit Singh Nagar	58%	36%
Haryana	19	48.0	2.9%	28%	Faridabad, Gurgaon, Panipat, Karnal, Yamunanagar	48%	43%
Delhi	8	39.9	2.4%	25%	North West Delhi, South Delhi, West Delhi, East Delhi, South West Delhi	78%	46%
Bihar	39	33.6	2.0%	29%	Aurangabad, Patna, Muzaffarpur, Gaya, Begusarai	45%	19%
Odisha	30	25.9	1.6%	34%	Khordha, Cuttack, Baleshwar, Puri, Ganjam	49%	23%
Assam	23	21.2	1.3%	29%	Kamrup, Nagaon, Cachar, Sonitpur, Sivasagar	40%	11%
Uttarakhand	14	16.2	1.0%	17%	Dehradun, Hardwar, Udham Singh Nagar, Nainital, Garhwal	91%	39%
Chhattisgarh	19	16.8	1.0%	30%	Raipur, Durg, Bilaspur, Janjgir - Champa, Korba	66%	43%
Jharkhand	23	12.8	0.8%	33%	Ranchi, Purbi Singhbhum, Dhanbad, Bokaro, Hazaribagh	66%	22%
Himachal Pradesh	12	7.4	0.4%	17%	Kangra, Mandi, Solan, Shimla, Kullu	74%	15%
Goa	2	2.6	0.2%	21%	North Goa, South Goa	100%	19%
Jammu & Kashmir	16	3.0	0.2%	3%	Jammu, Srinagar, Anantnag, Reasi, Kathua	74%	15%
Tripura	4	2.7	0.2%	87%	West Tripura, South Tripura, North Tripura, Dhalai	100%	6%
Manipur	9	1.6	0.1%	63%	Imphal West, Imphal East, Thoubal, Senapati, Churachandpur	83%	4%
Meghalaya	6	1.0	0.1%	25%	East Khasi Hills, West Khasi Hills, West Garo Hills, West Jaintia Hills, Ribhoi	96%	7%
Mizoram	7	0.3	0.0%	53%	Aizawl, Lunglei, Champhai, Kolasib, Lawngtlai	92%	3%
Nagaland	10	0.7	0.0%	24%	Dimapur, Kohima, Mokokchung, Wokha, Zunheboto	98%	4%
Sikkim	4	0.5	0.0%	36%	South Sikkim, North Sikkim, West Sikkim, East Sikkim	100%	7%
Arunachal Pradesh	13	0.2	0.0%	17%	Papum Pare, Kurung Kumey, Lohit, East Siang, Lower Subansiri	85%	11%

Note: Above data includes business loans given to MSMEs up to ₹ 10 lakhs ***ticket size*** *and reported in consumer bureaus of CICs. Number of districts are as reported in the bureau data.*
Source: CRIF Highmark, CRISIL Research

Small business loans will continue to grow at a strong pace

There is a huge demand supply gap in small business loan segment. With increasing presence of small business loans in smaller cities and rising focus of lenders on underserved target customer segment, loan portfolio is expected to see a strong growth in future. Going forward, CRISIL Research expects the small business loans portfolio to grow at 22% CAGR over fiscal 2021 and 2024 aided by increasing lender focus and penetration of such loans, enhanced availability of data increasing lender comfort while underwriting such loans, enhanced use of technology, newer players entering the segment, and continued government support.

Small Business Loans of less than ₹ 10 lakhs ticket size to grow at 22% CAGR between fiscal 2021 and 2024



Note: Above data includes business loans given to MSMEs up to ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs, P-Projected
Source: CRI Highmark, CRISIL Research

Growth drivers

High credit gap in the target customer segment

Less than 15% of the 70 million odd MSMEs have access to formal credit in any manner as of March 2021. High risk perception and the prohibitive cost of delivering services physically have constrained traditional institutions' ability to provide credit to underserved or unserved MSMEs, small business owners and self-employed individuals historically. As a result, they are either self-financed or take credit from the unorganised sector. This untapped market offers huge growth potential for financial institutions. As stated earlier, the credit gap was estimated at around ₹ 58.4 trillion as of 2017 (Source: IFC report named Financing India's MSMEs released in November 2018), and is estimated to have widened further to around ₹ 79 trillion as of fiscal 2021. The credit gap is the highest in the case of sole proprietorship firms, which are estimated to account for ~94% of the MSME universe in India, as per the IFC report.

Increased data availability and transparency

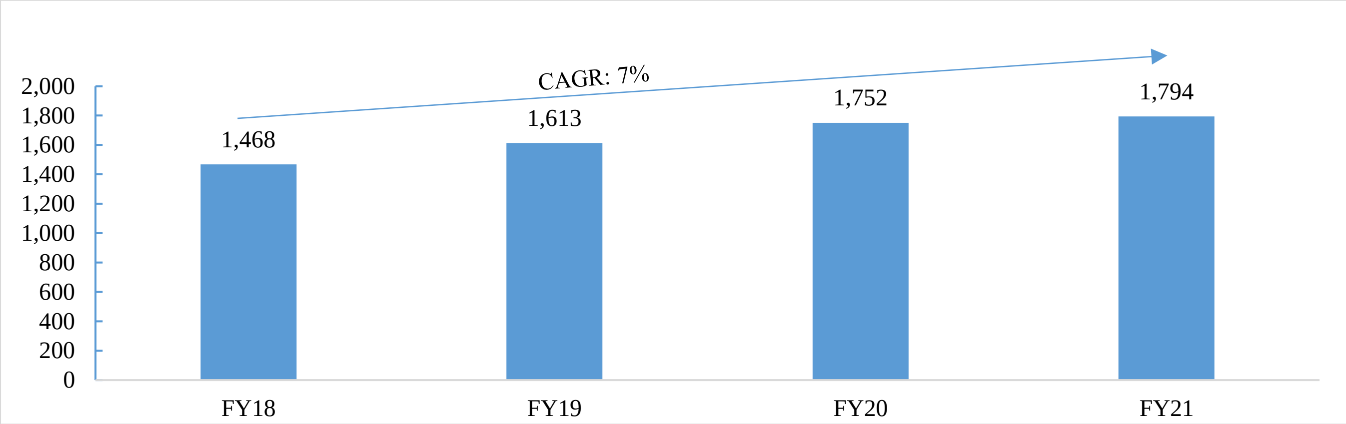
With increased digital initiatives by the MSMEs, the shift towards their formalisation and digitisation has created a plethora of data points for lenders that would help improve the efficacy of credit assessment and gradually enable provision of credit to hitherto underserved customer segments. For example, the quantum of retail digital payments has catapulted from ₹ 140 trillion transaction in fiscal 2017 to ₹ 353 trillion transactions in fiscal 2021. Within UPI, the quantum of person-to-merchant payments has zoomed from ₹ 1.2 trillion transaction in April to July 2020 to ₹ 3.8 trillion transactions in April to July 2021. This increase has created a digital footprint of customers, which can be potentially used for credit decision making, along with other relevant parameters such as customer demographics, business details, credit score, and personal situation of the borrower. While new data points are aiding customer assessment, some players like Five Star Business Finance perform credit assessment without any documentation or supporting data points owing to the customer profile such players cater to.

Growth in branch network of players in small business loans segment

Over past few years, players offering small business loans segment have expanded their branch network with the intent to serve a larger customer base. To illustrate, the cumulative branch network of five small business lenders (Five Star, Shriram City Union, Vistaar, Veritas and Aye) has expanded at a 7% CAGR between fiscal 2018 and 2021, even while the NBFC universe and the economy were impacted by the IL&FS crisis, a slowdown in growth. In fiscal 2020 and the Covid-19 pandemic. Five Star Business Finance witnessed a CAGR of 26% over the same period; it had 262 branches as of March 2021.

In the future also, we expect lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration of small business loans will also increase.

Number of branches have grown at 7% CAGR over fiscal 2018 and 2021



Note: The above data includes branches for Five Star Business Finance, Shriram City Union Finance, Vistaar Finance, Veritas Finance and Aye Finance
Source: Company Reports, CRISIL Research

Reduction in risk premiums due to information asymmetry

In the absence of reliable information about small businesses, it becomes difficult for lenders to assess the creditworthiness of the borrower. Hence, lenders often charge a credit risk premium from these customers, leading to higher interest rates. By leveraging technology and using a combination of traditional data (bureau data, financial statements, credit score), non-traditional data (payments, telecom, provident fund contribution and psychometric data), and government data (Aadhaar, GST), lenders would be able to gain greater insight into their customers' data, thereby increasing the accuracy of customer assessments. This would reduce the level of asymmetry in information and could lower the credit risk premium over a period of time.

Increasing competition with entry of new players and partnerships between them

More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. For example, In June 2018, Amazon India launched a platform for lenders and sellers, wherein sellers can choose loan offers from various lenders at competitive rates. In August 2021, Facebook partnered with Indifi Technologies to provide loans to small businesses that advertise on its platform. Incumbent traditional lenders will increasingly leverage the network of their partners and/or digital ecosystem to cross-sell products to existing customers, tap customers of other lenders, and also cater to new-to-credit customers. This will expand the market the small busines loans.

Reduction in TAT and increased use of technology

With the availability of multiple data points and technological advancement, TAT for lending to MSMEs has been continuously declining. This too will drive the demand for MSME loans.

Government initiatives

Credit Guarantee Fund Scheme extended to cover NBFCs

One of the major reasons why MSMEs are credit-starved is the insistence by banks or financial institutions for the provision of collateral against loans. Collaterals are not easily available with such enterprises, leading to a high risk perception and higher interest rates for these MSMEs. In order to address this issue, the government launched the Credit Guarantee Fund Scheme under the aegis of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) in order to make collateral-free credit available to micro and small enterprises.

Government initiatives addressing structural issues in the MSME market

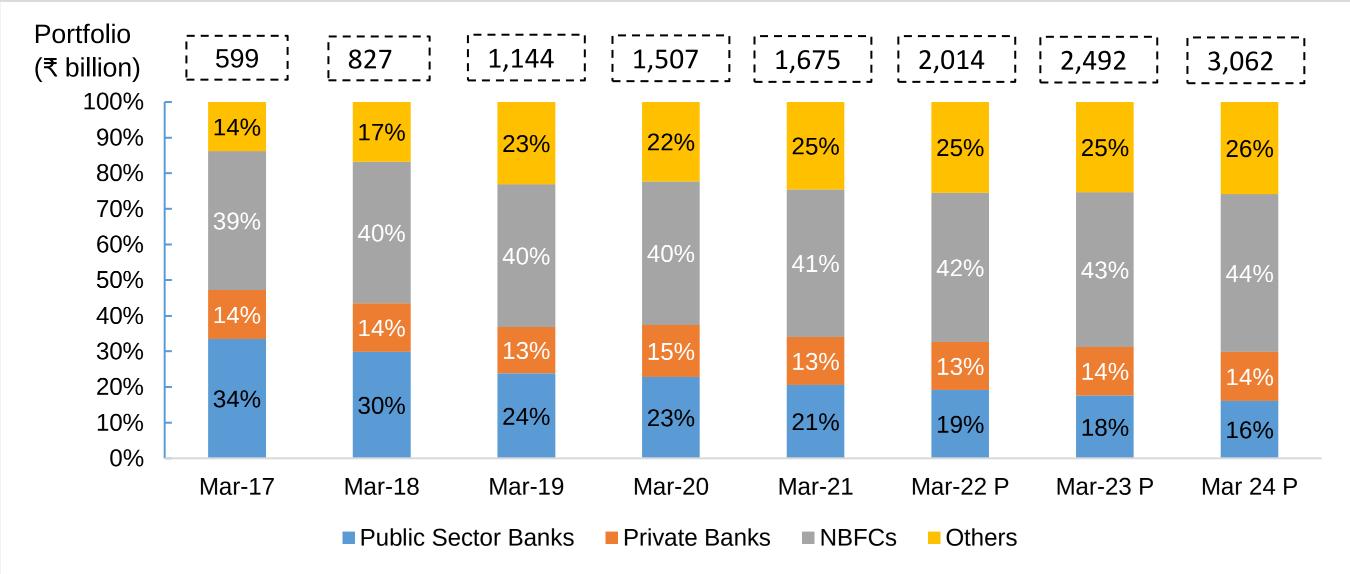
The government has unveiled a number of initiatives aimed at addressing some of the structural issues plaguing small business lending segment. These include granting licences to account aggregators, the Pradhan Mantri Mudra Yojana (PMMY), unveiling Trades Receivables Discounting System (TReDS) platforms and the implementation of GST.

NBFCs increasing their presence in the small business loans segment

NBFCs have managed to carve out a strong presence in small business loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. As of fiscal 2021, the cumulative market share of NBFCs in small business loans of less than ₹ 10 lakhs ticket size outstanding is estimated to be around 41%, which is higher than any other player groups.

Over the years, the small business loan portfolio of NBFCs have grown at a faster rate than the overall small business loan portfolio at a systemic level, clocking a CAGR of 31% over fiscals 2017 and 2021. Market share of NBFCs remained stable between fiscal 2018 and 2019 due to demonetisation and the NBFC liquidity crisis but has increased subsequently. The cumulative market share of NBFCs increased by 2 percentage points over fiscals 2017-2021. Going forward, we expect the market share of NBFCs in this segment to continue to increase and touch 44% by fiscal 2024.

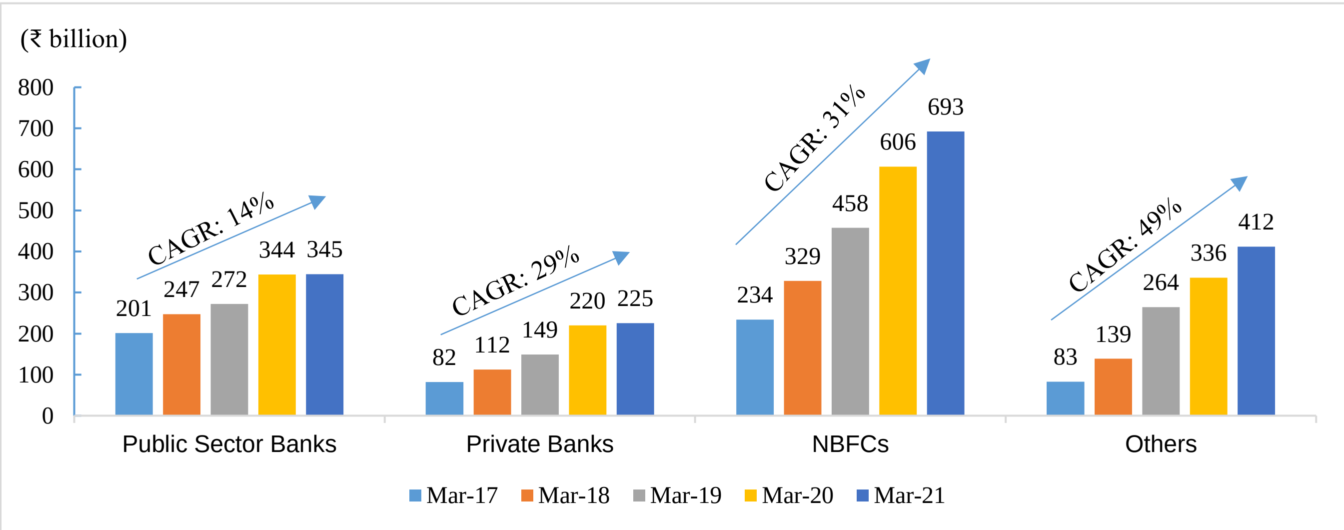
NBFCs continue to gain market share from banks in small business loans less than ₹ 10 lakhs ticket size



Note: (1) Above data includes business loans given to MSMEs upto ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs, (2) Others include foreign banks, co-operative banks and regional rural banks, (3) P-Projected

Source: CRIF Highmark, CRISIL Research

NBFCs have grown at faster pace compared to PSBs and private banks in small business loans less than ₹ 10 lakhs ticket size



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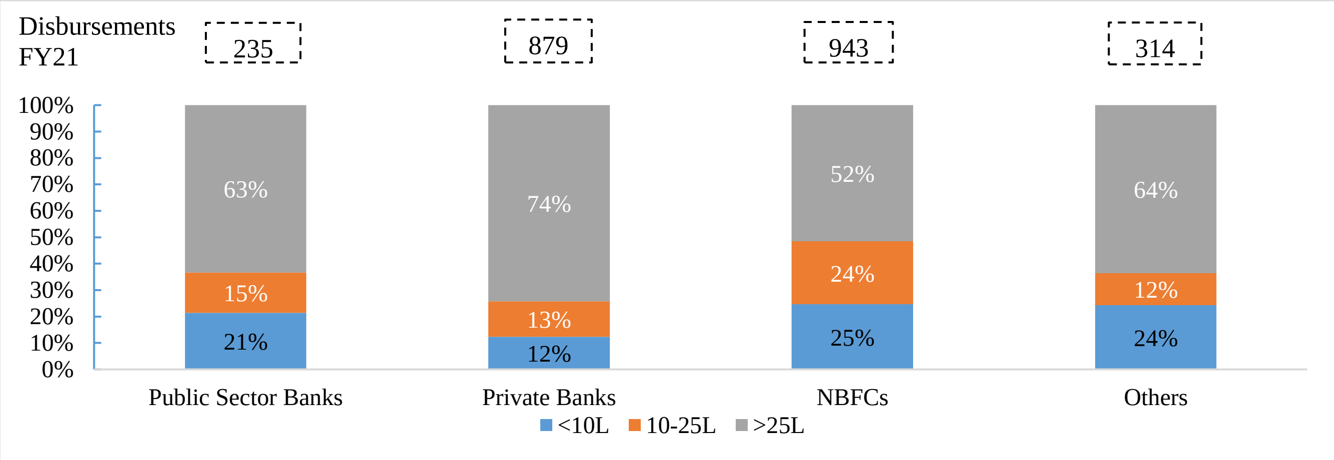
Source: CRIF Highmark, CRISIL Research

NBFCs have high share of small business loans disbursed (ticket size less than ₹ 10 lakhs) compared to private sector banks and public sector banks in fiscal 2021. These banks lend to more organised and formal customers with proper income documentation and credit profile. In contrast, NBFCs lend to borrowers who may not have documented income proof, and therefore, NBFCs rely greatly on their deep understanding of the target customer segment and ability to assess income and cash flows of the customers through personal discussions or other alternate data for underwriting loans.

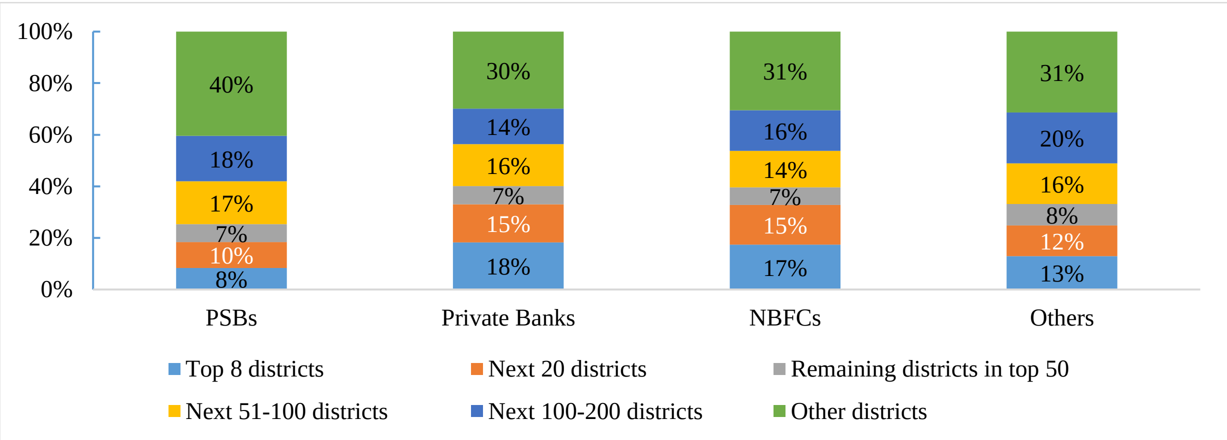
NBFCs have highest share of its disbursement towards small business loans



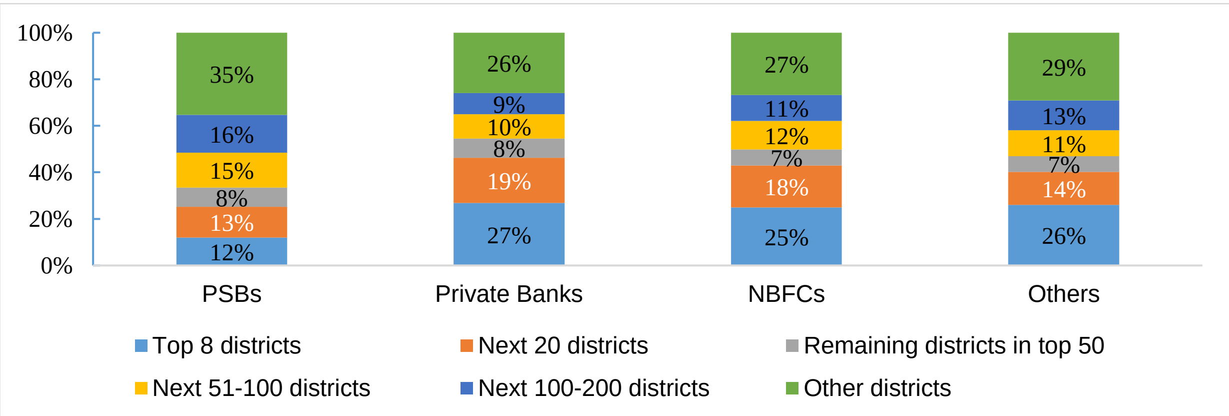
Note: Note: Above data includes business loans reported in consumer bureaus of CICs, Others includes player groups like Small Finance Banks, Foreign Banks, and Regional Rural Banks
Source: CRISIL Research

Within the small business loans (ticket size less than ₹ 10 lakhs), NBFCs have 61% of loan portfolio in cities other than top 50 compared to PSBs and others which have 75% and 66% of their portfolio respectively in such cities. Private banks have the lowest proportion of 60% of small business loans in cities outside the top 50. In other ticket sizes as well, similar trend is observed with PSBs being relatively better penetrated in regions outside top 50 cities compared to NBFCs and private banks being the least penetrated in such regions.

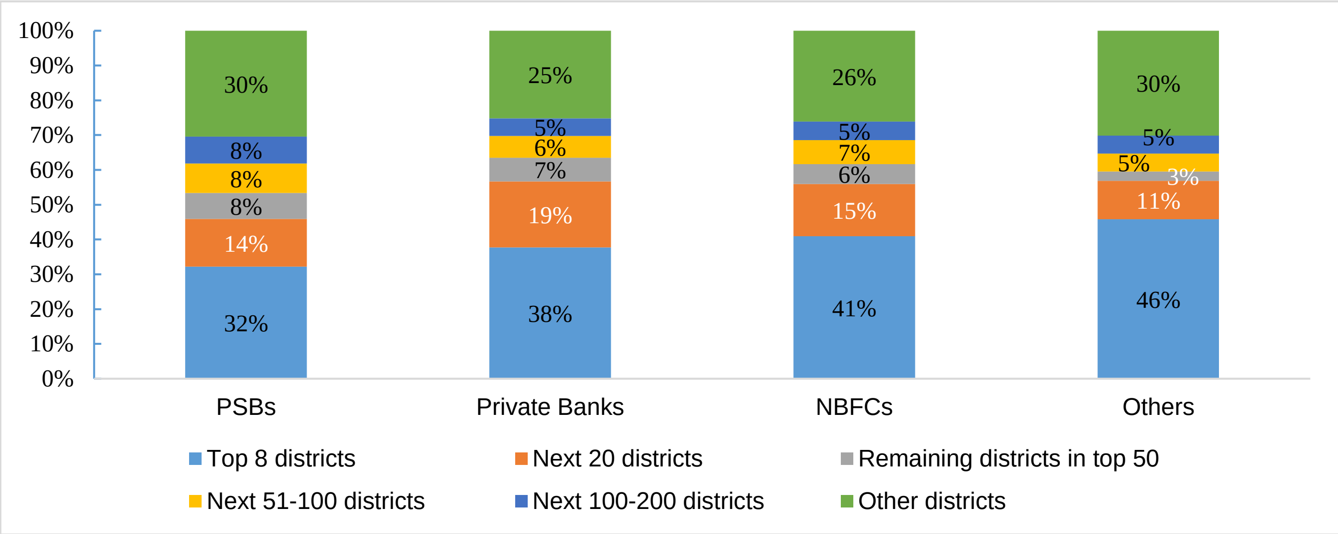
Business loans of ticket size less than ₹ 10 lakhs (March 2021)



Business loans of ticket size between ₹ 10-25 lakhs (March 2021)



Business loans of ticket size more than ₹ 25 lakhs (March 2021)



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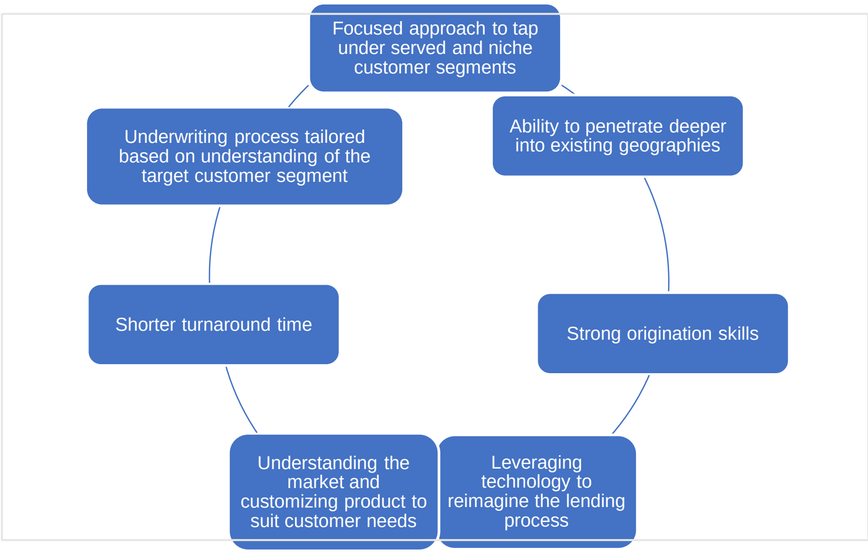
(5) MMR includes Thane and Mumbai, NCR includes Delhi, Gurugram, Gautam Buddha Nagar, Ghaziabad and Faridabad, Bengaluru includes Bangalore Urban and Bangalore Rural, Kanpur includes Kanpur Nagar and Kanpur Dehat

Key factors driving competitiveness of NBFCs

NBFCs in small business lending have, over the years, developed expertise in serving the underserved and niche customer segments by developing customised products and building strong credit appraisal mechanisms to serve their target segment. Moreover, their ability to penetrate deeper into geographies gives them the edge in serving these customers. Some NBFCs have tailor made underwriting processes customised for the target segment they cater to which gives them an edge in understanding and serving the customers as well as in maintaining their portfolio quality. For example, the Company is among the select institutions to have developed an underwriting model that evaluates the cash-flows of small business owners and self-employed individuals in the absence of traditional documentary proofs of income. NBFCs have also been leveraging technology to efficiently manage the lending process, which has also helped them reduce the turnaround time.

Factors driving growth of NBFCs in small business loans



Source: CRIF Highmark, CRISIL Research

Moreover, compared to different loan products like affordable housing loans, microfinance loans, auto loans and personal loans, secured small business loans is one of the most attractive asset classes offering higher yields over a medium tenure with good collateral quality and lower default risk as the loans are secured predominantly with SORP.

	Market Size – Portfolio outstanding March 2021 (₹ trillion)	Ticket size	Yields	Typical tenure	Collateral Quality	Tendency to default
Secured property-backed small Business Loans	1.7	Small to Medium	High	Medium	Good	Low
Secured non-LAP loans	12	Small to Medium	High	Low	Good	Low
Microfinance loans	3.6	Small	Medium	Low	No collateral	Relatively High
Housing loan	22	Large	Medium	High	Very good	Low
Auto Loans	9.5	Small to Medium	Low to Medium	Low to medium	Moderate	Medium
Personal Loans	1.1	Small	High	Low	No collateral	Medium to High

Source: CRISIL Research

Small business loans market consists of highly heterogeneous players

In absolute terms, the aggregate size of lending in the small business loans segment is estimated to be around ₹ 1.7 trillion as of March 2021. There are various kind of players serving this segment including Banks, NBFCs, Small Finance Banks, and Microfinance Institutions that offer loans to self-employed individuals, micro-entrepreneurs as well as MSMEs. While banks offering business loans and loans against property to MSMEs serve a very different customer segment mainly comprising registered MSMEs with documented income and certain annual turnover, other players serve customer segments who may not have appropriate income proofs on paper.

Players across the NBFC spectrum offering business loans can be classified as below:

- Larger NBFCs offering diversified loan products including business loans, both unsecured as well as secured, loans against property and products in other loan segments like commercial vehicles, personal loans, etc. These include larger players like Bajaj Finance, HDB Financial Services, and Hero Fincorp.
- NBFCs offering loans for business purpose, but backed with property (residential property in almost all cases) as collateral. Examples of such NBFCs include Five Star Business Finance, Veritas Finance, and Vistaar Financial Services.
- NBFCs offering collateral-backed loans such as machinery loans for the purpose of funding capex requirements of MSMEs. These include players like Electronica Finance and MAS Financial Services.
- Fintechs, mainly offering unsecured loans to traders and the services segments, on the basis of digital underwriting models based on firm-specific demographic data, bureau scrub, bank statement analysis, GST returns and other behavioural or segment-specific data. For example, Neogrowth Credit, Lending Kart, Capital Float, and Indifi Technologies
- Microfinance players offering loans in rural and underpenetrated areas through joint-liability groups, most of which are towards income-generation activities. Major microfinance players with an NBFC-MFI licence include Credit Access Grameen, Spandana Sphoorty, Satin Creditcare Network, Asirvad Microfinance, and Muthoot Microfinance
- Small Finance Banks with significant portfolio towards MSME loans. These include AU Small Finance Bank, Equitas Small Finance Bank (which offers micro finance as well as small business loans) and Capital Small Finance Bank.

Key Industry Parameters

	Large diversified NBFCs	NBFCs offering secured business loans backed by property as collateral	Fintechs	Microfinance Institutions	Small Finance Banks
Average ticket size	₹ 12 lakhs to 25 lakhs	₹ 3 lakhs to 10 lakhs	₹ 5 lakhs to 10 lakhs	₹ 20,000-₹ 40,000	₹ 5 lakhs to 10 lakhs
Nature of loans	Secured: 50-60%	Secured: 100%	Secured: 0%	Secured: 0%	Secured: (80-90%)
Average interest rate	18-20%	20-25%	24-30%	18-22%	12-18%
Average contractual tenure	36-60 months	60-96 months	18-36 months	12-24 months	12-36 months
Average GNPA (as of March 2021)	2.9%	2.0%	4.3%	3.2%	4.1%

	Large diversified NBFCs	NBFCs offering secured business loans backed by property as collateral	Fintechs	Microfinance Institutions	Small Finance Banks
NIMs (FY21)	8.9%	11.8%	11.7%	10.5%	6.9%
Credit cost (FY21)	4.6%	1.4%	7.7%	6.0%	2.2%
Cost to Income Ratio (FY21)	25%	25%	32%	39%	54%
RoA (FY21)	2.1%	5.3%	Negative	0.8%	1.5%
RoE (FY21)	10%	13%	Negative	3%	11.5%
Documentation	Financial Statements, P&L, Account, Balance Sheets, Bank Statements	Combination of traditional and non-traditional sources. Use of information available in public and private domains	ID Proofs, Bank Statements, Proof of business	ID Proofs, Proof of business	Income statements, ID Proof, KYC documents, Bank Statements.

Source: CRISIL Research

Comparison of various players based on yield on advances, average ticket size and portfolio type (FY21)

	Yield less than 16%	Yield between 16% and 22%	Yield more than 22%
Average ticket size more than or equal to ₹ 10 lakhs	Bajaj Finance Ugro Capital SBFC Finance	Capri Global Poonawala Fincorp Shriram City Union Finance Equitas Small Finance Bank	Neogrowth
Average ticket size between ₹ 5 lakhs and ₹ 10 lakhs	HDB Financial Services AU Small Finance Bank		Lendingkart Finova Capital Riviera Investors
Average ticket size less than ₹ 5 lakhs		CapFloat Financial Services	Veritas Finance Five-Star Business Finance Aye Finance
Average ticket size less than ₹ 1 lakhs		Credit Access Grameen Satin Creditcare Network Asirvad Microfinance Muthoot Microfin	Spandana Sphoorty Financial Services

Source: Company Reports, CRISIL Research

Comparison of players based on secured and unsecured loans mix in small business loans

0-10% secured portfolio

1. Neogrowth Credit (6.4%)
2. Lending Kart (2.5%)
3. Riveria Investors (9.1%)
4. CapFloat Financial Services (3.9%)
5. NBFC-MFIs (9.0%)

50-80% secured portfolio

1. HDB Financial Services (4.5%)
2. Ugro Capital (2.7%)

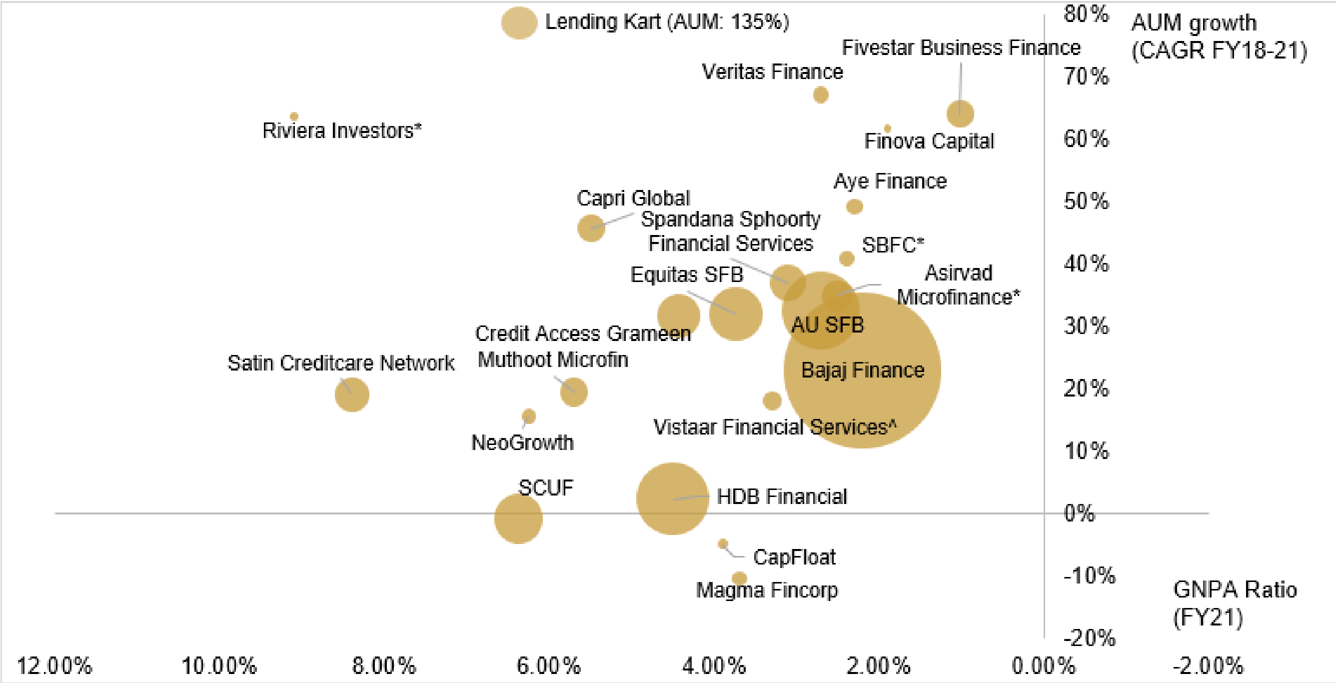
80-100% secured portfolio

1. Shriram City Union Finance (6.4%)
2. Equitas Small Finance Bank (3.3%)
3. AU Small Finance Bank (2.5%)
4. Small Business Fincredit (NA)
5. Finova Capital (1.9%)
6. Veritas Finance (2.7%)
7. Vistaar Financial (3.3%)
8. Five Star Business Finance (1.0%)
9. Capri Global (5.5%)

GNPA Ratio (FY21)	0-10% secured	50-80% secured	80-100% secured
	8-9%	4-5%	3.5-4.5%

Source: Company reports, CRISIL Research

Comparison of various players based on portfolio size, portfolio growth and GNPA ratio (FY21)



Size of the bubble denotes relative size of the small business loan portfolio as of March 2021
Note: (*) GNPA Ratio is as of March 2020, (^) GNPA Ratio is for overall loan book
Source: Company Reports, CRISIL Research

Key success factors for NBFCs offering secured Small Business Loans

Strong branch network and deep understanding of the target customer segment and micro markets

Players need to have a clear and deeper understanding of their target customer segment, the micro markets they operate in and develop a strong local network. The strong network helps players to source business from niche customer category as also obtaining references from their existing customers.

Strong underwriting capabilities along with process standardisation to control operating costs

Customers in small business finance segment are generally self-employed non-professionals (carpenter, plumber, vegetable vendor, small shop keepers, etc.) and micro-entrepreneurs, people who may not have income proofs. Given the lack of income proofs, the underwriting process typically requires detailed personal discussion with the borrower as well as acquaintances and neighbours to assess the source of income and pattern of cash inflows and outflows as well as the stability and behavioural aspects of the customer.

On-the-ground presence to manage collections and maintain portfolio quality

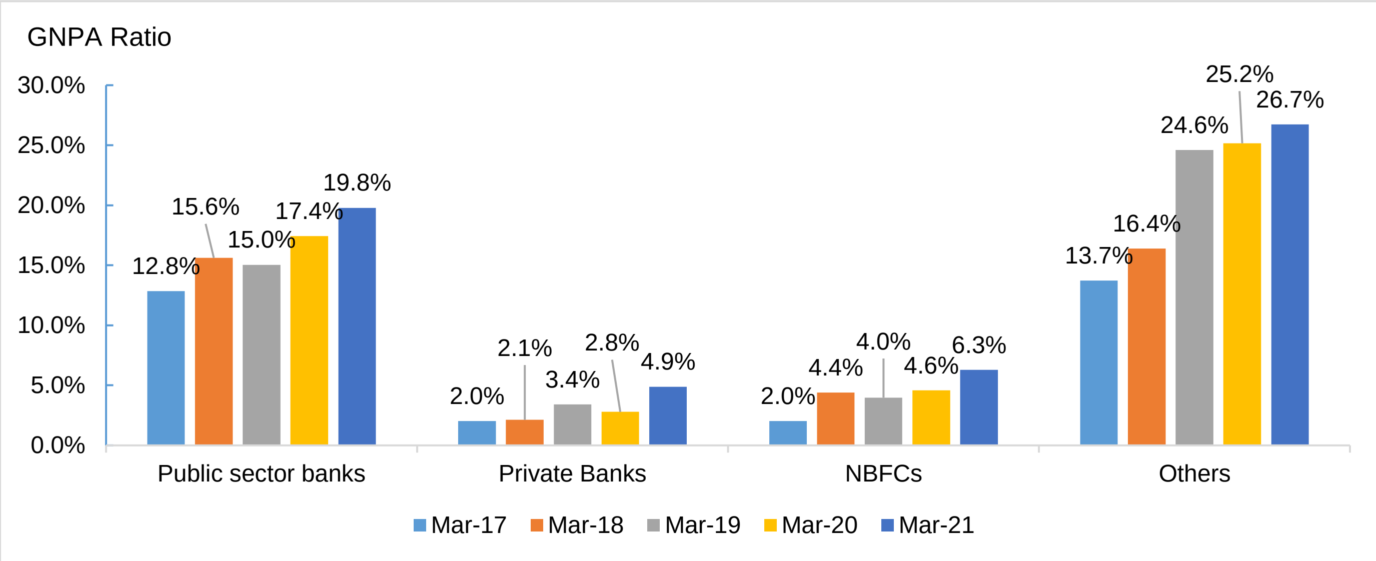
Additionally, given that players in the segment typically cater to the lower income customer segment, many of whom may not be financially literate, a strong focus on collections and monitoring risk of default at customer level is vital to manage asset quality.

Collateral risk management

Properties that are used as collateral for small business loans sometimes lack proper property titles, especially in the outskirts of large cities, semi-urban and rural areas. With better availability of information and due diligence by the technical team, players can mitigate the risk.

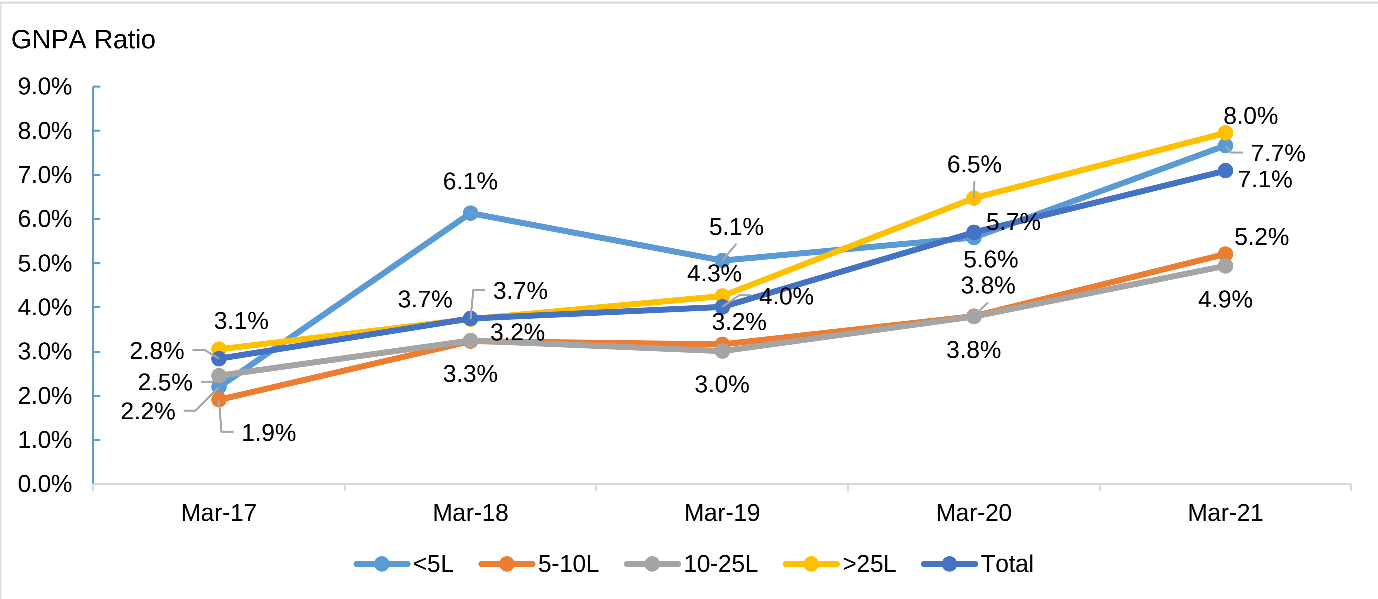
NBFC profitability to take a hit due to higher credit cost

Asset quality across various lenders



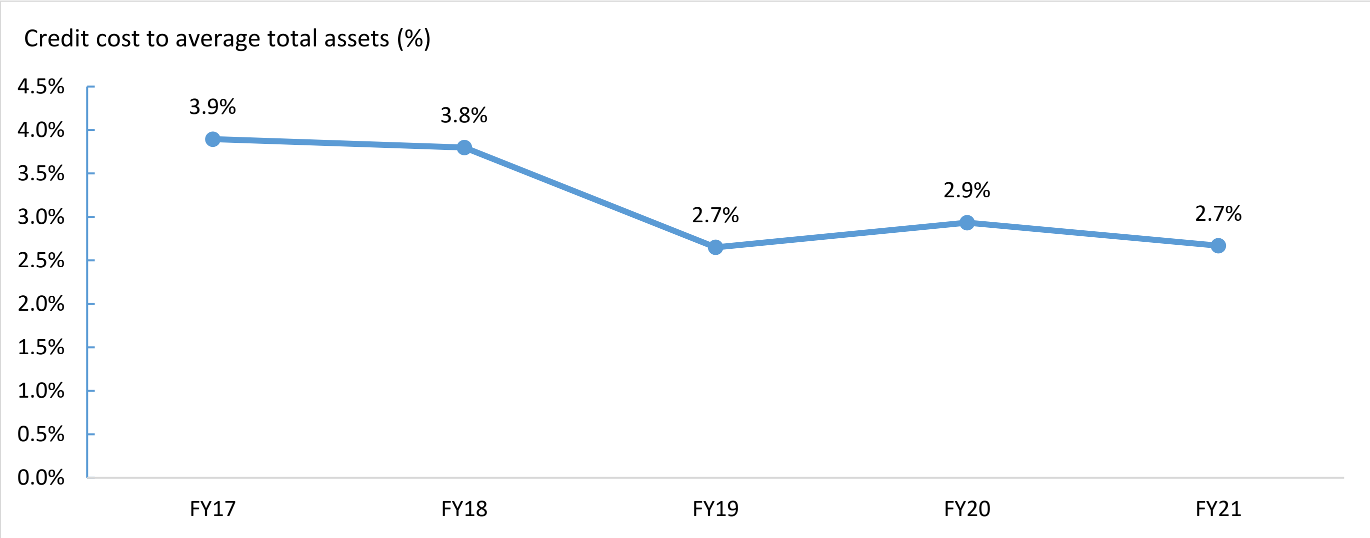
Note: Above data includes business loans given to MSMEs upto ₹ 10 lakhs ticket size and reported in consumer bureaus of CICs, Others includes player groups like Small Finance Banks, Foreign Banks, Regional Rural Banks
Source: CRIF Highmark, CRISIL Research

Small business loan portfolio of NBFCs exhibit better asset quality compared to overall portfolio



Note: Above data includes business loans given to MSMEs and reported in consumer bureaus of CICs
Source: CRISIL Research

Trend in credit cost of players in small business loan segment



Note: The above data includes numbers for Five Star Business Finance, Aye Finance, Shriram City Union Finance, Veritas Finance, Vistaar Finance, Lendingkart and Digikredit Finance
Source: Company Reports, CRISIL Research

Player wise credit cost trend

Credit cost as a % of total assets	FY17	FY18	FY19	FY20	FY21
Five Star Business Finance	0.6%	1.0%	0.4%	1.5%	0.7%
Aye Finance	0.8%	1.7%	2.7%	4.0%	2.7%
Shriram City Union Finance	4.0%	3.9%	2.8%	2.9%	2.6%
Veritas Finance	1.4%	1.1%	0.6%	1.0%	2.0%
Vistaar Financial	2.9%	3.2%	3.0%	3.0%	2.7%
Lendingkart	3.7%	6.4%	4.4%	5.7%	6.9%
Digikredit Finance	NA	NA	0.7%	5.0%	10.9%

Source: Company Reports, CRISIL Research

Asset quality for NBFCs to moderate in fiscal 2022

GNPAs in small business loans below ₹ 10 lakhs for NBFCs has remained in the range of 4-4.5% for two years ending March 2019 after increasing post demonetisation in fiscal 2018. Asset quality deteriorated in fiscal 2020 and 2021 owing to impact on customers due to the covid-19 pandemic and GNPA ratio increased by 170 basis points to reach 6.3% compared to that as of March 2020 (4.6%). The deterioration in asset quality would have been worse, if it had not been for the support provided by the emergency credit line scheme of the government and restructuring of loans allowed by the RBI. While some portion of the portfolio has got restructured, GNPA has still increased in fiscal 2021.

Peer benchmarking

Five Star Business Finance is focused on providing secured business loans to micro entrepreneurs and self-employed individuals who are largely ignored by the formal financial system. In this section, we have compared Five Star Business Finance Limited (Five Star) with other NBFCs and HFCs as also small finance banks (SFBs) focused on serving the target segment served by Five Star i.e. self-employed entrepreneurs running small businesses and operating in a similar ticket size band. The peer comparison has been done on the basis of the latest available data for fiscal 2021.

In our assessment, we have considered NBFCs present in secured small business loans, namely Shriram City Union Finance (SCUF), Vistaar Financial Services Private Limited (Vistaar), and Veritas Finance Private Limited (Veritas). AU Small Finance Bank (AUSFB) that provides secured small business loans has also been included in our assessment. In addition, mortgage loan providers targeting a similar customer profile as Five-Star – Aavas Financiers Ltd (Aavas), Aptus Value Housing Finance India Limited (Aptus) and Home First Finance Company India Limited (Home First) have been included in our peer list. Besides, we have considered players providing unsecured small business loan such as Lendingkart Technologies Private Limited (Lendingkart), Digikredit Finance Private Limited (Digikredit) and Aye Finance Private Limited (Aye Finance). For purposes of the discussion below, lenders engaged in extending MSME business loans include Shriram City Union Finance, Five Star Business Finance, Lendingkart, Vistaar, Veritas, Aye Finance and Digikredit,

Five Star one of the fastest growing NBFC among the compared peers

Five Star recorded the third fastest AUM growth of 86% CAGR over fiscal 2016-21 among the compared peers. Over fiscal 2017-21 as well, Five Star recorded the third fastest AUM growth of 73%. Five Star reported 2nd fastest disbursement growth of 107% CAGR over fiscal 2016-2020, next only to Veritas Finance (241%). In terms of absolute size of portfolio, AUSFB, SCUF and Five-Star are the largest players in small business loans segment.

AUM (₹ billion)	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)	CAGR (FY17-21)
AU SFB^	NA	38	59	79	113	144	39%*	39%
SCUF^	105	127	155	177	166	151	8%	4%
Aavas	17	27	41	59	78	95	41%	37%
Five Star	2	5	10	21	39	44	86%	73%
Home First	5	8	14	24	36	41	50%	49%
Aptus	5	8	14	22	32	41	50%	48%
Lending kart	0.5	2	4	14	24	25	119%	98%
Vistaar	8	11	13	14	19	21	20%	16%
Veritas	0.1	1	3	7	13	16	203%	103%
Aye Finance	NA	2	5	10	18	16	58%*	58%
Digikredit	NA	NA	0	2	4	5	193%**	193%**

Note: (^) Data pertains to small business loans and MSME portfolio, (*) CAGR for FY17-21, (**) CAGR for FY18-21
NA - Not available;
Source: Company reports, Rating reports, CRISIL Research

Disbursement (₹ billion)	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-20)
AU SFB^	NA	20	30	37	49	47	34%**
SCUF^	82	91	103	104	73	32	-3%
Aavas	11	14	21	27	29	27	29%
Five Star	1	4	15	15	24	12	107%
Home First	3	4	7	16	16	11	56%
Aptus	3	4	8	11	13	13	50%
Lendingkart	NA	NA	NA	17	24	NA	NM
Vistaar	6	7	7	8	9	6	11%
Veritas	0.1	1	3	6	8	6	241%
Aye Finance	NA	NA	5	10	16	NA	82%*
Digikredit	NA	NA	NA	NA	NA	NA	NM

Note: (^) Data pertains to small business loans and MSME portfolio, (**) CAGR for FY17-20 (*) CAGR for FY18-20
NA - Not available; NM: Not meaningful.
Source: Company reports, Rating reports, CRISIL Research

₹ billion	% share of Secured Portfolio	AUM		Disbursement	
		FY20	FY21	FY20	FY21
AU SFB*	100%	113	144	48.7	46.6
SCUF*	88%	166	151	73	32
Aavas	100%	78	95	29	27
Five Star	100%	39	44	24	12
Home First	100%	36	41	16	11
Aptus	100%	32	41	13	13
Lendingkart	0%	24	25	24	NA
Vistaar	100%	19	21	9	6
Veritas	100%	13	16	8	6
Aye Finance	0%	18	16	16	NA
Digikredit	14%	4	5	NA	NA

Notes: Players are arranged in descending order of AUM
**AUM and disbursement data for MSME/Small business loan segment; ^Estimated based on advances growth*
NA - Not available; NM: Not meaningful.
Source: Company reports, Rating reports, CRISIL Research

Operational efficiency

Five Star AUM per branch has increased to ₹ 170 million in fiscal 2021 from ₹ 122 milion in fiscal 2019; Five Star has one of the largest branch networks amongst non-banks

Five Star reported the fastest growth of 68% annual growth in number of employees over fiscal 2016 and 2021 followed by Aavas Financiers (52%). Five Star also recorded the fourth highest AUM per employee and disbursement per employee on an average between fiscals 2019 and 2021.

Five Star reported 3rd fastest growth in terms of branch count over fiscal 2016-21 after Veritas and Aavas Financiers. With 262 branches as of March 2021, Five-Star has one of the largest branch networks amongst the non-bank universe, next only to SCUF and Aavas amongst the peer set. Despite increasing the number of branches, its AUM per branch has increased by 18% CAGR to ₹ 170 million over fiscal 2019-21. While its AUM per branch is lower as compared to lenders focused on mortgage loans, they are higher as compared to other lenders focused on MSME financing who have a branch-focused business model (by around 1.5-2.0 times). This is also reflected its cost-to-income ratio which is much lower than other MSME focused lenders. Fintech lenders in the unsecured MSME loans space operate with minimal branch infrastructure on the ground and hence do not have relatable branch productivity matrices, but their cost-to-income ratios also are higher compared to Five Star.

The branch productivity has also to be viewed in the context of the segment and ticket sizes in which a company operates. Five Star's average ticket sizes, at around ₹ 255,000 in fiscal 2021, is the lowest compared to other players considered in the peer set.

Trend in average ticket sizes for players

Average ticket size	FY17	FY18	FY19	FY20	FY21
AU SFB	NA	NA	NA	10.5	6.7
SCUF	NA	NA	10	12.5	12.5
Aavas	8.6	8.6	8.6	8.4	8.5
Five Star	NA	3.75	3.37	3.14	2.59
Home First	9.6	10.5	10.3	10.1	10
Aptus	7.5	8.25	7.4	7.2	7
Lendingkart	5	7	6	5	6
Vistaar	NA	NA	NA	NA	5*
Veritas	NA	NA	2.5	3.5	3.5
Aye Finance	NA	NA	NA	NA	NA
Digikredit	NA	NA	7.2	NA	NA

Source: Company reports. Rating reports, CRISIL Research

Trend in number of branches for players

Branches	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)
AU SFB	291	301	377	558	647	744	21%
SCUF	976	998	969	969	909	926	-1%
Aavas	44	94	165	210	250	280	45%
Five Star	73	103	130	173	252	262	29%
Home First	NA	NA	45	60	68	72	17%*
Aptus	70	80	115	142	175	190	22%
Lendingkart	NA	NA	NA	NA	NA	NA	NM
Vistaar	198	201	225	220	216	191	-1%
Veritas	15	38	72	147	202	204	69%
Aye Finance	NA	NA	72	104	173	211	43%*
Digikredit	NA	NA	NA	15	25	18	10%^

Note: (*) CAGR for FY18-21, (^) CAGR for FY19-21
NA - Not available; NM – Not meaningful
Source: Company reports, Rating reports, CRISIL Research

Trend in number of employees for players

Employees	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)
AU SFB	5,072	8,515	11,151	12,623	17,112	22,484	35%
SCUF	25,472	26,783	28,665	27,267	28,699	24,963	0%
Aavas	704	940	1,862	3,190	4,581	5,679	52%
Five Star	293	691	1,290	1,971	3,734	3,938	68%

Home First	175	200	382	675	696	687	31%
Aptus	NA	NA	1,000	1,300	1,702	1,913	24%*
Lendingkart	NA	NA	NA	NA	NA	NA	NM
Vistaar	2,125	2,337	2,107	2,188	1,847	1,660	-5%
Veritas	NA	NA	719	1,422	1,850	2,333	48%*
Aye Finance	NA	NA	1,085	1,887	3,162	NA	71%^
Digikredit	NA	NA	NA	NA	NA	NA	NM

Note: (*) CAGR for FY18-21, (^) CAGR for FY18-20
NA - Not available; NM – Not meaningful
Source: Company reports, Rating reports, CRISIL Research

	AUM per branch (₹ million)				Disbursement per branch (₹ million)			
	FY19	**FY20**	**FY21**	**Average (FY19-21)**	**FY19**	**FY20**	**FY21**	**Average (FY19-21)**
AU SFB*	154	174	193	174	66	75	63	68
SCUF*	160	183	183	176	107	108	79	98
Aavas	283	312	338	311	127	117	95	113
Five Star	**122**	**154**	**170**	**149**	**86**	**96**	**48**	**76**
Home First	407	532	575	505	262	238	152	217
Aptus	158	182	214	185	77	73	68	73
Lendingkart	NA	NA	NA	NM	NA	NA	NA	NM
Vistaar	66	87	108	87	34	42	30	36
Veritas	51	64	77	64	38	42	30	37
Aye Finance	101	103	74	92	96	94	NA	95[@]
Digikredit	132	153	253	179	NA	NA	NA	NM

Note: (*) Data pertains to small business loans and MSME portfolio, @Average for FY19-20;
NA - Not available; NM - Not meaningful
Source: Company reports, CRISIL Research

	AUM per employee (₹ million)				Disbursement per employee (₹ million)			
	FY19	**FY20**	**FY21**	**Average (FY19-21)**	**FY19**	**FY20**	**FY21**	**Average (FY19-21)**
AU SFB^	6.8	6.6	6.4	6.6	2.9	2.8	2.1	2.6
SCUF^	5.4	6.5	5.8	5.9	3.6	3.8	2.5	3.3
Aavas	18.6	17.0	16.6	17.4	8.4	6.4	4.7	6.5
Five Star	**10.7**	**10.4**	**11.3**	**10.8**	**7.5**	**6.5**	**3.2**	**5.7**
Home First	36.2	52.0	60.3	49.5	23.3	23.2	16.0	20.8
Aptus	17.2	18.7	21.3	19.1	8.4	7.5	6.8	7.5
Lendingkart	NA	NA	NA	NM	NA	NA	NA	NM
Vistaar	6.6	10.2	12.4	9.7	3.5	4.9	3.5	4.0
Veritas	5.2	7.0	6.7	6.3	3.9	4.5	2.6	3.7
Aye Finance	5.5	5.6	NA	5.6*	5.3	5.1	NA	5.2*
Digikredit	NA	NA	NA	NM	NA	NA	NA	NM

*Note: (^) Data pertains to small business loans and MSME portfolio, *Average for FY19-20; NA - Not available; NM - Not meaningful*
Source: Company reports, CRISIL Research

	Cost to income ratio				Opex (%)			
	FY19	**FY20**	**FY21**	**Average (FY19-21)**	**FY19**	**FY20**	**FY21**	**Average (FY19-21)**
AU SFB	92.8%	65.6%	50.2%	69.5%	4.4%	3.9%	3.5%	4.0%
SCUF	40.5%	43.3%	38.3%	40.7%	5.3%	5.0%	4.2%	4.8%
Aavas	47.8%	49.5%	48.1%	48.4%	3.9%	3.5%	3.1%	3.5%
Five Star	**34.9%**	**33.6%**	**31.3%**	33.3%	**6.1%**	**5.1%**	**4.2%**	**5.2%**
Home First	59.9%	49.0%	41.7%	50.2%	3.8%	3.4%	2.6%	3.3%
Aptus	31.5%	27.1%	23.2%	27.3%	3.6%	2.9%	2.4%	2.9%
Lendingkart	79.9%	67.6%	NA	73.8%*	8.6%	8.6%	NA	8.6%*
Vistaar	61.0%	57.0%	47.6%	55.2%	8.8%	7.5%	5.2%	7.2%
Veritas	78.5%	70.9%	55.0%	68.1%	8.8%	7.6%	5.8%	7.4%
Aye Finance	70.9%	64.5%	72.4%	69.3%	9.9%	10.1%	9.0%	9.7%
Digikredit	349.1%	357.0%	246.9%	317.7%	41.5%	29.7%	21.4%	30.9%

**Average for FY19-20; NA - Not available; NM - Not meaningful*
Source: Company reports, CRISIL Research

Product mix

Five Star has been focusing on providing secured loans to micro-entrepreneurs and self-employed individuals.

FY21	Business loans and MSME Finance	Vehicle/Auto Loans	Home loans	LAP	Gold loans	Large and mid-corporate loans	Others
AU SFB	41%	37%	4%	-	-	9%	10%

FY21	Business loans and MSME Finance	Vehicle/Auto Loans	Home loans	LAP	Gold loans	Large and mid-corporate loans	Others
SCUF	51%	25%	-	1%	13%	-	10%
Aavas	-	-	74%	-	-	-	26%
Five Star	**63%**	-	-	-	-	-	**37%**
Home First	-	-	97%	-	-	-	3%
Aptus	26%	-	52%	22%	-	-	-
Lendingkart	100%	-	-	-	-	-	-
Vistaar	98%	-	-	-	-	-	2%
Veritas	96%*	-	-	-	-	-	4%
Aye Finance	100%	-	-	-	-	-	-
Digikredit	86%	-	-	14%	-	-	-

*Note: *Includes construction finance loans, Others for Five star are for asset creation and other end uses of the customers*
Source: Company reports, CRISIL Research

Five Star average ticket size is the lowest among the compared peers

FY21	Average ticket size (₹)	Average LTV	Share of Self-employed	Share of New to credit	No. of states and UTs present in
AU SFB	670,000	NA	62%**	25%**	17
SCUF	1,250,000	NA	100%	NA	15
Aavas	849,000	55%	65%	NA	11
Five Star	**259,000**	**~45%**	**100%**	**30%**	**9**
Home First	1,050,000	70%	27%	31%	11
Aptus	620,000	39%	72%	40%	4
Lendingkart	600,000	NM	100%	NA	33
Vistaar	500,000*	45%	100%	NA	14
Veritas	350,000	50%^	99.9%	NA	9
Aye Finance	NA	NA	100%	NA	18
Digikredit	720,000	NA	100%	NA	3

(*) Minimum ticket size; (^) Maximum ticket size; (**) For overall portfolio, NA - Not available; NM: Not meaningful
Source: Company reports, CRISIL Research

Most players tend to have geographically concentrated portfolios

It is observed that all players in the considered peer set have a significant portion of their portfolio (between 33-53%) emanating from the largest state in their respective portfolios. This is because strong understanding of the regional dynamics, local market connect and understanding of customer psyche and behaviour are extremely critical to succeed in the customer segment these players cater to. Therefore, players prefer to start slow and mine deeper in various geographies only once they have a reasonable degree of comfort with the regional dynamics and observed data on customer behaviour.

Five Star is a South-based player with the top 4 southern states accounting for 95% of AUM as of March 2021. The company has, however, started spreading its portfolio to other states including Maharashtra, Madhya Pradesh, Chandigarh and Uttar Pradesh.

Statewise distribution of AUM

FY21	Share of top state	Name of top 5 states
AU SFB	40.0%	Rajasthan (40%), Madhya Pradesh (17%), Maharashtra (13%), Gujarat (10%) and Delhi (8%)
SCUF	NA	NA
Aavas*	33.9%	Rajasthan (34%), Maharashtra (16%), Madhya Pradesh (14%), Gujarat (14%) and Uttar Pradesh (8%)
Five Star	**41.0%**	**Tamil Nadu (41%), Andhra Pradesh (28%), Telangana (18%), Karnataka (7%) and Others (5%)**
Home First	38.2%	Gujarat (38%), Maharashtra (19%), Tamil Nadu (11%), Karnataka (9%) and Rajasthan (6%)
Aptus	52.3%	Tamil Nadu (52%), Andhra Pradesh (27%), Karnataka (10%) and Telangana (10%)
Lendingkart	15%^	NA
Vistaar	36.0%	Tamil Nadu (36%), Karnataka (14%), Maharashtra (13%), Madhya Pradesh (10%) and Gujarat (10%)
Veritas	45.0%	Tamil Nadu (45%), West Bengal (23%), Karnataka (8%), Telangana (8%) and Odisha (6%)
Aye Finance	NA	NA
Digikredit	NA	NA

Figures in the bracket after each state relate to the share of the state in the AUM of the respective company
**Based on distribution of branches; ^Less than 15%; NA – Not available*
Source: Company reports, CRISIL Research

Profitability

Five Star has the highest NIMs amongst compared peers

Among the compared peers, Five Star has the highest NIMs (average of 15.1%) over fiscal 2019-21, which can be attributed to the strong yields it has been able to charge as a result of specific focus on the target segment. Five Star has the second highest yield on advances of 24.3% over fiscal 2019-21, next only to Aye Finance. Five Star's opex as a proportion of average assets contracted by 189 bps to 4.2% in fiscal 2021 from 6.1% in fiscal 2019 due to higher operating leverage. The extent of opex reduction, in the case of Five Star, was higher than any of its peers in the MSME financing business, with the exception of Veritas. Entities involved in mortgage loans had a lower opex to average assets ratio.

Five Star the highest RoA amongst the compared peers over fiscal 2019-21

Five Star posted the highest RoA between fiscal 2019 and 2021, with its average RoA over this time period being 7.9%. Despite the pandemic in fiscal 2021, the company has posted a strong RoA of 7.1%, and the next best was Aptus with 6.5% in fiscal 2021. Five Star also has the second best RoE of 16.8% after AU SFB in fiscal 2021. Five star witnessed highest growth in PAT over fiscal 2016 and 2021.

In terms of net profit margin as well, Five Star has the second highest net profit margin of 34% in fiscal 2021 after Aptus Value Housing Finance (41%). Among the players engaged in extending MSME business loans, Five Star tops the list with highest net profit margin in fiscal 2021 as well as highest average net profit margin between fiscal 2019 and 2021.

	Yield on advances (%)				NIMs (%)			
	FY19	FY20	FY21	Average (FY19-21)	FY19	FY20	FY21	Average (FY19-21)
AU SFB	15.0%#	15.5%#	15.1%^	15.2%	3.0%	2.9%	2.9%	2.9%
SCUF	21.1%	20.9%	20.1%	20.7%	12.7%	11.4%	10.1%	11.4%
Aavas	13.9%	13.5%	13.1%	13.5%	6.3%	5.7%	5.3%	5.8%
Five Star	**24.3%**	**24.2%**	**24.3%**	**24.3%**	**17.2%**	**14.9%**	**13.2%**	**15.1%**
Home First	12.8%	13.3%	12.7%	13.0%	4.7%	5.0%	4.6%	4.8%
Aptus	17.2%	17.6%	17.1%	17.3%	10.3%	9.3%	9.7%	9.8%
Lendingkart	23.1%	24.7%	NA	23.9%*	10.1%	11.7%	NA	10.9%*
Vistaar	21.6%	20.7%	19.2%	20.5%	14.0%	12.0%	9.9%	12.0%
Veritas	22.1%	24.9%	23.4%	23.5%	10.2%	9.9%	10.2%	10.1%
Aye Finance	25.0%	28.5%	27.3%	26.9%	12.0%	15.0%	11.9%	13.0%
Digikredit	21.3%	26.1%	21.8%	23.1%	5.1%	6.0%	6.4%	5.8%

**Average for FY19-20; ^Book yield for MSME/Small business loan (SBL) segment; # Disbursement yield for MSME/SBLsegment*
NA - Not available.
Source: Company reports, CRISIL Research

Cost of funds (%)	FY19	FY20	FY21	Average (FY19-21)
AU SFB	7.4%	7.4%	6.5%	7.1%
SCUF	11.0%	11.4%	11.0%	11.1%
Aavas	8.0%	7.9%	7.8%	7.9%
Five Star	**10.1%**	**13.1%**	**11.2%**	**11.5%**
Home First	10.3%	9.4%	7.9%	9.2%
Aptus	9.5%	10.2%	9.1%	9.6%
Lendingkart	11.5%	13.5%	NA	12.5%*
Vistaar	11.0%	10.8%	10.2%	10.7%
Veritas	9.0%	13.2%	10.7%	11.0%
Aye Finance	12.2%	13.1%	14.1%	13.1%
Digikredit	17.9%	18.5%	12.7%	16.3%

**Average for FY19-20; NA - Not available; NM – Not meaningful*
Source: Company reports, CRISIL Research

PAT (₹ million)	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)
AU SFB	2,110	8,220	2,920	3,820	6,750	11,710	41%
SCUF	5,300	5,560	7,109	9,889	10,005	10,109	14%
Aavas	321	579	931	1,759	2,491	2,895	55%
Five Star	137	196	534	1,567	2,620	3,590	92%
Home First	60	88	252	422	796	1,001	76%
Aptus	175	372	667	1,117	2,110	2,669	72%
Lendingkart	(37)	(141)	(523)	(39)	(216)	(285)	NM
Vistaar	249	334	326	337	450	648	21%
Veritas	(19)	(28)	61	205	333	620	59%*

PAT (₹ million)	FY16	FY17	FY18	FY19	FY20	FY21	CAGR (FY16-21)
Aye Finance	(41)	(72)	23	251	325	169	49%*
Digikredit	NA	NA	(48)	(149)	(392)	(491)	NM

*Note: *CAGR for FY18-21; NA - Not available; NM – Not meaningful*
Source: Company reports, CRISIL Research

PAT (₹ million)	FY19	FY20	FY21	Average
AU SFB	11%	14%	18%	(FY19-21)
SCUF	17%	17%	17%	14%
Aavas	25%	28%	26%	17%
Five Star	38%	33%	34%	26%
Home First	16%	19%	20%	35%
Aptus	33%	40%	41%	18%
Lendingkart	-2%	-5%	-6%	38%
Vistaar	11%	12%	16%	-4%
Veritas	15%	12%	17%	13%
Aye Finance	12%	8%	4%	15%
Digikredit	-66%	-83%	-86%	8%

Source: Company reports. Rating reports, CRISIL Research

	RoA (%)				RoE (%)			
	FY19	**FY20**	**FY21**	**Average (FY19-21)**	**FY19**	**FY20**	**FY21**	**Average (FY19-21)**
AU SFB	1.6%	1.9%	1.3%*	1.6%	14.0%	17.9%	12%*	14.6%
SCUF	3.5%	3.3%	3.1%	3.3%	16.6%	14.7%	13.2%	14.8%
Aavas	3.6%	3.8%	3.5%	3.6%	11.6%	12.7%	12.9%	12.4%
Five Star	**8.9%**	**7.8%**	**7.1%**	**7.9%**	**16.0%**	**15.8%**	**16.8%**	**16.2%**
Home First	2.2%	2.7%	2.5%	2.5%	9.8%	10.9%	8.7%	9.8%
Aptus	5.9%	7.0%	6.5%	6.4%	17.4%	17.5%	14.5%	16.5%
Lendingkart	-0.3%	-1.0%	-1.1%	-0.8%	-1.1%	-3.2%	-3.5%	-2.6%
Vistaar	2.3%	2.5%	3.0%	2.6%	5.8%	7.3%	9.6%	7.6%
Veritas	2.7%	2.3%	3.1%	2.7%	6.7%	5.3%	7.3%	6.4%
Aye Finance	2.8%	2.0%	0.8%	1.9%	8.6%	6.4%	2.7%	5.9%
Digikredit	-16.9%	-18.9%	-17.9%	-17.9%	-42.6%	-41.2%	-46.3%	-43.4%

*Note: * In calculation of RoA and RoE, PAT excludes profit on sale of Aavas stake for AU SFB. Inclusing it, the RoA is 2.5% and RoE is 23.4%*

Return on assets (RoA) computed above is defined as profit after tax for the year divided by the average of the opening and closing total assets for the year as reported in the annual reports / public disclosures for these companies. The information contained in this table may deviate from the methodology that individual companies (including Five Star) may use to calculate Return on assets and as such, investors are advised to read that data together with the corresponding definition used for computing the Return on assets therein

Source: Company reports, CRISIL Research

Five Star has the third best asset quality among the compared peers; best asset quality amongst MSME focused lenders

Among the compared peers, Five Star is among the three best in terms Gross NPA ratio for fiscal 2021. It also has the best asset quality amongst lenders engaged in extending MSME business loans with GNPA ratio of 1.02% in fiscal 2021 compared to other lenders reporting 90+ dpd in excess of 2%. It also has the second lowest credit cost of 1.5% in fiscal 2020 and lowest credit cost of 0.7% in fiscal 2021 among the compared peers engaged in extending MSME loans in fiscal 2021, given its asset quality.

GNPA	FY16	FY17	FY18	FY19	FY20	FY21	Average (FY16-21)
AU SFB	0.88%	1.90%	2.00%	2.00%	1.90%	2.50%	1.86%
SCUF	5.15%	6.20%	9.41%	8.91%	7.90%	6.37%	7.32%
Aavas	0.48%	0.63%	0.34%	0.47%	0.46%	0.98%	0.56%
Five Star	NA	2.50%	1.80%	0.87%	1.37%	1.02%	1.51%*
Home First	0.39%	0.69%	0.59%	0.8%	1.0%	1.80%	0.88%
Aptus	0.41%	0.45%	0.50%	0.40%	0.70%	0.68%	0.52%
Lendingkart	0.43%	3.78%	2.11%	1.30%	2.18%	2.47%	2.05%
Vistaar	2%	3%	3.95%	3.39%	3.67%	3.25%	3.15%
Veritas	0.00%	0.97%	0.74%	0.90%	1.86%	2.70%	1.20%
Aye Finance	0.20%	0.90%	1.54%	1.70%	2.30%	2.86%	1.58%

GNPA	FY16	FY17	FY18	FY19	FY20	FY21	Average (FY16-21)
Digikredit	NA	NA	NA	0.62%	0.98%	2.53%	1.38%^

Note: (*) Average for FY17-21, (^) Average for FY19-21
Source: Company reports, CRISIL Research

NNPA (%)	FY19	FY20	FY21	Average (FY19-21)
AU SFB	1.30%	0.80%	2.20%	1.43%
SCUF	5.02%	4.23%	3.08%	4.11%
Aavas	0.37%	0.34%	0.71%	0.47%
Five Star	**0.67%**	**1.13%**	**0.84%**	**0.88%**
Home First	0.57%	0.77%	1.20%	0.85%
Aptus	0.33%	0.61%	0.49%	0.48%
Lendingkart	0.57%	0.97%	0.90%	0.81%
Vistaar	2.64%	2.50%	2.22%	2.45%
Veritas	0.76%	1.28%	1.37%	1.14%
Aye Finance	0.42%	NA	NA	NM
Digikredit	0.39%	0.67%	0.95%	0.67%

**December 2020; NA - Not available; NM – Not meaningful*
Source: Company reports, CRISIL Research

	Credit cost (%)@				Covid provision - credit cost (%)		Stage 3 provisions to Stage 3 assets	Total provisions to Stage 3 assets	Total provision to AUM ratio	Restructured book (%)
	FY19	FY20	FY21	Average (FY19-21)	FY20	FY21	FY21	FY21	FY21	FY21
AU SFB^	0.6%	0.8%	1.5%	1.0%	0.4%	0.3%	49.8%	62%	**2.5%**	**1.8%**
SCUF^	2.8%	2.9%	2.6%	2.8%	1.4%	0.9%	53.2%	109%	6.9%	1.0%
Aavas	0.2%	0.2%	0.4%	0.3%	0.2%	0.1%	28.3%	69%	0.5%	0.0%
Five Star	**0.4%**	**1.5%**	**0.7%**	**0.9%**	**0.8%**	**0.5%**	**17.9%**	**192%**	**1.9%**	**0.0%**
Home First	0.2%	0.6%	0.8%	0.5%	0.2%	NA	36.0%	74%	1.1%	0.0%
Aptus	0.1%	0.1%	0.1%	0.1%	NA	NA	28.1%	52%	0.3%	0.0%
Lendingkart	4.4%	5.7%	6.9%	5.1%*	NA	2.6%	64.1%	312%	6.6%	20.0%
Vistaar	3.0%	3.0%	2.7%	2.9%	NA	2.1%	32.9%	114%	3.5%	7.0%
Veritas	0.6%	1.0%	2.0%	1.2%	NA	NA	50.0%	91%	2.5%	0.2%
Aye Finance	2.7%	4.0%	2.7%	3.1%	NA	NA	NA	NA	NA	6.0%
Digikredit	0.7%	5.0%	10.9%	5.5%	NA	NA	43.7%	59%	0.7%	4.9%

*Note: (^) Data pertains to overall portfolio, *Average for FY19-20; @Credit cost includes Covid -19 provision; NA - Not available.*
Source: Company reports, CRISIL Research

Five Star has the second highest Capital Adequacy ratio amongst the compared peers as of March 2021

Five Star has the second highest CRAR of 58.9% after Aptus among the compared peers as of March 2021. It also has the lower leverage as compared to any of its peers which indicates better ability to leverage further leading to better RoEs.

	Leverage (times)				Capital adequacy ratio (%)			
	FY19	FY20	FY21	Average (FY19-21)	FY19	FY20	FY21	Average (FY19-21)
AU SFB	8.86	8.34	6.85	8.02	19.3%	22.0%	23.4%	21.6%
SCUF	3.43	3.18	3.15	3.25	22.9%	27.7%	28.6%	26.4%
Aavas	1.99	2.55	2.64	2.39	46.7%	54.4%	55.9%	52.3%
Five Star	0.70	1.22	1.48	1.13	64.8%	52.9%	58.9%	58.9%
Home First	3.06	2.67	2.21	2.65	38.0%	49.0%	56.2%	47.7%
Aptus	2.29	1.18	1.27	1.58	43.6%	82.5%	73.6%	66.6%
Lendingkart	1.84	2.01	1.92	1.92	39.0%	36.2%	38.7%	38.0%
Vistaar	1.52	2.04	2.10	1.89	40.3%	37.6%	36.5%	38.1%
Veritas	1.34	1.23	1.41	1.33	48.0%	59.3%	50.7%	52.7%
Aye Finance	1.52	2.69	1.78	2.00	44.3%	31.0%	39.0%	38.1%
Digikredit	0.96	0.84	2.18	1.33	38.3%	59.2%	27.9%	41.8%

Note: For AU SFB, numbers also include the impact of CASA. For HFCs, the risk weights are lower than that for other NBFCs catering to business loans segment.
Source: Company reports, CRISIL Research

Long-term credit rating for various players*

Players	Long-term Credit Rating
AU SFB	CRISIL AA-, ICRA AA-, CARE AA-, IND AA-
SCUF	CRISIL AA, ICRA AA, CARE AA, IND AA
Aavas	ICRA AA-, CARE AA-
Five Star	ICRA A+, CARE A+
Home First	ICRA A+, CARE A+
Aptus	ICRA A+, CARE A+
Lendingkart	ICRA BBB+
Vistaar	ICRA A-, IND A-
Veritas	CARE A-
Aye Finance	ICRA BBB+, IND A-
Digikredit	CRISIL BBB

**Ratings outstanding across credit ratings agencies as of September 2021.*
Source: Company reports, Rating reports, CRISIL Research

Borrowing mix

FY21	Debt Securities	From banks	From NBFC	Financial institutions	External commercial borrowings (ECB)	Borrowings under securitisation arrangement	from other parties
AU SFB	-	5%	-	95%	-	-	-
SCUF	21%	49%	13%	-	-	17%	-
Aavas	25%	73%	-	1%	-	-	1%
Five Star	38%	29%	9%	-	-	25%	-
Home First	8%	55%	-	36%	-	-	1%
Aptus	17%	54%	-	23%	-	6%	-
Lendingkart*	29%	34%	-	-	-	15%	23%
Vistaar	12%	54%	-	19%	15%	-	-
Veritas	42%	42%	-	-	-	-	15%
Aye Finance*	62%	8%	-	9%	3%	18%	-
Digikredit	88%	12%	-	-	-	-	-

**FY20 data*

Source: Company reports, CRISIL Research

Five Star has second highest surplus in ALM in after 12 months bucket among the compared NBFCs

Amongst the NBFC peer set analysed, Five Star has the second highest ALM surplus (₹ 24.8 billion) after Aptus in after 12 months bucket. AU SFB has the highest ALM surplus of ₹ 124.9 billion after 12 months among the compared peers.

ALM position of various peers

FY21 (₹ billion)	Assets		Liability		Net	
	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
AU SFB	169.4	739.0	246.0	614.1	-76.6	124.9
SCUF	257.9	171.4	140.7	154.3	117.2	17.2
Aavas	23.6	63.0	10.0	53.4	13.6	9.6
Five Star	6.9	83.2	10.6	58.4	-3.7	24.8
Home First	13.6	28.7	8.2	22.4	5.4	6.3
Aptus	14.1	71.8	6.9	25.2	7.1	46.6
Lendingkart*	10	34	8	23	1.9	10.5
Vistaar	4	16	5	10	-0.8	5.9
Veritas	5	12	7	6	-1.7	6.7
Aye Finance	9	29	6	22	2.8	7.2
Digikredit	NA	NA	NA	NA	NA	NA

** FY20 data; NA – Not available*

ALM reported in the table above has been sourced by CRISIL Research from annual reports / public disclosures of the companies mentioned herein, including for Five Star. Investors should note that individual companies may compute ALM differently. The information contained in this table may deviate from Five Star's ALM data disclosed elsewhere in the DRHP and as such, investors are advised to read that ALM data together with the corresponding definitions used for computing the ALM therein

Source: Company reports, CRISIL Research

OUR BUSINESS

The financial and other operational data in this section is taken from our Restated Financial Information, accounting records and MIS, except as otherwise specified. Our restated Financial Information have been prepared and presented in accordance with Ind AS, as applicable to our Company, restated in accordance with the SEBI ICDR Regulations and the Guidance Note. References herein to "we", "our" and "us" are to Five-Star Business Finance Limited.

The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance. You should read the section "Forward-Looking Statements" on page 20 for a discussion of the risks and uncertainties related to those statements. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Risk Factors" on page 21, "Management's Discussion and Analysis of Financial Results" on page 309, and those set forth elsewhere in this Draft Red Herring Prospectus.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Financial Data – Non-GAAP financial measures and certain other statistical information" on page 17, and "Risk Factors – Internal Risk Factors – We have included certain non-GAAP financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies" on page 39.

The industry-related information contained in this section is derived from the CRISIL Report, which has been exclusively commissioned and paid for by the Company only for the purposes of confirming our understanding of the industry in connection with the Offer. For further details and risks in relation to commissioned reports, see "Risk Factors – Internal Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited exclusively for the purpose of the Offer" on page 39.

Overview

We are an NBFC-ND-SI providing secured business loans to micro-entrepreneurs and self-employed individuals, each of whom are largely excluded by traditional financing institutions. We are headquartered in Chennai, Tamil Nadu with a strong presence in south India and all of our loans are secured by our borrowers' property, predominantly being SORP. According to the CRISIL Report, among our compared peers (being NBFCs in India):

- within a subset of large peers (with more than ₹30,000 million in AUM), we have the fastest AUM growth, with a compound annual growth rate ("CAGR") of 65.0% (Financial Year 2017 to 2021) (see " - *Competition*" on page 182);
- within a subset of large peers (with more than ₹30,000 million in AUM), we had the highest average return on AUM of 7.9%, across the period covering Financial Years 2021, 2020 and 2019; and
- we are among the three best for Gross Non-Performing Assets (being NPAs that are 90+ Days-Past-Due ("DPD")) ("Gross NPA") as a percentage of AUM (we had a Gross NPA as a percentage of AUM of 1.02%) as of March 31, 2021, while we have the best asset quality among lenders identified by CRISIL as engaged in extending MSME business loans, with other lenders reporting 90+ DPD in excess of 2% (see " - *Competition*" on page 182).

Over 95% of our loan portfolio comprises loans from between ₹0.1 million to ₹1.0 million in principal amount, with an average ticket size ("ATS" and calculated as the average disbursed sum per customer during the period/year) of ₹0.27 million, ₹0.26 million, ₹0.31 million and ₹0.34 million in the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, respectively. During the six months ended September 30, 2021 and the Financial Years 2021, 2020, 2019, we have provided loans to more than 185,000 customers in total. We had an active loan base of 192,270 and 176,467 as of September 30, 2021 and March 31, 2021, respectively. Our AUM has grown to ₹46,392.91 million as of September 30, 2021 (₹44,453.81 million as of March 31, 2021), from ₹4,935.88 million as of March 31, 2017, at a CAGR of 65% between financial year 2017 and six months ended September 30, 2021. Our profit for the period/year for the six months ended September 30, 2021 and for the Financial Years 2021, 2020 and 2019 was ₹2,175.47 million, ₹3,589.94 million, ₹2,619.51 million and ₹1,564.14 million, respectively, and our Net Worth for the same period/years then ended was ₹34,533.12 million, ₹23,181.72 million, ₹19,445.80 million and ₹13,648.85 million, respectively.

We have developed a business model that is predicated on arriving at an appropriate risk framework, with the optimal instalment to income ratio to ensure that our customers have the necessary means to repay the loan after meeting their regular obligations and other event-based capital requirements. We primarily offer our customers small loans for business purposes which accounted for ₹29,099.02 million (62.72% of our AUM), ₹27,934.54 million (62.84% of our AUM), ₹24,477.65 million (62.89% of our AUM) and ₹13,011.67 million (61.58% of our AUM), as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019; as well as loans for asset creation such as home renovation or improvement, or for meeting expenses for significant economic events such as marriage, healthcare and education, which accounted for ₹17,293.89 million (37.28% of our AUM), ₹16,519.27 million (37.16% of our AUM), ₹14,444.64 million (37.11% of our AUM) and ₹8,116.39 million (38.42% of our AUM), as of the same dates. Our growth is primarily volume led through increasing our customer base while keeping the ATS stable, and we expect this to continue. The interest rates on our loans depend on the underlying tenor (which ranges from two to seven years), with approximately 95% of the loans sanctioned being between the interest rate range of 24% - 26% and between the tenure range of five to seven years. 100% of our leads for customers are sourced in-house without any use of direct selling agents to source leads for us; further, all of our loans are fully secured with more than 95% of the collateral being SORP at the time the loan application is approved.

We target customers:

- in urban and semi-urban locations, as well as in the rural markets of India, where CRISIL expects faster growth in bank credit activity as financial awareness increases;
- who typically derive income from "everyday" cash and carry businesses with a focus on services;
- with household net cash-flows of approximately ₹25,000 to ₹40,000 per month;
- who can provide collateral (typically land and building of approximately ₹1.0 million in value; and
- whose family will act as co-applicants on the loan.

These customers have unencumbered title to the collateral, are reasonably resistant to business cycles and macro events, and are typically more motivated to service the loan without defaults primarily as a result of high customer equity in the collateral property.

We had an extensive network of 268 branches as of September 30, 2021, spread across approximately 126 districts, eight states and one union territory, with Tamil Nadu, Andhra Pradesh, Telangana and Karnataka being our key states. Such key states collectively accounted for approximately 85% of our branch network by number, as of September 30, 2021. We started our operations in Chennai, Tamil Nadu and have increased the scale of our operations through growth in number of branches by adopting a calibrated strategy of contiguous expansion across geographies where there is substantial demand for our offering. Such contiguous expansion is underpinned by utilizing neighboring branches to evaluate local credit environments combined with our focus on hiring local staff with an understanding of the catchment area, strong local personal and professional networks and the market. As of September 30, 2021, approximately 92% of our branches were located in cities and towns with populations up to one million.

We also have a two layered underwriting architecture comprising a field credit team that is "on the ground" and closer to the customer (the "Field Credit Team"); and a file credit team that remotely reviews loan applications and undertakes credit decisioning (the "File Credit Team"). We have implemented a comprehensive and robust credit assessment, risk management and collections framework to identify, monitor and manage risks inherent in our line of business. To assist us with these functions, we have created a four layered process for customer credit evaluation – two layers within the business and collections team (one by the relationship officer who sourced the proposal and another with the Branch Manager for verifications) and two layers within the credit team (the Field Credit Team and File Credit Team verifications). We also conduct an in-depth analysis of the potential customer by considering "the three Cs", being their Character, their existing Cash-flow to assess their repayment abilities, and their Collateral to ensure that there is adequate ability and a high motivation on the part of the customer to repay us. Such organizational structure, credit assessment and risk management and collections framework has allowed us to maintain our robust asset quality during macro downcycles.

We have leveraged established processes and technology in many of our business processes and reduced the turnaround time from login to loan sanction from an average of 20 days for loans sanctioned in Financial Year 2018 to 17 days, and 15 days in Financial Year 2019, and 2020 respectively. There has been an increase in the turnaround time during the Financial Year 2021 and for the six months ending September 30, 2021, due to onset of COVID-19 and the related periodic disruptions such as the lockdowns. Given that many of our customers have previously borrowed from moneylenders or other such unorganized lenders, we have observed that minor delays in the servicing of regular monthly instalments are typically part of the repayment culture. This behaviour does lead to a portion of our loan portfolio being categorised as overdue, between 1 – 90 DPD. However, although loans categorised as being between 1 – 90 DPD are overdue, such categorisation does not necessarily translate into the overdue loans falling into default or resulting in a loss of revenue for us. For loans that are overdue between 1 – 90 DPD but which are settled by the customer, we potentially do not lose an IRR of more than 1% in almost all such loans. That is, on overdue loans which were settled between April 1, 2018 and September 30, 2021, approximately 95% of overdue accounts between 1 and 90 DPD, were settled between -1% and 1% delta between realized and contracted IRR on settlement, while 3% accounts settled at higher than 1% delta between realized and contracted IRR. Accordingly, we are able to recover a significant portion of our revenue even on overdue (1 – 90 DPD) loans. One of the key reasons for us being able to recover IRR on overdue accounts is our sole charge on the collateral property whose value generally appreciates over time and our conservative LTVs at the time of sanction further reducing over the term of the loan. Such collateralized property usually represents the single biggest component of net worth for our customers and therefore our customers prefer to work with us to resolve the delay rather than having us enforce the possession of the collateral to recover our dues.

We secure financing from diversified sources of capital, including term loans; proceeds from loans securitized; proceeds from the issuance of NCDs; issuances of principal protected market linked debentures; and proceeds from loans assigned from banks, financial institutions, mutual funds, and other domestic and international development financial institutions, as applicable to meet our capital requirements. As of September 30, 2021 and March 31, 2021, our Total Borrowings were ₹28,542.54 million and ₹34,251.97 million, respectively. Our Average Cost of Borrowings was 11.06% as of March 31, 2019, 12.07% as of March 31, 2020, 11.48% as of March 31, 2021 and 10.63% as of September 30, 2021. As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the weighted average residual tenure of our outstanding borrowings, was 29.39, 34.23, 37.44 and 37.47 months, respectively. Further, our long-term ratings from ICRA and CARE is A+ (a significant improvement from our rating of BBB-, from CARE in Financial Year 2015), our short-term borrowings are rated A1+ by CARE.

As of September 30, 2021, we had a total of 4,306 employees. We have a strong, experienced and dedicated management team, including KMP. Further, our board of directors is comprised of a balanced team of qualified and experienced independent directors, who have extensive knowledge and understanding of the financial services and banking industries. We are backed by marquee institutional investors such as TPG Capital, Sequoia Capital, Matrix Partners, Norwest Venture Partners, KKR and TVS Capital Funds Limited. In addition to providing us with capital, our institutional shareholders have assisted us in strengthening our corporate governance framework, which has been critical to our growth. In addition, given our focus on providing credit facilities to customers who are largely ignored by the formal credit ecosystem in India, KKR has invested through Sirius II Pte. Ltd., their Global Impact Fund, which is dedicated to investment opportunities in companies whose core business models provide commercial solutions to an environmental or social challenge.

The following table sets forth certain key operational and financial metrics as of and for the periods indicated:

Metric	**For the six months ended / as of September 30 (as applicable)**	**For the year ended / as of March 31 (as applicable)**				
	2021	**2021**	**2020**	**2019**	**2018**	**2017**
OPERATIONAL METRICS						
Live Accounts [1]	192,270	176,467	143,079	72,890	33,157	15,803
Branches [2]	268	262	252	173	130	103
Disbursements	25,680	48,111	76,634	43,988	19,257	9,611
Amount Disbursed (₹ in million) [3]	6,864.53	12,450.54	24,086.69	14,814.62	6,837.99	3,730.53
AUM(₹ in million) [4]	46,392.91	44,453.81	38,922.28	21,128.06	10,082.58	4,935.88
AUM Growth (%) [5]	4.36	14.21	84.22	109.55	104.27	149.13
Gross NPA to AUM (%) [6]	1.44	1.02	1.37	0.88	1.45	2.52
Net NPA to AUM (%) [7]	1.18	0.83	1.13	0.68	0.96	2.12
Total number of employees	4,306	3,938	3,734	1,971	1,290	737
Number of Business and Collections Officers	2,258	2,008	1,834	1,009	690	383
AUM per Relationship Officer (₹ in million) [17]	20.55	22.14	21.22	20.94	14.61	12.77
Disbursement per Relationship Officer (₹ in million) [18]	3.28	6.52	16.79	17.41	12.85	12.11
Average number of Relationship Officers per branch [23]	8.43	7.66	7.28	5.83	5.31	3.72
Average Ticket Size (₹ in million) [8]	0.27	0.26	0.31	0.34	0.36	0.39
FINANCIAL METRICS						

	For the six months ended / as of September 30 (as applicable)	**For the year ended / as of March 31 (as applicable)**		
	2021	**2021**	**2020**	**2019**
Average Yield on AUM (%) [9]	24.14%	24.17%	24.18%	24.16%
Average Cost of Borrowing (%) [12]	10.63	11.48	12.07	11.06
Net Interest Margin (%) [13]	16.97	16.00	16.69	19.05
Operating Expenses to Average Total Assets (%) [10]	4.34%	4.16%	4.85%	5.97%
Impairment loss allowance to Average	0.70%	0.69%	1.38%	0.42%

Total Assets (%) (11)				
Cost to Income Ratio (%) (14)	35.48%	34.30%	38.97%	34.33%
Profit for the Period/Year after tax (₹ in million)	2,175.47	3,589.94	2,619.51	1,564.14
Net Profit Margin(19)	35.59%	34.15%	33.27%	38.24%
Profit per employee (₹ in million) (20)	0.53	0.94	0.90	0.93
Net Worth (₹ in million) (15)	34,533.12	23,181.72	19,445.80	13,648.85
Total Borrowings (₹ in million) (16)	28,542.54	34,251.97	23,636.93	9,600.29
Return on Average Net Worth (%)	14.53%	16.85%	15.35%	15.11%
PCR (on stage 2 & 3 assets) (%) (21)	9.64%	13.44%	9.74%	6.06%
AUM on Restructured Accounts (₹ in million) (22)	838.29	NA	NA	NA

Notes:

1) *Live Accounts includes securitised accounts.*
2) *Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.*
3) *Disbursements represents the aggregate of all loan amounts extended to our customers in the relevant period.*
4) *AUM is equivalent to Gross Term Loans as stated in Note 6 to the Restated Financial Information. AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan AUM which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period.*
5) *AUM Growth represents percentage growth in AUM for the relevant period over AUM of the previous period.*
6) *Gross NPA to AUM represents the Gross NPA as of the last day of the relevant reporting period to the AUM as of the last day of the relevant reporting period, represented as a percentage.*
7) *Net NPA to AUM represents the Net NPA as of the last day of the relevant reporting period to the AUM as of the last day of the relevant reporting period, represented as a percentage.*
8) *ATS is calculated as the average disbursed sum during the period/year.*
9) *Average Yield on AUM represents the ratio of interest income for a period to the average AUM for the period. Average Total Assets represents the simple average of our monthly Total Assets plus impairment loss allowance (as given in Note 6 of the Restated Financial Information) as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial period/year.*
10) *Operating Expenses to Average Total Assets represents the aggregate of employee benefits expense, depreciation and amortisation expense and other expenses for the relevant period upon the simple average of our monthly Total Assets as of the last day of the month starting from the last month of the previous financial year or period and ending with the last month of the current financial year or period, represented as a percentage.*
11) *Impairment loss allowance to Average Total Assets represents the impairment on financial instruments to simple average our monthly Total Assets as of the last day of the month starting from the last month of the previous financial year or period and ending with the last month of the current financial year or period, represented as a percentage.*
12) *Average cost of borrowing including securitization represents finance cost (excluding interest on lease liabilities and interest on income tax liability) for the relevant period as a percentage of Average Total Borrowings in such period. Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the month starting from the last month of the previous financial year or period and ending with the last month of the current financial year or period.*
13) *Net Interest Margin represents our Net Interest Income for a period to the Average Total Assets for the period, represented as a percentage.*
14) *Cost to income ratio represents the ratio of total expenses, which include employee benefits expense, impairment on financial instruments, depreciation and amortisation expense, other expenses divided by the total income less finance cost for the relevant period, expressed as a percentage.*
15) *Net worth is equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information .*
16) *Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities) outstanding as of the last day of the relevant period.*
17) *AUM per Relationship Officer is calculated as the AUM divided by the Number of Relationship Officers as of the last day of the relevant period.*
18) *Disbursement per Relationship Officer is calculated as the Amount Disbursed for the relevant period divided by the simple average number of Relationship Officers as of the last day of the month starting from the last month of the previous financial year or period and ending with the last month of the current financial year or period.*
19) *Net Profit Margin represents Profit for the period as a percentage of Total Income.*
20) *Profit per employee is computed as Profit for the Period/Year after tax divided by the simple average number of employees as of the last day of the month starting from the last month of the previous financial year or period and ending with the last month of the current financial year or period.*
21) *Represents the amount of ECL held on loans which are overdue for more than 30 days as of the last day of the relevant period/year.*
22) *Represents total outstanding amounts of restructured accounts which were Live Accounts as of September 30, 2021.*
23) *Represents the Number of Relationship Officers as of the last day of the relevant period divided by the Number of Branches as of the last day of the relevant period*

Environmental, Sustainability and Governance focus

In addition, our ESG framework has a strong focus on the social element of our business and we seek to improve financial inclusion and the standard of living of our customers. For instance, our focus on recruiting locally not only strengthens our networks and improves market intelligence within the semi-urban, urban and rural communities in which we operate, but it also provides viable employment opportunities within such communities. In addition, our focus on business loans means our products underpin commerce within these communities and likely lead to a better standard of living for our borrowers. Our customers are also generally not served by traditional financing institutions and by providing them financial support to create or supplement employment opportunities, we are fulfilling an important social objective of economic upliftment for these segments of the Indian society. Further, as we displace incumbent money lenders and unorganized institutions within the communities, greater amounts of cash remains with borrowers due to the comparatively lower interests rates charged by us, an outcome that can make a difference for those in low and middle-income groups. As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, ₹32,150.56 million, or 69.30% of our AUM, ₹29,407.41 million, or 66.15% of our AUM, ₹22,704.62 million, or 58.33% of our AUM and ₹9,990.12 million, or 47.28% of our AUM, respectively, were from customers who belonged to the low-income group, earning not more than ₹25,000 per month.

Our Competitive Strengths

We believe that our position in the market as a small business finance lender is underpinned by the following competitive strengths:

- Fastest AUM growth among our compared peers with more than ₹30,000 million in AUM, with strong return and growth metrics and a significant potential addressable market; (*CRISIL Report*)
- Among the select institutions to develop an underwriting model that evaluates the cash-flows of small business owners and self-employed individuals in the absence of traditional documentary proofs of income;
- Strong on-ground collections infrastructure leading to our ability to maintain a robust asset quality;
- Ability to successfully expand to new underpenetrated geographies through a calibrated expansion strategy;
- 100% in-house sourcing, comprehensive credit assessment and robust risk management and collections framework, leading to good asset quality;
- Access to diversified and cost-effective long-term financing with a conservative approach to asset liability and liquidity management; and
- Experienced, cycle-tested leadership with an experienced longstanding promoter, and a professional management team and supported by marquee investors.

Fastest AUM growth among our compared peers with more than ₹30,000 million in AUM, with strong return and growth metrics and a significant potential addressable market (CRISIL Report)

According to CRISIL, the potential market for residential property-backed small business lending in India is approximately ₹22 trillion, with Uttar Pradesh, West Bengal, Bihar, Maharashtra, Rajasthan and Tamil Nadu collectively accounting for over half of such potential market. CRISIL also notes that while this potential market opportunity is significant, it observes that there are few formal financiers of scale who cater to this segment. CRISIL attributes this to the relatively high cost of serving such market, the time required to build expertise, the requirement of having strong knowledge of the local market and regional dynamics, and the challenges associated with building a credit underwriting model for non-income proof customers and collections infrastructure. Our business currently operates within this market and has an underwriting model that caters to such customers, and as such we are well positioned for further growth within this market. See "*Industry — Potential market for residential property-backed small business lending is estimated at Rs 22 trillion*" on page 126.

We have the fastest AUM growth among our compared peers (being NBFCs in India) with more than ₹30,000 million in AUM, with a CAGR of 65.0% (Financial Year 2017 to six months ended September 30, 2021) (*CRISIL Report*), catering to the small business finance needs of unserved and underserved customers. While our AUM has grown to ₹44,453.81 million as of March 31, 2021 (our AUM as of September 30, 2021 was ₹46,392.91 million) from ₹4,935.88 million as of March 31, 2017, at a CAGR of 65% (between March 31, 2017 and September 30, 2021), our growth has primarily been volume led with consistent ATS and steady yields. The ATS of our loans in the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, was ₹0.27 million, ₹0.26 million, ₹0.31 million and ₹0.34 million, respectively.

Over the last two decades of operations in this particular product, our success and growth are an outcome of our customer-centric business model, where through our practices and policies, we can address specific issues faced by small business owners and self-employed individuals, and leverage our local presence to develop detailed and relevant local level knowledge. We are able to identify local level opportunities, ensure careful customer selection, timely loan approval disbursals and efficient real time monitoring of collections.

As per the CRISIL Report, we had the highest average return on AUM of 7.9% among our compared peers with more than ₹30,000 million in AUM, across the period covering Financial Years 2021, 2020 and 2019; and for each of those Financial Years, our return on AUM as calculated by CRISIL was 7.1%, 7.8% and 8.9%, respectively. Such returns are as a result of our ability to lend to customers at consistently superior yields and then control our costs through initiatives including:

- reduction in our cost of borrowings (our Average Cost of Borrowings was 11.06% as of March 31, 2019, 12.07% as of March 31, 2020, 11.48% as of March 31, 2021 and 10.63% as of September 30, 2021);
- use of technological advancements to drive improvement in productivity and bring down operational costs,
- robust collections infrastructure; and
- effective risk containment and continuous monitoring leading to low credit costs, low branch costs and efficiency in hiring through local talent pools.

Our net interest margin ("NIM") was 16.97%, 16.00%, 16.69% and 19.05% for the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, respectively. As shown below, we have also been able to achieve strong growth, without adversely affecting asset quality. Our Gross NPA dropped from ₹532.26 million as of March 31, 2020 to ₹451.93

million as of March 31, 2021 despite AUM increasing from ₹38,922.28 million as of March 31, 2020 to ₹44,453.81 million as of March 31, 2021.

Among our compared peers, we are among the three best for Gross NPA as a percentage of AUM (we had a Gross NPA to AUM of 1.02%) as of March 31, 2021, while we have the best asset quality among lenders identified by CRISIL as engaged in extending MSME business loans, with other lenders reporting 90+ DPD in excess of 2%. (*CRISIL Report*) According to CRISIL, we also had the lowest credit cost of 0.7% among the compared peers engaged in extending MSME business loans in Financial Year 2021 (Financial Year 2020: 1.5%; Financial Year 2019: 0.4%), due to our asset quality (see " - *Competition*" on page 182). (*CRISIL Report)*

Among the select institutions to develop an underwriting model that evaluates the cash-flows of small business owners and self-employed individuals in the absence of traditional documentary proofs of income (CRISIL Report)

We have an underwriting model to provide secured financial solutions to small business owners and self-employed individuals and over the last two decades of operation in this particular product, are among the select institutions to have developed such model in India. (*CRISIL Report*) The model is customer centric and is underpinned by underwriting practices that triangulate the character, cash-flow, and collateral of potential customers. This methodology of underwriting ensures we are able to evaluate both the willingness and the ability of the customer to repay the loan, despite the absence of traditional documentary proofs of income. This has enabled us to mitigate credit risk and successfully underwrite new loans while maintaining our asset quality.

Our underwriting practices are characterized by a multi-level evaluation process for each loan, where the sourcing team is responsible for conducting the preliminary assessment of each potential borrower, which is then independently evaluated by our Field Credit Team, before our File Credit Team reviews and approves the loan proposal. We have evolved this underwriting model over time and through economic cycles to ensure that it remains relevant and captures all key elements that we view as critical to maintain a robust asset quality. Fundamental elements of our underwriting model, include:

- loans are given to the household where all household members whose cash-flows are factored in to evaluate the proposal or those who have a current or potential claim on the property being mortgaged, shall be included as co-applicants to the loan proposal;
- deliberately focusing on services oriented businesses with majority of the target market comprising individuals that are typically impacted by macro down-cycles last, while being first to emerge from such cycles;
- multiple physical verification touchpoints by our Business and Collection teams and our Field Credit Teams to assess applicants and collateral;
- SORP collateral focus;
- all activities carried out as part of our underwriting process are undertaken by our employees, which we believe ensures staff accountability;
- independent field credit verification is undertaken on all proposals;
- limit loan approval powers to the File Credit Team only, with loan amount limits based on approver experience; and
- conservative loan-to-value ratios and instalment to income ratios on our outstanding loan accounts.

Strong "on-ground" collections infrastructure leading to our ability to maintain a robust asset quality

While our underwriting model contributes to suitable customers being onboarded, we have also created a strong "on-ground" collections infrastructure to ensure that we maintain a high asset quality. Many of our customers have previously borrowed from moneylenders or other such unorganized lenders, and although we have observed minor delays in the servicing of regular monthly instalments, which we view as a typical part of the repayment culture, such delays don't necessarily translate into loan defaults. A key mechanism we use to prevent defaults in such circumstances is maintaining a strong collections infrastructure designed to keep the credit and repayment discipline of the borrower intact. Our collections infrastructure is underpinned by the following:

- branches adequately staffed with Relationship Officers, with the number of loans per Relationship Officer on average not exceeding 120, which is expected to provide each officer with the capacity to undertake both business and collections activities effectively;
- branches staffed with persons sourced from the local area, with each branch servicing an area with a limited radius, resulting in branch staff being able to quickly attend a customer's location as issues arise;
- keeping the responsibility of sourcing and collections with the same Relationship Officer so that he/she is incentivised to source suitable files and undertake follow-up activities with the customers until closure of the loan; and
- branch staff incentives aligned with each of business and collections targets so that meeting such targets in both areas are required to qualify for incentives.

Our collections process involves high-touch engagement between our Relationship Officers and our customers and to optimize this interaction, we ensure that each Relationship Officer is responsible for no more than 120 customers on an average and we add Relationship Officers as our business grows. The number of Relationship Officers increased from 1,009 as of March 31, 2019 to 1,834 as of March 31, 2020, to 2,008 as of March 31, 2021 and to 2,258 as of September 30, 2021. The number of loans per Relationship Officer was 72, 78, 88 and 85 as of March 31, 2019, 2020, 2021 and September 30, 2021, respectively. These figures have been consistently below our average 120 loan limit and as such, has provided each Relationship Officer with sufficient capacity to attend to each loan effectively, leading to us maintaining a robust asset quality.

We also have a strong monitoring mechanism that ensures involvement and intervention from various individuals across our business, all of which also ensures a robust asset quality. For instance, for accounts within the 1-30 DPD, our collections efforts include reminder messages, calls from the branch and visits by the Branch Manager to the customer's business or residence. For loan accounts in the 31-90 DPD category, follow-up activity is undertaken whereby our supervisors, and our senior management including Deputy Head – Business and Collections, Chief Business Officer, COO, CEO and the Chairman and Managing Director become involved on a need basis with all efforts being made so that the account stabilises in the same category or rolls back into lower categories. For accounts in the 90+ DPD category, there is a coordinated effort between the corporate office and the branch to bring the account to a lower category. We incentivize our branches to adhere to a certain Gross NPA target at the branch level and the incentives for each individual at the branch are linked to the branch adhering to such Gross NPA target. See "*Description of our Business – Collections, Asset Quality and Monitoring*" on page 175.

Ability to successfully expand to new underpenetrated geographies through a calibrated expansion strategy

According to the CRISIL Report, as of March 2021, less than 15% of the approximate 70 million MSMEs in India have access to formal credit in any form, and historically, there is a perception of high risk and prohibitive costs of delivering services physically that have constrained traditional institutions' ability to provide credit to underserved or unserved MSMEs, small business owners and self-employed individuals. As a result, such borrowers are either self-financed or take credit from the unorganised sector and as such, this relatively untapped market offers huge growth potential for financial institutions such as ours. (*CRISIL Report*)

Since starting as a Chennai based NBFC, we have demonstrated our ability to grow beyond our local market. Our first growth phase was between Financial Year 2010 and Financial Year 2015 where we increased from six branches in Chennai to 39 branches across Tamil Nadu. Between Financial Year 2015 and Financial Year 2018, we started to expand in the states of Andhra Pradesh, Telangana and Karnataka, growing from three branches to 72 branches during this period. Since then, we have further expanded to 139 branches across Andhra Pradesh, Telangana and Karnataka, as of September 30, 2021.

In addition, from March 31, 2017 to September 30, 2021, our AUM in Tamil Nadu (including Pondicherry) grew from ₹3,429.84 million to ₹18,806.74 million, in Andhra Pradesh grew from ₹1,271.74 million to ₹13,218.24 million, and in Telangana grew from ₹114.98 million to ₹8,645.30 million. Such state based AUM growth demonstrates that we can successfully grow our footprint and AUM in new states while consolidating presence in our home state of Tamil Nadu and other states. More recently, we have expanded into Madhya Pradesh, Chhattisgarh, Maharashtra and Uttar Pradesh. Collectively, these four states accounted for 4.92% of our total AUM with 40 branches as of September, 2021. According to the CRISIL Report, Tamil Nadu, Andhra Pradesh, Telangana and Karnataka, have significant potential for growth given relatively low credit penetration and recent strong economic growth.

We adopt a calibrated strategy of contiguous expansion across geographies where there is substantial demand for our offering and which has allowed for the maintenance of robust asset quality. Such contiguous expansion requires low operational expenditure and is underpinned by utilizing neighboring branches to evaluate local credit environment combined with our focus on hiring local staff with an understanding of the catchment area, strong local personal and professional networks and the market. Where we start operations in a new geography or where contiguous expansion is not possible, we typically begin by establishing pilot branches to gain a deeper understanding of the catchment area and customer characteristics. Our senior management closely supervises expansion efforts to ensure branch and staff performance meet expectations which is typically based on past experience, as well as periodic review for potential deeper expansion.

100% in-house sourcing, comprehensive credit assessment and robust risk management and collections framework, leading to good asset quality

Our 100% in-house sourcing, comprehensive credit assessment and robust risk management and collections framework allows us to identify, monitor and manage risks inherent in our operations. Catering primarily to small business owners and self-employed customers while maintaining asset quality requires a special skillset in absence of traditional income evidence, such that lending to these borrowers is based on an assessment of their income and cash-flows through various methods. First, we ensure all of our loans are sourced in-house, either through our branch-led local marketing efforts (i.e., door-to-door or specific referral marketing), repeat customers or through walk-ins. In-house sourcing allows for complete control over the quality of customer and processes involved to disbursement, which leads to better asset quality, compared to other methods of customer acquisition. Further, as our customers are onboarded by our own officers and not by third party selling agents who may or may not be working with multiple financial institutions, we experience a lower churn rate of customers throughout our portfolio.

In addition, self-employed customers are prone to variable cash-flows and lending to them requires robust underwriting systems to appropriately price the risk. As a result of our experience, expertise, and underwriting model, we have been able to effectively serve such customers, while maintaining asset quality, and expanding into newer geographies. As of September 30, 2021, an estimated 95% of the loans that we disbursed were for single-unit, SORPs, that is, we have a high SORP focus. We also aim to have conservative average loan-to-value ratios and instalment to income ratios on our outstanding loan accounts, which can mitigate adverse events and cyclical effects.

Over the last three Financial Years and for the six months ended September 30, 2021, we have provided loans to more than 185,000 customers. To assist us with our credit assessment and risk management functions, we have created a four layered process for customer evaluation – two layers within the business and collections team and two layers within the credit team, in addition to independent legal checks. We also conduct an in-depth analysis of the potential customer by considering their character, their existing cash-flow to assess their repayment abilities, and their collateral, as well as ensure that families act as co-applicants which underpins our applicants' motivation to service the loan without default.

Our credit team is independent of our business and collections teams and only the File Credit Team has the authority to approve and sanction loans, while the Field Credit Team has recommendation powers only. There is complete independence between the credit team and our business and collection team and all incentives for our credit team are linked to file processing, not file approval. For further details of our four layered process for customer credit evaluation, comprising underwriting, legal assessments, technical assessments and a risk containment unit, see " – *Description of our Business*" on page 169.

Our organizational structure is such that almost all of our business and collections team members are also responsible for collections. We had a 2,827-member business and collections team including 2,258 Relationship Officers catering to 192,270 existing loan accounts as of September 30, 2021. Our business and collections team (which includes Relationship Officers, Branch Managers and Supervisory and Head Office support layers) focusses on early warning signals and we have localized teams to monitor cases that show signs of delinquency. We also use credit bureau checks, and have set up a system of case monitoring by our risk team whereby we can review certain information of borrowers, identify areas of concern and initiate prompt action. This includes supervisory interventions by head-office to ensure efficiency in the collections process. Our credit underwriting and risk management teams also utilize technology to process loan applications and analyze credit risks, which also improves the customer experience due to better customer service and engagement and faster turnaround time as a result of faster decision making. We believe that our effective credit risk management is reflected in our portfolio asset quality indicators such as high repayment rates and low rates of Gross NPAs and Net NPAs across business and economic cycles. As of September 30, 2021, our Gross NPA accounted for 1.44% of our AUM, while our Net NPA accounted for 1.18% of our AUM. Such organizational structure, credit assessment, risk management and collections framework has allowed us to maintain our asset quality during macro downcycles.

Our risk management framework includes a comprehensive audit mechanism of internal audits performed at a corporate level on a quarterly basis, regular branch level audits and management audits, which cover specific risk-based assignments. We have set up a Risk Management Committee to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms to manage risks and develop risk tolerance limits, monitor positions against approved risk tolerance limits and report its findings to senior management. The Risk Management Committee is also kept informed of accounts that have turned into "quick mortality accounts" (i.e., accounts that turn NPA within one year of disbursal) and any gaps in the underwriting process that have led to this, including staff accountability.

Access to diversified and cost-effective long-term financing with a conservative approach to asset liability and liquidity management

We have secured financing from diversified sources of capital, including term loans; proceeds from loans securitized; proceeds from the issuance of NCDs; issuances of principal protected market linked debentures; and proceeds from loans assigned; from banks, financial institutions, mutual funds and other domestic and foreign financial and development finance institutions to meet our capital requirements.

Our Average Cost of Borrowings on our Average Total Borrowings was 11.06% as of March 31, 2019, 12.07% as of March 31, 2020, 11.48% as of March 31, 2021 and 10.63% as of September 30, 2021. Our cost of incremental borrowings reduced from 11.37% in Financial Year 2020, to 9.68% in Financial Year 2021. We have not availed any new borrowings during the six months ended September 30, 2021.

We believe that we are able to access borrowings at a competitive costs due to our stable credit history, strong credit ratings, equity capital position and low leverage, and our risk management policies. As of September 30, 2021, we borrowed from 13 private sector banks, nine public sector banks, 14 NBFCs, one mutual fund, and 11 other entities; and our outstanding borrowings were ₹6,897.43 million from private sector banks, ₹7,880.42 million from public sector banks, ₹5,769.85 million from NBFCs, ₹2,001.77 million from mutual funds, and ₹5,993.07 million from other entities, as of the same date.

As of September 30, 2021 and March 31, 2021: our "current borrowings" (i.e. borrowings comprising debt securities and borrowings (other than debt securities) that are expected to be repaid within 12 months) accounted for 39.41% and 30.53% of our Total Borrowings, and "non-current borrowings" (i.e. borrowings comprising debt securities and borrowings (other than debt securities) that are expected to be repaid after 12 months) account for 60.59% and 69.47% of our Total Borrowing, respectively; the weighted average residual tenure of our outstanding borrowings, including securitization was 29.39 months and 34.23 months, respectively; and we had ₹3,142.08 million and ₹200.34 million in undrawn borrowing facilities (inclusive of undrawn amounts from sanctioned cash credit facilities) from eleven and six lenders, respectively. In addition our Total Borrowings to Total Equity ratio was 0.83, 1.48, 1.22 and 0.70 for the six months ended September 30,2021 and the Financial Years 2021, 2020 and 2019 respectively. The Asset Liability Management Committee has been tasked to ensure that we maintain a balance of cash and liquid money market mutual funds, in addition to undrawn commitments under our various facilities to provide us with liquidity to combat any unforeseen market events. We generally maintain our cash and cash equivalents, investments in government securities and liquid money market mutual funds to at least the gross of (i) next three months of scheduled debt repayments, (ii) next three months of operational costs and (iii) next one month of projected disbursements. As on September 30, 2021 and March 31, 2021 we had cash and bank balances and investment (comprising cash and cash equivalents, other bank balances and investment in mutual funds and government securities (excluding fixed deposits provided as credit enhancement for securitisation transactions)) of ₹15,641.63 million and ₹12,792.97 million, respectively. Our investments in mutual funds are in liquid funds. We further adjust our liquidity levels based on the prevailing economic conditions. For instance, in order to mitigate certain economic impacts of the COVID-19 pandemic, we increased our liquidity levels such that our average liquidity as of the month end for the 12 months in Financial Year 2021 was ₹11,119.86 million as compared to ₹6,937.46 million for Financial Year 2020.

In addition, we also have in place asset liability management strategies, such as avoiding any cumulative asset/ liability mismatches. As of September 30, 2021, and March 31, 2021, 2020 and 2019, we had positive asset-liability mismatch across all the maturities which has allowed us to meet the growing loan demands of our rapidly increasing customer base. See "*Selected Statistical Information*" on page 230.

Experienced, cycle-tested leadership with a longstanding promoter, professional management team and supported by marquee investors

We are led by qualified and experienced management personnel, who are supported by a capable and motivated team of managers and other employees. Our management team has knowledge and understanding of the small business finance landscape in India and the expertise and vision to organically grow our business. They also have diverse experience in a range of financial products and functions related to our business and operations and are supported by qualified personnel who have an in-depth understanding of the geographic regions in which we operate, our loan products and customer segment as a result of our focus on hiring local staff with strong local personal and professional networks.

Our founder, Promoter, and Chairman and Managing Director, Lakshmipathy Deenadayalan, has been associated with Five-Star for the past 20 years. He has a deep understanding of customer behavior and our business and operations, and has been critical to developing and enhancing our business model and driving our total income and profitability.

The table below sets forth our details of certain of our management team members:

Name of the employee	Designation	Total years of experience*	Years of experience with us	Recent Past Employers include
Rangarajan Krishnan	Chief Executive Officer	~18	6	Spark Capital Advisors (India) Private Limited, IFC (South Asia Department), Standard Chartered Bank, HDFC Bank Limited
Srikanth Gopalakrishnan	Chief of Strategy and Finance	~20	6	Citibank N.A., Asirvad Microfinance Private Limited
Roopa Sampath Kumar	Chief Finance Officer	~15	0.4	Hinduja Leyland Finance Limited, Price Waterhouse, Deloitte, Haskins & Sells, ICICI Bank Limited
Vishnuram Jagannathan	Chief Operating Officer	19	4.5	HDFC Bank, Deutsche Bank AG, HSBC
Parthasarathy Srinivasan	Chief Credit Officer	18	~4	DBS Bank Limited, ICICI Bank, Standard Chartered Bank
Sathya Ganesh Thirumalaidoss	Chief Business Officer	16	4.2	ICICI Bank Limited, Cholamandalam Investment and Finance Company Limited, Shriram Housing Finance Limited
Vanamali Sridharan	Chief Technology Officer	28	0.3	Equitas Small Finance Bank, Suryoday Small Finance Bank Limited, Accenture Services Private Limited, Standard Chartered Bank

				(Dubai)
Jayaraman Sankaran	Chief Risk Officer	~22	1	Redington (India) Limited, Arabian Automobile Alliance LLC
Sanjay Chaturvedi	Chief Treasury Officer	16	2	Cholamandalam Investment and Finance Company Limited, ING Vysya Bank and ICICI Bank Limited

**Includes work experience with the Company*

Further, our field teams (business and collections, and credit) and our file credit teams have an in-depth understanding of our customer segment, loan products, types of collateral and businesses of our borrowers.

Our Shareholders include marquee investors, including affiliates of TPG Capital, Sequoia Capital, Matrix Partners, Norwest Venture Partners, KKR and TVS Capital Funds Limited and we believe we have benefited significantly from their collective vision and experience. They, along with our senior management, have been instrumental in formulating and executing our core strategies and implementing our corporate governance framework, which has been and will continue to be critical to the growth of our business.

We also have a distinguished Board comprising industry professionals. Our Independent Directors strengthen the reputation of our Board. Our overall growth, performance of our portfolio, asset quality and continued profitability during challenging periods demonstrates the strengths of our KMP, management team and Board. For more details on our Board and our KMP, see *"Our Management"* on page 204.

Our Strategies

Our strategies are as follows:

- Increase penetration in existing markets through increasing branch staff numbers, increasing our branch network in the existing geographies and diversifying to contiguous markets;
- Continue to focus on small business owners and self-employed individuals primarily in the semi-urban and urban markets of India, as well as in rural markets where CRISIL expects faster growth in bank credit activity as financial awareness increases;
- Optimize our borrowing costs, reduce operating expenses further and continue to expand and diversify our lender base;
- Continue to invest in technology and data analytics to build a scalable and efficient operating model / to improve customer experience, increase productivity and decrease costs;
- Focus on enhancing our risk management framework; and
- Enhance our brand recall to attract new customers.

Increase penetration in existing markets through increasing branch staff numbers, increasing our branch network in the existing geographies and diversifying to contiguous markets

While we have grown our operations in relatively newer markets, our operations have historically focused in the south Indian states of Tamil Nadu, Andhra Pradesh, Karnataka and Telangana. Such states contribute significantly to our AUM and we intend to continue to expand in these states in a contiguous manner, to drive greater and deeper penetration. Our business model is scalable and by drawing on the experience of our team, we expect to be able to expand our operations efficiently, with low incremental costs. Our strategies include deepening our presence in our existing geographies through a combination of increasing the number of Field Officers and setting up new branches

For states where we have no or very low existing presence, we will continue to review a number of factors including demographics and competitive landscape before establishing a branch. Our strategy remains to grow contiguously into such areas by gauging the business potential of a particular state and drill down into specific locations suitable for branch opening. When we enter a new state through contiguous expansion, we open new branches in district headquarters and then expand deeper by deploying personnel to adjacent areas to source new customers. We are constantly evaluating additional locations using our criteria and expect to continue to add branches to grow out network in the near term.

As of September 30, 2021, we had reached an approximate district level penetration of 76%, 100% and 79% in the states of Tamil Nadu, Andhra Pradesh, Telangana, respectively, and 61%, 56%, 8%, 9% and 1% in the states of Karnataka, Madhya Pradesh, Maharashtra, Chhattisgarh and Uttar Pradesh, respectively. District level penetration is the number of districts that we operate in as a percentage of the total number of districts in a given state. Accordingly, we believe there is scope to continue to grow our business further in these states.

Continue to focus on small business owners and self-employed individuals

We plan to continue to focus on small business owners and self-employed individuals and increase our market share. For instance in terms of credit availability generally, CRISIL notes that there is a wide variation across states and within various districts in the same state, which indicates latent opportunity for providing banking services to unserved or underserved customers. In many locations, we have customers who are first time borrowers from the formal secured lending ecosystem. As of September 30, 2021, we had 25.09% of customers who were new to credit while the remaining customers were sanctioned higher ticket loans with higher tenors than they had availed earlier.

We believe our underwriting model, which is based on our understanding of income assessment and collateral assessment for this customer segment, with limited reliance on documented income, is a key strength which would make customers prefer us over our competitors and which we intend to reinforce to achieve AUM growth.

Optimize our borrowing costs, reduce operating expenses further and continue to expand and diversify our lender base

Our Average Cost of Borrowings was 11.06% as of March 31, 2019, 12.07% as of March 31, 2020, 11.48% as of March 31, 2021 and 10.63% as of September 30, 2021. This steady decline over the last three financial years is due to several factors, primarily our financial performance and improving credit ratings. A lower Average Cost of Borrowing enables us to competitively price our loan products and helps us grow our business and operations and increase our NIMs. We have also diversified our funding sources by using instruments such securitization transactions, non-convertible debentures, and principal protected market linked debentures to ensure that our debt capital requirements are met at optimal costs.

We intend to continue to diversify our funding sources, enhance limits from existing sources, identify new sources and pools of capital and implement robust asset liability management policies with the aim of further optimizing our borrowing costs and help increase our NIM. Further, we intend to expand and diversify our lender base, and seek to obtain funding from insurance, pension and provident funds, overseas lenders, external commercial borrowings and through the issue of commercial paper. We are focused on improving our asset and liability management to ensure that we continue to have a positive asset-liability position. We believe that this will help us improve our credit ratings further and reduce the average cost of our borrowings.

Our developed distribution and collections infrastructure is a key factor in our operating leverage and will help reduce our operating expenses. Further, we expect that our strategic investments in technology and digitization across our business will further reduce our operating expenses and credit costs (i.e., our impairment loss allowance) over time. We will continue to review and identify means to improving our cost to income ratio and improving our overall NIM from current levels. As a result of these various initiatives we seek to continue to maintain our low NPA levels which should assist in minimizing credit costs, as well as improve our credit ratings for new fund raising, reduce the cost of our borrowing and hence deliver strong return ratios.

Continue to invest in Technology and Data Analytics to build a scalable and efficient operating model / to improve customer experience, increase productivity and decrease costs

We have made strategic investments in our information technology systems and implemented automated, digitized technology-enabled platforms and proprietary tools, to strengthen our offerings and derive greater operational, cost and management efficiencies. From April 1, 2018 through to September 30, 2021, we have invested ₹160.01 million in our information technology systems and as of September 30, 2021, our IT and data science teams comprised of 23 personnel. We have also recruited Vanamali Sridharan as our Chief Technology Officer, who has over 28 years of experience working with banks and technology strategy consultancies, as well as appointed a dedicated Head of Engineering, Development and Data Sciences to lead our in-house technology development and data analytics. We also have a Head of Technology, who oversees our Customer Acquisition system, Loan Management system and Collections system along with managing the infrastructure and security architecture across our Head Office and Branch offices.

We plan to ensure that our information technology systems continue to help us with several functions, including loan origination, credit underwriting, collections and customer service and retention. In particular, over the short to medium term, we aim to focus our information technology and data capabilities towards the following areas:

- developing an Application Programming Interface ("API") infrastructure to leverage the strength of various third party service providers / fintech companies and aim to partner with them to augment / create more efficient processes;
- improving accuracy and breadth of customer data capture across our portfolio for purposes of analytics and insight generation;
- use data, analytics and machine learning to complement our current underwriting processes to ensure we onboard the most suitable borrowers and maintain a robust asset quality;
- developing a robust customer credit scoring model;
  automation of existing manual activities within our underwriting process to reduce turnaround times for loan sanctions and reduce transaction costs; and

- supplementing our collections infrastructure by leveraging existing payment architecture towards collecting EMI repayments from our borrowers.

We believe that the adoption of such digital service delivery mechanisms has and will continue to enable us to be more efficient, customer friendly and over time improve cost efficiencies through automation, and perform more reliable data analytics for customized products to suit the diverse requirements of our customers and improved customer satisfaction.

Focus on Enhancing our Risk Management Framework

As we increase the scale of our operations and expand into new geographies, we intend to continue focusing on enhancing our risk management framework to maintain the credit quality of our loan portfolio. Our risk management initiatives will include obtaining a better understanding of the geographies in which we are present and the ones where we intend to expand to, improving the credit scoring models and algorithms that we have currently deployed, improving our collection techniques and our property underwriting procedures, as well as initiate portfolio analytics activities.

In connection with analytics activities, we intend to carry out a comprehensive analysis of our portfolio, determining behavioral and other trends of our customers and use those to strengthen our credit assessment framework. We have an existing and comprehensive data lake (being our repository of data stored in its natural/raw format) which contains data from all the sub-systems being used by us to which we plan to add data from external and third party sources with a view to creating an internal single data source to aid in our data analytics and insight generation.

Credit assessment is crucial to our operations since many of our customers are new to credit or belong to underserved segments of society with medium to low income levels. Our strength in credit assessment is derived from our well-trained front-end teams who spend time with our prospective customers and provide a detailed assessment of their income sources, employment stability, savings and repayment capacity. We will continue to invest in hiring and training people to ensure that we maintain our proficiency in credit assessment.

Enhance our Brand Recall to Attract New Customers

We believe that having a strong recognizable brand is a key attribute in our business, which will help us attract and retain customers, increases customer confidence and influences purchase decisions. Having a strong and recognizable brand will also assist us in recruiting and retaining employees. We intend to continue to undertake initiatives to increase the strength and recall of our 'Five-Star' brand to attract new customers. We seek to build our brand by engaging with existing and potential customers' through customer literacy programs, sponsor popular events in the regions we operate and advertise in newspapers, hoardings and in other advertising media.

Responding to the COVID-19 Pandemic

The COVID-19 pandemic continues to spread across the globe and has since affected the world economy including India, leading to significant volatility and a decline in general economic activity. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the risks described in the "Risk Factors" section.

The pandemic has resulted in a reduction in our disbursements from ₹24,086.69 million for the Financial Year 2020 to ₹12,450.54 million for the Financial Year 2021. In addition, to alleviate the impact of COVID-19, the RBI issued guidelines relating to the COVID-19 regulatory package dated March 27, 2020 in accordance therewith, providing moratorium of three months on the payment of all principal amounts and interest falling due between March 1, 2020 and May 31, 2020 and further extended the moratorium from June 1, 2020 to August 31, 2020. Accordingly, we granted a five-month moratorium to all customers who were less than or equal to 90 DPD as of March 31, 2020, to the loan instalments due during the period April 1, 2020 to August 31, 2020. The moratorium was granted by us to 141,251 loans with a principal outstanding as of March 31, 2020 of ₹38,387.5 million. The moratorium resulted in (i) an extension of tenure for each loan by five months; the original instalments falling due between the five month moratorium were halted, with each borrower expected to restart their EMI payments from approximately September 2020; and the customer being granted time to return to more regular cashflows.

During the months of March, April and May of 2020, our collection efficiency was 84.86%, 50.95% and 73.19%, respectively, but by June 2020 our collection efficiency rebounded to 92.26% and subsequently averaged 93.28% collection efficiency for the second quarter of Financial Year 2021. While we gave a five-month moratorium to all customers who were less than or equal to 90 DPD as of March 31, 2020, the collection efficiency data quoted immediately above has been calculated assuming that all installments fell due every month, including during the moratorium period. With the end of moratorium on August 31, 2020, our disbursements, collections and asset quality improved during the second half of Financial Year 2021. For instance, we disbursed ₹11,541.49 million between September 1, 2020 and March 31 2021; our average monthly collection efficiency improved to 95.98% and 96.50% in the third and fourth quarters of Financial Year 2021, respectively; and our Gross NPA to AUM also reduced to 1.02% as of March 31, 2021.

However, with the onset of the "second wave" of COVID-19 during the first quarter of Financial Year 2022, we again experienced an adverse impact on our business and collections operations with our disbursals during the first quarter of Financial Year 2022 reducing to ₹3,331.24 million compared to ₹6,618.81 million during the fourth quarter of Financial Year 2021. As such, during the first half of Financial Year 2022, in line with our Board approved policy, we restructured 1.87% of our loan portfolio, computed as the AUM of restructured loans as of March 31, 2021 as a percentage of the total AUM, as of March 31, 2021 (2,655 borrowers in the first quarter of Financial Year 2022; and 45 borrowers in the second quarter of Financial Year 2022). We restructured such loans based on borrowers requesting assistance and also based on us contacting certain borrowers that showed early signs of overdues. For the first quarter of Financial Year 2022, our average monthly collection efficiency dropped to 89.33% (calculated using instalment dues for non-restructured loans only) and our Gross NPA and Net NPA increased during the same period from 1.02% and 0.83%, respectively as of March 31, 2021, to 1.68% and 1.33%, respectively as of June 30, 2021. Further, during the months of August and September 2021 combined, we have recorded approximately 82% of borrowers whose loans were restructured during the first quarter of Financial Year 2022, making at least one EMI payment (which is inclusive of 24 borrowers who prepaid and closed their loan accounts).

Our strong collections focus during the second quarter of Financial Year 2022 has resulted in our average monthly collection efficiency for this quarter being 102.04% (includes collection of arrears instalments dues for the period) which has also resulted in a reduction of our Gross NPA from 1.68% as of June 30, 2021 to 1.44% as at September 30, 2021, with incremental restructuring amounting only to 0.03% of our loan portfolio. There still remains significant uncertainty relating to the long-term adverse impact of the COVID-19 pandemic on the Indian economy, as well as the global economy and financial markets, and as a result we may not be able to accurately predict the long-term impact of the COVID-19 pandemic on our business.

The table below sets forth our certain DPD to AUM data, our Gross NPA to AUM, Net NPA to AUM data and restructuring data as of the dates indicated:

	As of				
Metric	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
30+ DPD to AUM (%) (1)	17.66%	21.68%	12.36%	11.82%	11.07%
60+ DPD to AUM (%) (2)	8.71%	11.78%	6.47%	6.67%	6.45%
Gross NPA (i.e., 90+ DPD) to AUM (%)	1.44%	1.68%	1.02%	1.37%	0.88%
Expected Credit Loss held on Gross NPAs (₹ million)	118.91	157.03	81.19	94.21	43.20
Net NPA to AUM (%)	1.18%	1.33%	0.83%	1.13%	0.68%
Incremental restructured portfolio (₹ million) (3)	13.67	816.85	NIL	Nil	Nil
Total restructured portfolio (₹ million) (3)	830.52	816.85	NIL	Nil	Nil
Total restructured portfolio as a % of AUM	1.87%	1.84%	NIL	Nil	Nil

Notes:

1) *Represents AUM which are overdue by more than 30 days as a percentage of the total AUM as of the last day of the relevant period*
2) *Represents AUM which are overdue by more than 60 days as a percentage of the total AUM as of the last day of the relevant period*
3) *Represents the outstanding amounts as of March 31, 2021 on loans that were restructured during the quarter ending on the day as indicated.*

The deterioration observed as of June 30, 2021, compared to March 31, 2021 is attributable to the "second wave" of the COVID-19 pandemic, that led to further lockdowns and curfews generally and resulted in temporary cashflow issues for our customers, and this was amplified by the lack of any regulatory intervention to assist financial institutions such as us during this period. However, we were able to demonstrate improvement across the various DPD categories including Gross NPA (i.e., 90+ DPD) as of September 30, 2021, compared to June 30, 2021. We attribute this improvement to increased customer cashflows and our concerted collection efforts during this period.

In response to the pandemic, we imposed more stringent credit guidelines, further strengthening the underwriting process keeping in mind the COVID-19 environment for new customers as well as existing customers for already approved loans. In addition to the moratoriums and related restructuring of loans, we have taken a number of steps to address the challenges posed by COVID-19, including the following:

- ***Maintaining business continuity***: In order to protect the health and safety of our employees with minimal disruption in our operations, all our employees at our corporate office and our branches were moved to a work-from home model. Since our loan management and accounting systems are maintained on the cloud, we were able to easily migrate to a work-from-home model. We resumed operations at our branches in a staggered manner in compliance with the lockdown restrictions and government guidelines. By September, 2020, we had resumed physical operations in all of our branches. In order to ensure adequate safety of employees, we introduced COVID-19 protocols to be followed by all employees and customers which included temperature checks, social distancing, use of sanitisers, masks and gloves. Customers were provided continued access to our employees and services through our payment portal on our website and Unified Process Interfaces.

- ***Disbursements and Collections***: During the COVID-19 period, we have paid particular focus to the collection activity to ensure where possible we were maximizing our collection efficiency, which in turn operates to reduce missed payments and mitigate loans becoming a NPA.

- ***Maintaining our liquidity position and reducing our cost of borrowings***: During the COVID-19 pandemic, we took additional measures to improve our liquidity position to ensure adequate funding to meet financial and other commitments. We raised fresh borrowings of ₹10,315 million between April 2020 and September 2020 from banks and financial institutions. This was raised through term loans, NCDs under the RBI's targeted long-term repo operations ("TLTRO") scheme and the Indian Government's Partial Credit Guarantee ("PCG") scheme, standard NCDs and principal protected market linked debentures, and assignment transactions under the PCG scheme. Our incremental cost of borrowings (i.e., the interest rate) for these borrowings was 9.96% for the six months ended September 30, 2020, as compared to the incremental cost of borrowings of 11.37% for the borrowings raised during the Financial Year 2020.

Description of our Business

We are a small business finance lender headquartered in Chennai, Tamil Nadu that has a strong South Indian presence. We provide secured loans to micro-entrepreneurs and self-employed individuals for business purposes, asset creation and to meet certain other personal requirements. Our AUM has grown to ₹46,392.91 million as of September 30, 2021 (and to ₹44,453.81 million as of March 31, 2021) from ₹4,935.88 million as of March 31, 2017, at a CAGR of 65%. Our profit for the period/year for the six months ended September 30, 2021 and for the Financial Years 2021, 2020 and 2019 was ₹2,175.47 million, ₹3,589.94 million, ₹2,619.51 million and ₹1,564.14 million , respectively, and our Net Worth for the same period/years then ended was ₹34,533.12 million, ₹23,181.72 million, ₹19,445.80 million and ₹13,648.85 million, respectively. Over 95% of our loan portfolio comprises loans from between ₹0.1 million to ₹1.0 million in value, with an ATS of ₹0.27 million, ₹0.26 million, ₹0.31 million and ₹0.34 million the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, respectively. Further, the interest rates on our loans depend on the underlying tenor (which ranges from two to seven years), with approximately 95% of the loans sanctioned falling between the interest range of 24% - 26% and between the tenure range of five to seven years. All of our leads for customers are sourced in-house without any use of direct selling agents to source leads for us; further, all of our loans are fully secured with more than an estimated 95% of the collateral being SORP at the time the loan application is approved.

Target Customer Segment

We are a lender that provide secured loans to small business owners and self-employed individuals, as well as small mortgage loans to meet certain personal needs of our customers. We target customers in urban and semi-urban locations in India, as well as rural markets (where CRISIL expects faster growth in bank credit activity as financial awareness increases); who typically derive income from "everyday" cash and carry businesses with a focus on services; with household cash-flows of approximately ₹25,000 to ₹40,000 per month; who can provide collateral (typically land and building of at least ₹1.0 million in value); and whose family will act as co-applicants on the loan. These customers have unencumbered title to the collateral, are reasonably resistant to business cycles and macro events, and are typically more motivated to service the loan without delays as a result of social pressures and high customer equity in the collateral property. Our customer centric business model is predicated on arriving at an appropriate risk framework, with the optimal installment to income ratio to ensure that our customers have the necessary means to repay the loan after meeting their regular obligations and other event-based capital requirements.

We primarily offer our customers small loans for business purposes which accounted for ₹29,099.02 million (62.72% of our AUM), ₹27,934.54 million (62.84% of our AUM), ₹24,477.65 million (62.89% of our AUM) and ₹13,011.67 million (61.58% of our AUM), as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019; as well as loans for asset creation such as home renovation or improvement, or for meeting expenses for significant economic events such as marriage, healthcare and education, which accounted for ₹17,293.89 million (37.28% of our AUM), ₹16,519.27 million (37.16% of our AUM), ₹14,444.64 million (37.11% of our AUM) and ₹8,116.39 million (38.42% of our AUM), as of the same dates. For small business loans, our distinguishing factor is that we lend to proprietors who are running the business and not to the business enterprise itself.

We have focused on this customer segment for approximately the last two decades and believe that such industry experience which includes having observed changes in customer behavior, products, regulatory landscape and navigating economic cycles, provides us with a distinct advantage over peers as we continue to expand and penetrate this customer segment further. Further, we believe that, given the nature of businesses carried by our target customers, which fall within the description of everyday / essential services, the segment is typically impacted by macro down-cycles last, while being first to emerge from such cycles. This is illustrated by our performance during demonetization, GST implementation and the COVID-19 pandemic (first and second waves). In addition, despite experiencing low collection efficiency during the beginning of the COVID-19 pandemic, where during March, April and May of 2020, our collection efficiency was 84.86%, 50.95% and 73.19%, respectively, by June 2020 our collection efficiency rebounded to 92.26%, being one of the first NBFCs to reach a collection efficiency of 90% since the beginning of the pandemic, and subsequently averaged 93.28% collection efficiency for the second quarter of Financial Year 2021. According to the CRISIL Report, NBFCs offering loans for business purpose with property as collateral reported collection efficiency in the range of 90-92% in the third quarter of financial year 2021 and 94-96% in the fourth quarter of financial year 2021. Our average monthly collection efficiency improved to 95.98% and 96.50% in the third and fourth quarters of Financial Year 2021, respectively. Collection Efficiency is calculated as the proportion of actual collections (from billings for the period and overdues but excluding prepayments) during the period to scheduled billings during the period (assuming no moratorium during the months of April 2020 to August 2020).

Product Characteristics

Over 95% of our loan portfolio comprises loans from between ₹0.1 million to ₹1.0 million in disbursed value, with an ATS (at the time of disbursement) across our portfolio of ₹0.26 million, ₹0.31 million and ₹0.34 million in Financial Years 2021, 2020 and 2019, respectively. Further, the interest rates on our loans range depend on the underlying tenor (which ranges from two to seven years), with approximately 95% of the loans sanctioned falling between the interest range of 24% - 26% and between the tenure range of five to seven years.

The ticket size and loan to value ratio of each loan is subject to our credit assessment of the customer and factors including value of the collateral and regulatory limits. Loans are required to be repaid in equated monthly installments ("EMIs") over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. As of September 30, 2021, the average loan to value (at sanction) on 192,270 active loan accounts was 36.17%.

All of our loans are fully secured by property collateral. Almost all of the collateral across our loan portfolio are standalone independent homes, as we generally do not resort to taking vacant land, agricultural land, or flats in residential complexes as collateral. We take an exclusive charge on the collateral against the loan, that is, we do not share the collateral charge with any other lender either at the time of sanction and disbursal or at any time during the tenor of the loan.

In addition, we require our customers to pay certain login fees prior to the loan application being processed and certain charges prior to the disbursement of the loan. These fees and charges are collected at different stages of the loan application to cover the initial cost of underwriting the loan, document verification and storage. These fees and charges are subject to periodic changes based on market conditions and regulatory requirements. Additionally, prior to disbursement of a loan, we register the mortgage at the state registrars' office.

Branch Network

We have an extensive network of 268 branches, as of September 30, 2021, spread across eight states and 1 union territory and approximately 126 districts across India, with Tamil Nadu, Andhra Pradesh, Telangana and Karnataka being our key states. Such key states collectively account for approximately 85% of our branch network as of September 30, 2021. As of September 30, 2021 approximately 95% of our branches are located in cities and towns with populations up to one million. The following table sets forth certain details of our branch network on a state/territory basis, as of September 30, 2021:

State	Year of Entry	Districts	Number of Branches	% of Total Branches	% of Super Branches	% of Normal Branches	AUM (₹ in million)	% of Total AUM
Tamil Nadu	1985	32	89	33.20%	56.18%	43.82%	18,806.74	40.54%
Andhra Pradesh	2014	13	68	25.37%	55.88%	44.12%	13,218.24	28.49%
Telangana	2016	26	38	14.17%	65.79%	34.21%	8,645.30	18.63%
Karnataka	2014	19	33	12.31%	12.12%	87.88%	3,439.82	7.41%
Madhya Pradesh	2018	29	32	11.94%	25.18%	74.82%	1,832.92	3.95%
Maharashtra	2018	3	4	1.49%	25.00%	75.00%	349.68	0.75%
Chhattisgarh	2019	3	3	1.11%	NIL	100.00%	64.00	0.14%
Uttar Pradesh	2019	1	1	0.37%	NIL	100.00%	36.22	0.08%
Total	**-**	**126**	**268**	**100%**	**46.64%**	**53.35%**	**46,392.91**	**100.00%**

The decision to open a branch is based on a detailed analysis of the potential catchment area, economic and business potential, competition and availability of human resource talent. When we review the potential catchment areas, we analyze retail density and diversity, overall industrial activity and financial literacy, among other factors. The prevalence of retail activity demonstrates the potential for lending to small business owners, who may need funding for their working capital requirements and hence the presence and density of retail activity is an important parameter in determining whether to set up a branch. We analyze competition within the potential catchment area as a risk mitigation measure, because where competitors are present (such as other banks and NBFCs) we are able to assess (i) general acceptance of a formal lender with EMI based loan products amongst the target customer segment, (ii) repayment behaviour, (iii) asset quality trends and (iv) availability of suitable human resources for hiring as business and collections officers. We also prefer to open new branches contiguous to our existing locations to leverage neighboring insights and to exercise effective supervision over new branch operations.

Where we start operations in a new geography or where contiguous expansion is not feasible, we typically begin by establishing pilot branches to gain a deeper understanding of the catchment area and customer characteristics. We use such branches to gain a deeper understanding of the catchment area and customer characteristics including (i) sourcing opportunities, (ii) differences in legal and technical evaluation of collateral from our existing markets, (iii) collection behavior, (iv) understanding staff behaviors and culture, among other metrics. We utilized this expansion approach in Andhra Pradesh and Telangana and more recently in Madhya Pradesh. Our senior management closely supervises expansion efforts to ensure branch and staff performance meet expectations, as well as to conduct periodic review for potential deeper expansion.

As of September 30, 2021, 57.84% of our branches have been opened for longer than 36 months, 39.55% of our branches have been opened for between 12 and 36 months and 2.61% our branches have been opened for less than 12 months. When a new branch is opened, loans from existing branches may be moved to the new branch to facilitate customer convenience.

All of our branches begin as "Normal Branches" and transition to "Super Branches" upon achieving certain criteria. Operationally, both branch types operate with the same reporting structure and the same set of protocols, products and target the same customer segment. The following table sets forth particulars of our branch types, as of September 30, 2021:

Branch Particulars	Normal Branch	Super Branch
Branch size	500-600 sq. feet	1,200 – 1,600 sq. feet
Branch Managers / Senior Branch Managers	1 Branch Manager	2 Branch Managers; 1 Senior Branch Manager
Relationship Officers	4-6	10-12 (2 teams of 5-6 each)
Field Credit Officers	1 (Exclusive/ Shared with neighbouring branches)	1 (Exclusive)
Cashiers and Operations Personnel	1 Cashier; 1 Operations Personnel	1-2 Cashier; 1-2 Operations Personnel
Catchment Area Radius	Approx. 25-30 kms	Approx. 40-45 kms

A Super Branch operates effectively as two branches in areas where we see consistently positive branch performance and good business potential. The decision to transition a Normal Branch to a Super Branch is taken when we usually record 18-24 months of consistent performance, typically comprising quantitative factors such as the meeting of business and collection targets, maintaining asset quality and where the ratio of relationship officers and branch managers begins to suggest a branch transition is necessary; and qualitative factors such as suitable human resource skill within the branch management, availability of additional relationship officers, ability of the Branch Manager to recruit appropriate personnel and growth potential in catchments area.

In addition, each branch has unique performance targets which we set dependent on the city population in which the branch operates, whether the branch is a Normal Branch or Super Branch and the number of relationship officers in each branch.

As of September 30, 2021, we have 143 Normal Branches and 125 Super Branches, with each contributing 31.34% and 68.66% to our total AUM, respectively. Since March 31, 2018 to September 30, 2021, 125 Normal Branches have transitioned to a Super Branches, which illustrates the success of our branch strategy. We will continue to transition Normal branches into Super branches in order to enhance our loan portfolio and also benefit from increased scale.

Metric	For the six months ended / as of September 30 (as applicable)	For the year ended / as of March 31 (as applicable)			
	2021	2021	2020	2019	2018
Number of Super Branches	125	95	92	-	-
Number of Normal Branches	143	167	160	173	130
Branches with AUM: >₹400 million	6	5	7	1	-
Branches with AUM: >₹300 million and < ₹400 million	33	33	19	2	1
Branches with AUM: >₹200 million and < ₹300 million	63	61	68	27	1
Branches with AUM: >₹100 million and < ₹200 million	75	74	60	67	37
Branches with AUM: < ₹100 million	91	89	94	76	91
Average AUM per Branch (₹ million) [(1)]	173.11	169.67	154.45	122.13	77.56
Average disbursements per Branch (₹ million) [(2)]	26.00	48.07	112.03	96.25	52.60

(1) Calculated as the AUM as of the last day of the relevant period divided by the number of branches as of the last day of the relevant period
(2) Calculated as the amount of loans disbursed during the relevant period divided by the number of branches as of the last day of the relevant period

Credit Approval and Disbursement

We have a robust credit approval process comprising an initial filtering stage requiring relationship officer and Branch Manager assessment of the applicant, followed by a two layered credit team assessment. At all stages, we are focused on "the three Cs", being character, cashflow of the applicant and collateral quality.

Sourcing and Three-step Lead Appraisal by our Business and Collections Team

All of our loans are sourced in-house, either through our branch-led local marketing efforts (i.e., door-to-door or specific referral marketing), repeat customers or through walk-ins. Once a lead is identified, it passes through a three stage filtering process within the branch based business and collections team, comprising a (i) pre-login assessment, (ii) relationship officer assessment, and (iii) Branch Manager assessment. If a lead is approved following this process, the application file is passed to our credit team.

- *Relationship officer pre-login assessment*

  Once a lead is identified, it is assigned to a relationship officer. The relationship officer undertakes a basic verification on the applicant's business and residence to assess whether the lead is likely to fulfill our criterial for sanction. This includes reviewing the nature of business to eliminate any businesses that we don't typically underwrite such as seasonal and speculative businesses, and undertaking a background check on the borrower and co-applicant, including collating information on income, property, area, purpose of loan and preliminary assessment as to ability to meet repayments. If the relationship officer is satisfied by the assessment, the lead is recorded into our system and a file reference number is created.

- *Relationship officer inspection*

  The relationship officer visits the applicant's business and residence and conducts a more detailed assessment. Such visits may occur more than once and at different times of the day to assess the footfalls at the applicant's business, the business activity, and to undertake a more detailed assessment of the applicant's income. As most applicants don't have formal banking habits and are not subject to income tax and GST due to the relative scale of their income and business, formal income documents and bank statements may be difficult to obtain or non-existent and as such serve a limited purpose in determining the income level of the applicant. The relationship officer therefore spends time at the place of business going through payment evidence, delivery receipts of stock, inventory levels and other such proxies to assess business traction and income levels of the applicant.

  The relationship officer also visits the residence of the applicant to meet with the co-applicant(s), gather data on the property and do a background verification and character check on the applicants.

- *Branch manager assessment*

  This stage of the process serves as the "checker stage" in the "maker checker process". The Branch Manager assesses all inputs entered into the file by the relationship officer, including by physical visits to the applicant's business and residence. The Branch Manager verifies the measurements of the proposed collateral in accordance with the property documents and arrives at an indicative valuation of the proposed collateral, which is the lower of (i) the market value of the proposed collateral and (ii) the branch manager's assessment of a distressed value sale of the proposed collateral based on precedent transactions in the same or similar locations.

  The Branch Manager also undertakes a character check of the applicant and the co-applicant(s) by reviewing the network of our borrowers in the same locality of residence and/or business and discussing/ gathering information about the borrower/ family in the local neighborhood and draws upon their references to better understand other aspects of the applicant and co-applicant(s)' behavior.

The Branch Managers are empowered to reject leads that they believe, based on available information and evidence, would eventually not convert into a loan sanction. Hence a substantial portion of all incoming customer leads get rejected during these three initial steps, primarily before the loan proposal is logged into the system. If not rejected, a report is prepared which among other things, provides an estimate of income of the applicant and the co-applicant; an estimate of the valuation of the property collateral; a recommendation of the loan value; the installment to income ratio and the loan to value ratio; pictures of the place of business and residence of the applicant, including of the surrounding area and proposed mortgage property.

The report is digitized and made available to the File Credit Team. The business and collections team provide a recommendation in the report for the credit team to further assess. No member of the business and collections team in the entire organizational hierarchy including the Chief Business Officer has any loan approval or sanction powers. Approval and sanction of the loan is done during the next stage of our assessment process.

Underwriting with Our Two-Layered Credit Team Structure

Our credit team is composed of two separate teams. The Field Credit Team is a branch-based network of credit officers that has recommendation powers and the File Credit Team is a remote credit team which has the authority to approve and sanction loans. There is complete independence between the credit teams and our business and collections teams and all incentives for our credit teams are linked to file processing, not file approval.

- *Layer One – Field Credit Team*

  As a file is logged into our system and a file reference number created at the initial 'pre-login assessment", two independent field site visits are prompted, one for the business and collections team to undertake (as discussed above) and one for the field credit team to undertake. As of September 30, 2021, we have 273 Field Credit Officers, with one located in each branch. The Field Credit Team visits the customer's residence and place of business independently without having access to the digitized report prepared by the Branch Manager following the three stage filtering process. Each Field Credit Officer conducts an independent verification of the property documents, property measurements and an assessment of the valuation of the property collateral. The valuation methodology is the same as that used by the Branch Manager.

  The Field Credit Officer prepares a digitized report which covers similar content as that covered by the Branch Managers in its report, and submits the report so it is linked to the loan file. In the report, the Field Credit Officer makes comments on the character, assessment of cash-flows and valuation of collateral and submits the report along with images of the applicant's residence, business premises and proposed mortgage property. The Field Credit Officer however has no loan approval or sanction powers.

- *Intermediate level consolidation:*

  Our system tabulates the report of the Branch Manager and Field Credit Officer into independent data points, which are available on the Customer Acquisition system. This data, along with the documents submitted by each of the Branch Manager and Field Credit Officer, contains detailed notes and findings relating to the assessment of customer character, cash-flows, pictures of the business and residence, independent recommendations of each team and the valuations of the property collateral, assessment on the loan to value ratio and the installment to income ratio and any documentary proof relating to business activity such as inventory details and/or receipts.

  This intermediate layer also automatically adds third party information to the loan file such as the applicant's bank account statements, credit bureau score checks on the applicant and the co-applicant(s), legal opinion on the title of the property collateral including the related checks from the state registrar's office.

- *Layer Two - File Credit Team*

  The File Credit Team is the final team in our underwriting process and is the only team with approval and sanction powers. The File Credit Team is a remote team that has access to all data and reports from our Relationship Officers, Branch Managers, Field Credit Officers and relevant third party reports. The File Credit Team operates across a number of branches and our corporate office in Chennai to ensure our team have sufficient language capabilities regarding the local dialects. Upon reviewing all of the information available and telephone interaction with the applicant and co-applicant(s), the File Credit Team may approve the loan file and determine the sanctioned loan amount, interest rate, tenor and EMI amount.

The entire underwriting process from file login to sanction takes approximately 15 days and occurs over our cloud-based systems with the applicant receiving periodic updates by SMS on the file status. Once the loan is sanctioned by the File Credit Team, the Operations Team assumes control over the loan and sends the documents to the branch in preparation for registration of the mortgage. Post registration of the mortgage, the physical files are relocated from the branch to our corporate office where the original papers are verified by the operations team, and an online encumbrance check is completed to confirm the mortgage in favor of us. Subsequently, the loan amount is disbursed into the bank account of the borrower.

From the login stage, the whole underwriting process (until sanction) took approximately 15 and 17 days in Financial Years 2020 and 2019, respectively. We experienced an increase in the same process during the Financial Year 2021 and for the six months ended September 30, 2021, due to onset of COVID-19 and related periodic disruptions such as lockdowns.

Credit Risk Mitigation Measures

To mitigate risks in the provision of loans, we utilize several checks, balances and initiatives throughout our underwriting assessment process and subsequent loan monitoring process, including:

Co-applicant Pool

All loans require the woman of the house as either the applicant or the co-applicant. We believe this introduces an increased level of financial discipline to the repayment behaviour and ensures that monies are carved out from the business income to meet repayment obligations. The owner of the property collateral is generally the primary applicant by default but we also require all members of the family that may have any right (present or future) to the title of the collateral property to also act as co-applicant(s) to the loan. This ensures that there is collective decision-making on a family basis which minimizes potential conflicts on loan repayments.

Assessments of Character, Cashflow, and Collateral

Character:

Character assessment is an important part of our underwriting process and is a significant qualitative decision metric. Each of our business and collections and Field Credit Teams is trained to generate multiple inputs on the applicant's character by calling out references from neighbors, our other borrowers who reside in the same locality and/ or our other borrowers who are in the same line of business as the applicant or have their place of business in the same market/ locality as that of the applicant. This is then supported by a secondary data check that covers credit score indicating past defaults, if any.

Cashflow:

Due to the limited reliance that we can place on income documentation from our target customer segment, assessment of the cash income of the borrower is key to our business. Our business model is predicated on arriving at an appropriate risk framework, with the optimal installment to income ratio to ensure that the borrower has the necessary means to repay our loan after meeting his regular obligations and other event-based capital requirements. To that end, our business and collections and Field Credit Team spend considerable time independently assessing an applicant's cashflows, which is then triangulated with the living condition check at the applicant's household, checked against other prior assessments by our team and revised downward if required. Further, we generally do not consider income streams that are seasonal and/ or commission based and/ or financial services trading based and/ or real estate focused. Our Branch Managers and Field Credit Officers are trained to remove such income from all income assessments before arriving at a more conservative and sustainable cash income figure for the applicant. On our 192,270 loan accounts existing as of September 30, 2021, the average installment to income ratio at sanction is 41.58%.

Collateral:

Collateral valuation is also done independently by the business and collections and Field Credit Team. Additionally for arriving at LTV calculations, the collateral valuation considered is the distress valuation of the collateral. On our 192,270 loan accounts existing as of September 30, 2021, the average LTV ratio at loan sanction is 36.17%.

We believe this triangulation of character, cashflow and collateral enables us to better mitigate our credit risk and successfully underwrite new loans while maintaining our asset quality.

Independence of the credit function from the business and collections function

Our credit function is completely independent from the business and collections team, across the whole organizational hierarchy, which is a characteristic we believe differentiates us from our NBFC competitors. No member of the business and collections team including the Chief Business Officer has any decisioning authority on credit. Incentives for the Credit Team are independent of the level of approvals / rejections. No member of the Credit Team reports into any team member in the business and collections team.

"Maker-checker" implemented for each key function

Within the business and collections team, we have two checks on applicants with the Relationship Officer acting as "maker" and the Branch Manager acting as "checker". Within the Credit Team, the Field Credit Team acts as the "maker" and the File Credit Team acts as the "checker". Further, for title and property document checks, we work with external empaneled legal teams that act as the "maker", while our in-house legal teams act as "checker". Post loan sanction, the physical file is vetted by the branch team and then by the centralized Operations Team at the corporate office. All of the loan files that we process through the underwriting function pass through two-level checks.

Decentralized credit decision-making with strong institutionalization

While members of our File Credit Team are located within our branches, we ensure no File Credit Officer has authority to approve and sanction loans that are associated with the same branch as where that File Credit Officer is located. We also vary the allocation of loan files requiring review and approval such that a File Credit Officer does not review a majority of files from the same Branch or Field Credit Officer in any given month. This ensure that the files pertaining to a particular Branch and/or Field Credit Officer are distributed across multiple File Credit Officers.

Further, we have bifurcated the File Credit Team into a process credit team and an approval credit team. The process credit team is composed of credit officers who do all the tasks that are done by the approval credit officers but are being trained to take up the approval credit role and therefore yet do not have approval powers. The approval credit team is composed of senior credit officers who can approve loans for amounts that are determined based on each officer's capability and experience. Typically File Credit Officers have at least four years' experience and Field Credit Officers have at least two years' experience. All files checked by the process credit officers are then passed on to approval credit officers for the final sanction which ensures integrity of the process. As of September 30, 2021, we had 42 process credit officers and 95 approval credit officers.

Strong loan exception reporting and review

Our entire credit policy is incorporated into our enterprise wide Information Technology ("IT") systems. Any exception to our policy, such as an increase in sanctioned amount, requires approval by a pre-set approval authority and there are no manual approvals bypassing the IT system. For instance, loan approval for amounts beyond certain value thresholds, require approval from our Chief Credit Officer or CEO or in certain circumstances, our Chairman & MD.

Collections, Asset Quality and Monitoring

Our organizational structure is such that business and collections functions are undertaken by the same team. We believe this model instills financial discipline in our business development team since the same team that sources business is also responsible for collections. Furthermore, incentives for the business and collections teams are linked to and paid out only when the team meets both their business and collections targets. As of September 30, 2021 we had 192,270 existing loan accounts and a business and collections team of 2,827 employees including 2,258 Relationship Officers and Collections Officers.

Our collections process involves high-touch engagement between our Relationship Officers and our customers and to optimize this interaction, we ensure that each Relationship Officer is responsible for no more than 120 customers on an average and will add Relationship Officers where numbers get close.

We have generally averaged a collection efficiency of approximately 98%, except for during the beginning of the COVID-19 pandemic in 2020, where during March, April and May of 2020, our collection efficiency was 84.86%, 50.95% and 73.19%, respectively, but by June 2020 our collection efficiency rebounded to 92.26%, and subsequently averaged 93.28% collection efficiency for the second quarter of Financial Year 2021. According to the CRISIL Report, NBFCs offering loans for business purpose with property as collateral reported collection efficiency in the range of 90-92% in the third quarter of Financial Year 2021 and 94-96% in the fourth quarter of financial year 2021. As against this, our collections efficiency for the third quarter and fourth quarter of Financial Year 2021 was 95.98% and 96.50% respectively. Our collections architecture is tailored to meet the requirements of our target customer segment. Our target customers are used to dealing largely in cash and their income levels can vary on a monthly basis, particularly around local events and festivals, and as such we have tailored our systems to accept a high portion of cash collections, predominantly at branches. For the six months ended September 30, 2021, 61.63% of our total collections were in cash. Our collections philosophy acknowledges this and other circumstances by allowing customers flexibility on repayments while maintaining strong oversight by our Relationship Officers and branch managers on slippages from the 0+ DPD category to the 30+ DPD category. In order to ensure appropriate accounting of cash collected and avoid fraudulent activity, we have instituted controls over the cash collections process, wherein cashiers at our branches are required to submit reports on a daily basis indicating the opening cash balance, if any, cash collected during the day, cash deposited into the bank and closing cash balance, if any. This data is cross checked by a team at Head Office on a daily basis wherein verification processes will occur, such as checking the opening balance with previous day reports; checking the amounts collected during the day and deposited into the bank accounts, as evidenced by the deposit slips; checking the opening balance held by the branch and all collections before close. Following such verification, the data is signed-off by the Head Office.

For accounts within the 1-30 DPD, our collections efforts include reminder messages, calls from the branch and visits by the Branch Manager to the customer's business, residence. Where loans are between 31-60 DPD, our supervisory layer, including, senior branch managers, area managers, regional managers and state heads of business and collections may get involved, coupled with potential follow up actions from officials from our head office and further in-person visits from other members of the business and collections. In such circumstances, we can take first steps as regards legal recourse. Between 61-90+ DPD, there is follow-up activity from our head office where senior management officials including our Deputy Head – Business and Collections, Chief Business Officer, COO, CEO and the Chairman and Managing Director become involved on a need basis with all efforts being made to the account stabilises in the same category or rolls back to lower categories. Subsequent actions may include the serving of a legal notice to the borrower and the co-applicants, filing of arbitrations, if so required. For accounts in the 90+ DPD category, there is a coordinated effort between the corporate office and the branch to bring the account to a lower category. We incentivize our branches to adhere to a certain Gross NPA target at the branch level and the incentives for each individual at the branch are linked to the branch adhering to such Gross NPA target.

In cases where we have closed loan accounts that have been overdue, we have a successful track record of ensuring that there is no material loss of IRR, that is we have typically been able to recover almost the entire contracted IRR. For loans that are overdue 1 – 90 DPD but which are settled by the customer, we don't lose more than 1% IRR in almost all such loans. That is, on overdue loans which were settled between April 1, 2018 and September 30, 2021, approximately 95% of overdue accounts between 1 and 90 DPD, were settled between -1% and 1% delta between realized and contracted IRR on settlement, while 3% accounts settled at higher than 1% delta between realized and contracted IRR. Accordingly, we are able to recover a significant portion of our revenue even on delinquent (1 – 90 DPD) loans. One of the key reasons for us being able to recover IRR on overdue and NPA accounts is our sole charge on the collateral property whose value generally appreciates over time and our conservative LTVs at the time of sanction further reducing over the term of the loan. Such collateralized property usually represents the single biggest component of net worth for our customers and therefore our customers prefer to work with us to resolve the delay rather than having us enforce the possession of the collateral to recover our dues.

In cases where we closed loan accounts that were classified as NPA, we have a successful track record of profitable recovery without any principal loss on any of these loans. While 3,339 loans that settled and closed between April 1, 2017 and September 30, 2021, were NPA around the time of settlement or closure, approximately 95% of the loans were settled between -2% and 2% delta between realized and contracted IRR on settlement; further, even on the other approximately 5% of loans, we have not had to take principal loss on any of those loans.

Capital Adequacy Ratios

The RBI currently requires NBFC-ND-SI to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, Tier I and Tier II capital should not be less than 15% of the sum of the NBFC's risk-weighted assets on balance sheet and the risk adjusted value of off-balance sheet items, as applicable.

The following table sets forth certain details of our CRAR and other key metrics as of the dates indicated:

Particulars	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)			
Total assets (₹ in million)	63,745.75	57,936.11	43,531.54	23,611.70
Tier I Capital	30,904.84	19,669.00	18,477.74	13454.04
Tier II Capital	-	-	-	126.22
Total Capital	**30,904.84**	**19,669.00**	**18,477.74**	**13,580.26**
Risk Weighted Assets	**38,388.59**	**33,416.35**	**34,901.50**	21,191.15
Capital Adequacy Ratio (%) (CRAR)	**80.51%**	**58.86%**	**52.94%**	**64.09%**
CRAR - Tier I Capital (%)	80.51%	58.86%	52.94%	63.49%
CRAR - Tier II Capital (%)	0.00	0.00%	0.00%	0.60%
Total Borrowings(1) to Total Equity ratio(2)	**0.83**	**1.48**	**1.22**	**0.70**

Notes

(1) *Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities)outstanding as of the last day of the relevant period.*

(2) *Total Borrowings to Total Equity ratio represents the aggregate of debt securities, borrowings (other than debt securities), as of the last day of the relevant period to Total Equity (or Net Worth) as of the last day of the relevant period.*

Credit Ratings

Our credit ratings evolution with time is set forth below:

Rating Agency	Instrument	As of March 31,			As of September 30,
		2019	2020	2021	2021
CARE	Long-term bank facilities	A	A	A	A+
	Short-term bank facilities			A1	A1+
	Non-Convertible Debentures	A	A	A	A+
	Commercial Paper	A1	A1	A1	A1+
ICRA	Long-term bank facilities	A	A	A	A+
	Non-Convertible Debentures	A	A	A	A+
CRISIL*	Non-Convertible Debentures	BBB+	BBB+	Not applicable	Not applicable

**Facilities matured in 2020 and subsequently discontinued*

Risk Management

Risk management is integral to our business and as a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. We conduct regular training of our staff members with respect to risk related matters, as part of our risk management process.

Our risk management framework is primarily driven by our 8 member Board and its subcommittees Audit Committee, the Asset Liability Management Committee and the Risk Management Committee and is overseen by our full-time Chief Risk Officer ,who is responsible for establishing standards for risk assessment and testing, monitoring and performing testing of the risk controls, consolidating overall risk testing results and escalating any issues to senior management and / or the Risk Management Committee.

The major types of risk we face in our businesses are market risk, interest rate risk, credit risk, liquidity risk and operational risk, cash management risk, collateral risk, reputation risk and IT risk. We have policies in place to address these risks, which are reviewed annually by senior management and approved by the Board of Directors.

Risk Management Architecture

We have formulated a 4-line-of-defense model as part of our risk management architecture, comprising:

1. *Our business and support units that are closest to the customer* — this team, being closest to our customers, is responsible for implementation of the risk mitigation policies. Key elements include:

   Hiring the right talent

   Our recruitment practices for new branches primarily relate to recruiting people with knowledge of the local area and those who understand the product. Local hiring assists us better understand the geographical risks and nuances of the local catchment. For our credit function, we prefer to hire people with prior relevant experience and train them before they are allowed to take credit calls. Our branch managers are subject to same level of KYC checks and diligence that are performed on our customers, including a field verification check and a credit bureau check.

   Combination of the right product and process

   All of our portfolio is secured against property collateral and we have not ventured into comparably riskier unsecured lending practices. In addition, we ensure that our branches are appropriately staffed, have the required technological and physical infrastructure to function as expected and can source and evaluate business using the local business and field credit teams. Each of our loan files undergoes an online encumbrance check before disbursal, which is in addition to the opinion provided by the empaneled legal teams and in-house legal team on the title of the collateral.

   While the operations are decentralized, the decision-making regarding loan sanctioning is independent, that is no member of the business and collections team has any powers to sanction and disburse a loan. Even within the approval credit team, different members have different sanctioning powers based on their experience. There is a well-defined matrix for approval escalation depending on the ticket size of the loan and quality of collateral. All exceptions regarding loans are required to be handled within the Loan Origination System and are tracked and reported by the internal audit team.

   Measuring outcomes and providing the necessary motivation

   We believe our model of combining the business and collections teams differentiates us from our competitors. Subject to limited senior level exceptions, each member of the team is responsible for collections of the accounts sourced by them. The incentives for each member of the business and collections team are not only dependent on the business they source but also on the level of collections. This incentive structure ensures that the collections-first culture is ingrained in each member of the business and collections team.

   For the credit team, incentives are structured by the number of files reviewed, independent of the ratio of files reviewed to files disbursed and/or rejected. The credit team is therefore incentivized to review each file objectively, irrespective of the final outcome. We believe this incentive structure also serves as a feedback loop to the business and collections team since over time, it provides a pattern to the team on what kind of leads get rejected and for what reasons. This improves their productivity by allowing them to focus on the most suitable leads and reject low-quality leads very early on in the business development process.

Continuous monitoring and review

We believe that continuous monitoring and review are key to maintaining asset quality in our business. For each branch, there are targets on maintaining our NPAs below set thresholds as well as targets on maintaining asset quality across stages and DPD groups. The performance of each Branch Manager is tracked against these metrics. Additionally, individual teams such as legal, operations and underwriting have their own quality audit teams that undertake periodic sample file reviews to ensure adherence to policies and standard operating procedures.

Within each of the business and collections and credit teams, we have also put in place a well-defined supervisory mechanism. For example, within the business and collections team, the assistant Branch Manager reports into a Branch Manager who in turn reports into a senior branch managers or an area manager, as the case may be; the area manager is responsible for oversight on 4-6 branches; each area manager reports into a regional manager with one regional manager having oversight on 3-4 area managers; the regional managers report to the state heads who in-turn report to the Deputy Head of Business and Collections or the Chief Business Officer within the central leadership. In addition, the business and collections function has no influence over the credit function or the cash management function. This allows us to minimize risk of collusion between business and credit / cash management functions. Each of our files has an independent review of the title and legal aspects of the collateral by an independent empaneled legal firm with expertise in real estate title and legal verification in that geography. All external legal opinions are reviewed and verified by our in-house legal team. There are also annual reviews on high ticket loans and doubtful assets. The company also tracks early delinquency accounts and quick mortality accounts with intervention from senior management, where required. Each file on quick mortality accounts is reviewed periodically at the regional and central supervisory level (including intervention from MD & CEO, where required) and steps are taken to ensure speedy resolution.

2. <u>*Our risk management department*</u> — this department is responsible for establishing standards for risk assessment and testing, monitoring and performing testing of the risk controls, consolidating overall risk testing results and escalating any issues to senior management and / or the Risk Management Committee.

Risk management forms an integral part of our business. We continue to improve our internal policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. We conduct regular training of our staff members with respect to risk related matters, as part of our risk management process.

Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to mitigate and address such risks. Our risk management framework is driven by our Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee and is overseen by our full-time Chief Risk Officer. We accord the necessary importance to prudent lending practices and have implemented adequate measures for risk mitigation, which include verification of credit history from credit information bureaus, multiple verifications of a customer's business and residence, verification of income and KYC documents submitted by the customer, technical and legal verifications of the property mortgaged, conservative loan to value and conservative installment to income ratios.

The primary risks we face in our businesses are market risk, interest rate risk, credit risk, liquidity risk, operational risk, cash management risk, collateral risk, reputation risk and IT risk. We have 16 policies put in place to address these risks that are reviewed annually by senior management and approved by the Board of Directors.

Market Risk

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in financial markets, in particular, changes in interest rates, exchange rates and equity. In line with regulatory requirements, we have a Board approved Risk Management and ALM policy. This policy provides the framework for assessing market risk, tracking events happening in market-place, changes in policies and guidelines of the Government and regulators, exchange rate movement, equity market movements and money market movements.

Interest Rate Risk

We are subject to interest rate risk, primarily since we lend to customers at rates and for maturity periods that may differ from rates and maturities offered under our financing sources, particularly variable rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors.

In order to manage interest rate risk, we seek to optimize our borrowing profile between short-term and long-term loans.

We adopt financing strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time categories based on their maturities and our Asset Liability Committee prepares an interest rate sensitivity report periodically for assessment of interest rate risks. As of September 30, 2021, 70.73% of our Total Borrowings were fixed interest rate bearing financial liabilities and 29.27% were variable interest rate bearing financial liabilities.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. We manage credit risk through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Our Board approved credit policies and procedures mitigate our prime risk which is the default risk. We have a Credit Committee for the review of the policies, process and products on an ongoing basis.

Our credit team ensures the implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information and loan closure documents, and highlight early warning signals and industry developments enabling pro-active field risk management.

Credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks. We have implemented a structured credit approval process, including multi-step customer verification and comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. As part of our multi-step customer verification, we have established a process by which separate set of verifications are conducted by a relationship manager, the Branch Manager and the credit officer to ensure the quality of customers acquired.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of capital at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of financing an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related financing requirements.

Our treasury department secures funds from multiple sources, including banks, financial institutions, HNIs, other NBFCs and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with our lenders and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. We maintain adequate liquidity buffers to take care of our working capital requirements and unforeseen market liquidity condition. As of September 30, 2021, we had cash and cash equivalents of ₹8,497.55 million and bank balances (other than cash and cash equivalents) of ₹4,659.40 million, and had undrawn borrowing facilities amounting to ₹3,142.08 million (inclusive of undrawn amounts from sanctioned cash credit facilities), with the average residual tenor of our assets being 58.98 months and the average residual tenor of our liabilities being 29.39 months.

We have an Asset Liability Management Policy in place, to manage liquidity risk, which provides for several risk management measures including diversifying our sources of capital to facilitate flexibility in meeting our financing requirements and maintaining strong capital adequacy.

Operational Risk

Operational risks arise from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training or employee errors. As one of the features of our lending operations, we offer a quick loan approval process and therefore have adopted a de-centralized loan approval system detailed above. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed audit firms to conduct internal and process audits to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Cash Management Risk

Our branches collect cash from customers and deposit it in our bank accounts. In some cases, cash payments are also made by our customers to our field staff. To address the cash management risks, we have developed advanced cash management checks that we employ at every stage to track 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 audits to ensure compliance with our cash management systems. Further, we also have insurance policies to mitigate the risk.

Collateral Risk

Collateral risks arise due to the decrease in the value of collateral over time. The realizable price of a collateral pledged to us may be lower than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount due from our customers due to such a decrease in the value of collateral. We may also face certain practical and execution difficulties during the process of enforcing the collateral of defaulting customers. We work with our customers to assist them navigate difficult periods rather than enforcing collateral, repossessing the asset and auctioning it to recover our proceeds. We believe this approach allows us to recover our dues more effectively.

Reputation Risk

We manage reputation risk by training and instructing our employees to adhere to our Fair Practices Code. We also have a grievance redressal mechanism in place, to address any customer complaints, which is communicated to all our customers. In addition, we have established a central service team, who pro-actively reach out to customers, to ensure service quality as well as adherence to company policies by our branch employees.

Information Technology Risk

We have a well-established IT infrastructure that ensures performance stability and flexibility as well as IT security. We have an IT policy which sets out processes and controls that are required to be maintained in relation to the IT systems. The policy is amended from time to time in order to be compliant with the guidelines of RBI as well as other regulatory bodies. In addition, we initiated an IT review to be conducted every two years with effect from the Financial Year 2019, to determine issues and process level gaps.

As part of our IT risk management process, we consider the information (in IT assets or IT systems) at risk, determine the consequence of compromise of such information, identify threat, recommend appropriate security controls and safeguards, and determine the reduced residual risk remaining after the controls and safeguards are implemented. We also train our new and existing staff in our IT policies, procedures and codes of conduct.

3. *Our Audit function* — this team is responsible for independent testing and verification of our risk framework and policies. The Audit function is divided into two parts – an external audit which is carried out by an external audit firm, and an in-house internal audit team headed by a qualified professional. This team, among other things, (i) identifies deviations and highlights areas of improvements to senior management and / or the Audit Committee and Risk Management Committee, (ii) audits each branch twice a year including random field visits, (iii) is responsible for surprise branch and cash inspections, (iv) is responsible for exception reporting to senior management, with the help of the IT team and various other departments, and (vi) is responsible for post-facto file audit on a sample basis. In addition, the internal audit team is responsible for fraud detection, reporting and resolution as also customer grievances. In our board meetings and audit committee meeting, the internal audit team is mandated to report customer grievances and processes undertaken to resolve them. As of September 30, 2021, the internal audit team had 20 employees.

4. *Our Board of Directors and the associated committees of the Board* — all of our risk management architecture is approved and periodically reviewed by our Board which also ensures oversight through committees including the Audit Committee, Risk Management Committee, Asset Liability Committee and Stakeholder Relationship Committee. See "*Key Regulations and Policies – Key Regulations Applicable to Our Company – The Reserve Bank of India Act, as amended (the "RBI Act") – Corporate Governance" and "Our Management – Committees of the Board"* on pages 184 and 210, respectively.

- *Audit Committee*. Our Audit Committee is authorized, among other things, to oversee the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible; recommend to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company; review and monitor the statutory auditor's independence and performance, and effectiveness of audit process; and approve payments to statutory auditors for any other services rendered by the statutory auditors. The audit committee is chaired by Anand Raghavan, an independent director.

- *Risk Management Committee*. Our Risk Management Committee was formed to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems; to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity; and to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken. The risk management committee is chaired by Srinivasaraghavan Thiruvallur Thattai, an independent director. The Risk Management Committee meets once every quarter. Our Chief Risk Officer reports to the Risk Management Committee.

- *Asset Liability Committee*. Our Asset and Liability Committee was formed to monitor and manage our liquidity position by identifying short-term liquidity gaps and implementing immediate actions to correct such gaps, diversifying our sources of capital to facilitate flexibility in meeting our financing requirements, and maintaining strong capital adequacy. Its scope includes liquidity risk management, management of market risks, and financing and capital planning. This is a Committee comprising of company executives including the Chairman and Managing Director, CEO and the CFO.

- *Stakeholder Relationship Committee:* The Stakeholder Relationship Committee was formed to consider and resolve the grievances of the security holders of the Company, review measures take for effective exercise of voting rights by shareholders, review adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent and review various measures taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Information Technology

Information technology acts as an enabler in our business and helps us in achieving growth, scale of operations, ease of use, customer focus and secure operations. We have implemented digital solutions across various aspects of our business with these objectives in mind. For example, our credit underwriting and risk management teams utilize technology to process loan applications and analyze credit risks, which also improves the customer experience due to better customer service and engagement and faster turnaround time as a result of faster decision making. We intend to continue to investment in upgrading our systems, including our data storage and backup systems, to improve our operational efficiency, customer service and decision making process while improving our business continuity and reducing the impact of internal and external risks.

Technology adoption has positively impacted our business across the various functions of loan origination, underwriting, collections and risk and audit, for instance we:

- have a robust loan origination system ("LOS") from login to sanction by using Nucleus FinnOne Neo CAS, a widely used LOS platform for lending businesses;
- utilize an enterprise-wide loan management system ("LMS"), FinnOne Neo LMS, to provide an integrated platform for payment processing, receipting, general ledger, and reporting. The platform facilitates maintaining our customer history and transaction data across the tenure of the loan;
- implemented middleware and unified various internal systems and third-party service providers (like credit bureaus) with our Customer Acquisition system, and introduced hand-held devices directly linked to our CASfor field investigations by our credit team;
- commenced the configuration of a comprehensive Collections system i.e. Finn One Neo Collections;
- developed a credit risk engine to provide a credit risk output based upon customer demographics and income profile, which supplements our underwriting process; and
- implemented an online payment gateway to enable our customers to make their payments via UPI and conduct regular tracking of our collections team by providing them with mobile applications to enable them to collect payments from our customers.

Through our enterprise document management system, all customer and loan documents are archived in robust and secure manner on the cloud. From login to sanction, all customer files are digital and access is available in a seamless manner to each department with due access control. Business and property collateral pictures, legal opinions, field reports and exception approvals all integrated into file workflow digitally. This ensures a rounded view of the borrower income, collateral value, title, income proxies available for process & approval credit team to view in one place.
Further, all our branches and corporate office are linked through the LMS platform that enhances data management, strengthens service delivery and serves customers in an efficient manner. At our branches, we have installed technology security systems, which helps prevent unauthorized access to our network, manage network broadcasting and provides security from spoofing attacks.

Intellectual Property

Our intellectual property includes trademarks, licenses and domain registrations associated with our business. We have one trademark, registered with the Registrar of Trademarks under the Trademarks Act. For details, see "*Government and Other Approvals*" on page 345.

Marketing

Given the demographics and spread of our target audience, we look to connect with prospective customers largely through our local outreach activities undertaken to create visibility in our target markets. We undertake local marketing activities, local branding and advertising through distribution of leaflets and posters and also shop to shop marketing by our branch employees in the target market. In addition, we also provide branded merchandise to our partners/ sales force to create a stronger recall with the target audience.

Competition

The small business finance industry in India is highly competitive. We face competition from other NBFCs as well as scheduled commercial banks. In addition to NBFCs and banks, we face competition from unorganized small market participants who are prevalent in semi-urban and urban landscapes, local money lenders in urban areas, and small finance banks which are also focused on lending to low and middle income segments and micro, small and medium enterprises and unorganized money-lenders.

We generally compete on the basis of our product offerings and ticket sizes, reach of branches, turnaround time and simple, transparent and efficient loan process, as well as trained and skilled employee base, with our competitors. Our competitors include Shriram City Union Finance Limited, Vistaar Financial Services Private Limited, Veritas Financial and Management Services Private Limited, Aye Finance, Lendingkart Technologies Private Limited, Digikredit Finance Pvt Ltd and AU Small Finance Bank, Aavas Financiers Limited, Home First Finance Company India and Aptus Value Housing Finance India.

Among such competitors, we consider a subset of large peers, being those entities with more than ₹30,000 million in AUM, as our closest competitors. These are Shriram City Union Finance Limited, Aavas Financiers Limited, Home First Finance Company India, Aptus Value Housing Finance India and AU Small Finance Bank.

In addition, for the purposes of certain peer comparison data, being best asset quality and lowest credit costs, CRISIL has identified a subset of lenders engaged in extending MSME business loans shall, comprising Shriram City Union Finance Limited, Lendingkart Technologies Private Limited, Vistaar Financial Services Private Limited, Veritas Financial and Management Services Private Limited, Aye Finance, and Digikredit Finance Pvt Ltd.

See "Risk Factors – Internal Risk Factors – The Indian small business finance industry is highly competitive and our inability to compete effectively could adversely affect our business and results of operations." on page 30.

Insurance

We maintain insurance policies that are customary for companies operating in our industry. Our principal types of coverage policies include directors' and officers' liability insurance, insurance for medical expenses, personal accident insurance, and money insurance policy pertaining to cash in safes and in transit insurance, as well as a combined corporate policy which covers, among others, fidelity insurance, burglary, fire and allied perils.

See also *"Risk Factors – Internal Risk Factors - Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition."* on page 36.

Employees

As of September 30, 2021, we had 4,306 employees. We recruit after conducting reference checks and our new employees undergo training. We conduct training programs on a periodic basis for our employees on lending operations, underwriting and due diligence, KYC and anti-money laundering norms, risk management, information technology, and grievance redressal. We also constantly engage with our employees through programs such as periodic review meetings, conferences, and refresher trainings.

We also offer ESOPs to select employees and have good incentive systems for the field staff. Our frontline staff (business and collections, credit, operations, cashier and legal departments) are eligible for these incentive schemes. Members of senior management are paid incentives based on senior leadership's discretion and our performance whereas other employees (primarily in business and collections and support service functions) receive nominal bonus. Following are the key incentive schemes:

- Incentives based on business and collections targets;
- Incentives based on Gross NPA targets;
- Credit incentives based on file processing; and
- Productivity incentives to Support functions.

In addition to compensation that includes both salary and allowances (including performance linked bonuses), we provide our employees with other benefits which include insurance coverage, medical reimbursements and employee stock options. As of September 30, 2021, 21 employees are covered under our ESOP program.

The following table sets forth the function wise split of our employees, as of September 30, 2021:

Function	Number of employees
Senior Management	22
Business and Collections (Branch)	2,650
Business and Collections (Supervisory team including at Corporate Office)	177
Field Credit (Branch)	273
File Credit i.e. Process & Approval Credit (Branch)	137
Field and File Credit (Supervisory team including at Corporate Office)	12
Legal and technical	50
Internal Audit	20
Operations (Branch)	379
Operations (Corporate Office)	134
Information Technology	23
Human Resources	12
Accounts (Branch)	351
Accounts (Corporate Office)	51
Administration and Other Support function	15
Total	**4,306**

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("CSR") policy in compliance with the requirements of the Companies Act 2013 and the Companies (Corporate Social Responsibility) Rules, 2014, as amended notified by the Central Government. Our CSR policy specifies certain focus areas for us, such as education, health and livelihood needs of deserving people. The CSR Committee is responsible for identifying projects to be conducted in these focus areas and for related contributions to be made by us.

We are a growing company and are committed towards social welfare of the common people as we cater the needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and urban markets. In particular, we focus on education, health and livelihood by contributing, among others, to Sri Sathya Sai Institute of Educare, Tamil Nadu Disaster Management Fund, PM CARES Fund, The Pride India, SNEHA (Society for Nutrition Education and Health Action). Our presence, primarily in the semi-urban and urban markets, as well as in rural markets of India also provides employment opportunities in these regions since we primarily recruit our employees locally. As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, ₹32,150.56 million, or 69.30% of our AUM, ₹29,407.41 million, or 66.15% of our AUM, ₹22,704.62 million, or 58.33% of our AUM and ₹9,990.12 million, or 47.28% of our AUM, respectively, were from customers who belonged to the low-income group, earning less than ₹25,000 per month. Our customers are generally not served by traditional financing institutions and by providing them employment opportunities, we are fulfilling an important social objective of economic upliftment for these segments of the Indian society.

Properties

Our Registered Office and Corporate Office is located at New No. 27, Old No. 4, Taylor's Road, Kilpauk, Chennai 600 010, Tamil Nadu, India, which is situated on leased premises.

As of September 30, 2021, we have a network of 268 branches, all of which are located on leased premises. We also own two vacant properties located in Tamil Nadu, purchased in 2015, with a book value of ₹0.36 million.

KEY REGULATIONS AND POLICIES

Given below is a summary of certain sector specific key laws and regulations in India, which are applicable to our Company. The information detailed in this section has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. This description may not be exhaustive and is only intended to provide general information to investors, and is neither designed, nor intended as a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. For details regarding the registrations and approvals obtained by our Company under applicable laws and regulations see, "Government and other Approvals" beginning on page 345.

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. Systemically Important Non-Deposit taking Non-Banking Financial Company ("**NBFC-ND-SIs**") registered with the RBI under the provisions of the RBI Act;

ii. Non-Banking Finance Company – Micro Finance Institutions registered with the RBI under the provisions of the RBI Act and having an asset size of ₹5,000 million and above;

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 and a minimum net owned fund of ₹20 million.

Corporate Governance

<u>Constitution of Committees</u>

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.

<u>Fit and Proper Criteria</u>

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.

Disclosures and Transparency

Applicable NBFCs are required to place before the board of directors, at regular intervals, as may be prescribed by their respective boards of directors, the following:

i. progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the concerned Applicable NBFC; and

ii. conformity with corporate governance standards including composition of committees, their roles and functions, periodicity of the meetings and compliance with coverage and review functions and so on.

Applicable NBFCs are required to disclose the following in their annual financial statements:

i. registration/licence/authorization obtained from other financial sector regulators;

ii. ratings assigned by credit rating agencies and migration of ratings during the year;

iii. penalties, if any, levied by any regulator;

iv. information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and

v. asset-liability profile, extent of financing of parent company products, non-performing assets and movement of non-performing assets, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as prescribed under the Master Directions

Applicable NBFCs shall rotate the partners of the chartered accountant firm conducting the audit, every three years so that the same partner shall not conduct audit of such NBFC continuously for more than three years. Further, such NBFCs shall frame their internal guidelines on corporate governance with the approval of the board of directors which shall be published on their respective websites.

Acquisition or Transfer of Control

Applicable NBFCs are required to obtain prior written permission of RBI for (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid-up equity capital (no prior approval is required if the shareholding going beyond 26% is due to buy-back of shares or reduction in capital where it has approval of a competent court but must be reported to the RBI within one month of the occurrence), and (c) any change in the management of the Applicable NBFCs, which results in change in more than 30% of the directors, excluding independent directors, provided that no prior approval shall be required in case of directors who get re-elected on retirement by rotation.

Prudential Norms

All NBFCs are required to maintain capital adequacy ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of Applicable NBFCs, at any point of time, shall not be less than 10%.

Liquidity Risk Management Framework and Liquidity Coverage Ratio

Liquidity Risk Management Framework

Applicable non-deposit taking NBFCs are required to adhere to the liquidity risk management guidelines prescribed under the Master Directions. The guidelines, *inter alia*, require the board of directors of the Applicable NBFC to formulate a liquidity risk management framework detailing entity-level liquidity risk tolerance, funding strategies, prudential limits, framework for stress testing, liquidity planning under alternative scenarios, nature and frequency of management reporting, and periodical review of assumptions used in liquidity projections.

Liquidity Coverage Ratio

Pursuant to the RBI circular dated November 4, 2019, on 'Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies', all non-deposit taking NBFCs with asset size of ₹100 billion and above, and all deposit taking NBFCs irrespective of their asset size, are required to maintain a liquidity buffer in terms of liquidity coverage ratio which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset to survive any acute liquidity stress scenario lasting for 30 days. The stock of high quality liquid asset to be maintained by the NBFCs is required to be a minimum of 100% of total net cash outflows over the next 30 calendar days. The liquidity coverage ratio requirement is binding on NBFCs from December 1, 2020 with the minimum high quality liquid assets to be held being 50% of the liquidity coverage ratio, progressively reaching up to the required level of 100% by December 1, 2024, in accordance with the time-line prescribed below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	50%	60%	70%	85%	100%

All non-deposit taking NBFCs with asset size of ₹50 billion and above but less than ₹100 billion are required to also maintain the required level of liquidity coverage ratio in accordance with the time-line given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum Liquidity Coverage Ratio	30%	50%	60%	85%	100%

Asset Classification and Provisioning Norms

All NBFCs are required to adopt the asset classification and provisioning norms as set forth below:

Asset Classification

i. a "standard asset" means the asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and

ii. a “sub-standard asset” means (a) an asset which has been classified as non-performing asset for a period not exceeding 12 months; (b) an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms. However, the classification of infrastructure loans as sub-standard assets is subject to the conditions stipulated in the Master Direction.

iii. a “doubtful asset” means (a) a term loan, or (b) a lease asset, or (c) a hire purchase asset, or (d) any other asset, which remains a sub-standard asset for a period exceeding 12 months.

iv. a “loss asset” means (a) an asset which has been identified as loss asset by an Applicable NBFC or its internal or external auditor or by the RBI during the inspection of the Applicable NBFC, to the extent it is not written off by the Applicable NBFC; and (b) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

v. a “non-performing asset” means: (a) an asset for which interest or principal payment has remained overdue for a period of three months or more; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of six months or more; (c) a demand or call loan, which remained overdue for a period of three months or more from the date of demand or call or on which interest amount remained overdue for a period of six months or more; (d) a bill which remains overdue for a period of three months or more; (e) the interest in respect of a debt or the income on receivables under the head ‘other current assets’ in the nature of short term loans/advances, which facility remained overdue for a period of three months or more; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of three months or more; (g) the lease rental and hire purchase instalment, which has become overdue for a period of three months or more; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities becomes non-performing asset. Provided that in the case of lease and hire purchase transactions, an Applicable NBFC is required to classify each such account on the basis of its record of recovery.

Provisioning Norms

In addition to provisioning norms under applicable accounting standards, and under the Master Directions, all Applicable NBFCs are required to, after taking into account the time lag between an account becoming nonperforming, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

<table>
<tr><th>S. No.</th><th colspan="2">Provisioning Requirement</th></tr>
<tr><td>1.</td><td colspan="2">Loans, advances and other credit facilities including bills purchased and discounted</td></tr>
<tr><td></td><td>(i) Loss Assets</td><td>The entire asset is to be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is to be provided for.</td></tr>
<tr><td></td><td>(ii) Doubtful Assets</td><td>(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which the Applicable NBFC has a valid recourse is to be made. The realizable value is to be estimated on a realistic basis.

(b) In addition to (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e., estimated realizable value of the outstanding) is to be made on the following basis –
<table><tr><th>Period for which the asset has been considered as doubtful</th><th>Per cent of provision</th></tr><tr><td>Up to one year</td><td>20%</td></tr><tr><td>One to three years</td><td>30%</td></tr><tr><td>More than three years</td><td>50%</td></tr></table></td></tr>
<tr><td></td><td>(iii) Sub-standard Assets</td><td>A general provision of 10% of total outstanding is to be made.</td></tr>
<tr><td>2.</td><td colspan="2">Lease and hire purchase assets -</td></tr>
</table>

<table>
<tr><th>S. No.</th><th colspan="3">Provisioning Requirement</th></tr>
<tr><td></td><td>(i) Hire purchase Assets</td><td>I.</td><td>In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by -

(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and

(b) the depreciated value of the underlying asset, is to be provided for.

<u>Explanation:</u> (i) the depreciated value of the asset is to be notionally computed as the original cost of the asset to be reduced by depreciation at the rate of 20% per annum on a straight line method; and (ii) in the case of second hand asset, the original cost is to be the actual cost incurred for acquisition of such second hand asset.</td></tr>
<tr><td></td><td></td><td>II.</td><td>Additional provision for hire purchase and leased assets:
<table>
<tr><td>Where hire charges or lease rentals are overdue upto 12 months</td><td>Nil</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 12 months upto 24 months</td><td>10% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 24 months but upto 36 months</td><td>40% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 36 months but upto 48 months</td><td>70% of the net book value</td></tr>
<tr><td>Where hire charges or lease rentals are overdue for more than 48 months</td><td>100% of the net book value</td></tr>
</table></td></tr>
<tr><td></td><td></td><td>III.</td><td>On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is to be fully provided for</td></tr>
</table>

Standard Asset Provisioning

All Applicable NBFCs are required to make provisions for standard assets at 0.40% of the outstanding, which shall not be reckoned for arriving at the net NPAs. The provision towards standard assets shall not be netted from gross advances but are required to be shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet of the Applicable NBFCs.

Balance Sheet Disclosures

(i) Applicable NBFCs are required to separately disclose in their balance sheets the provisions made, as prescribed under the Master Directions, without netting them from income or against the value of assets.

(ii) The provisions are to be distinctly indicated under separate heads of account as:

(a) Provisions for bad and doubtful debts; and

(b) Provisions for depreciation in investments.

(iii) Such provisions shall not be appropriated from the general provisions and loss reserves held, if any, by the Applicable NBFC.

(iv) Such provisions for each year are required to be debited to the profit and loss account. The excess of provisions, if any, held under the heads general provisions and loss reserves are required to be written back without making adjustment against them.

(v) Additionally, Applicable NBFCs are required to disclose: (a) Capital to risk assets ratio; (b) exposure to real estate sector, both direct and indirect; and (iii) maturity pattern of assets and liabilities.

Regulation of Excessive Interest Charged by NBFCs

(i) The board of directors of each Applicable NBFC is required to adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium and determine the rate of interest to be charged for loans and advances. The rate of interest, the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers are required to be disclosed to the borrower or customer in the application form and communicated explicitly in the sanction letter.

(ii) The rates of interest and the approach for gradation of risks are also required to be made available on the website of the Applicable NBFCs or published in the relevant newspapers. The information published in the website or otherwise published is required to be updated whenever there is a change in the rates of interest.

(iii) The rate of interest must be annualized rate so that the borrower is aware of the exact rates that would be charged to the account.

Although rates of interest charged by NBFCs are not regulated by the RBI, rates of interest beyond a certain level may be seen to be excessive. The board of directors of Applicable NBFCs are required to layout appropriate internal principles and procedures in determining interest rates and processing and other charges.

Accounting Standards

Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India are required to be followed by NBFCs insofar as they are not inconsistent with any of the provisions of the Master Directions.

Fair Practices Code

All Applicable NBFCs having customer interface are required to adopt a fair practices code in line with the guidelines prescribed under the Master Directions. The Master Directions stipulate that such fair practices code should cover, inter alia, the form and manner of processing of loan applications; loan appraisal and terms and conditions thereof; and disbursement of loans and changes in terms and conditions of loans. The Master Directions also prescribe general conditions to be observed by Applicable NBFCs in respect of loans, and requires the board of directors of Applicable NBFCs to lay down a grievance redressal mechanism. Such fair practices code should preferably be in vernacular language or language understood by borrowers of the Applicable NBFCs.

Further, all Applicable NBFCs are to frame internal guidelines on corporate governance, enhancing the scope of the guidelines without sacrificing the underlying spirit of the guidelines stipulated in the Master Directions. The guidelines framed are required to be published on the NBFC's website for the information of various stakeholders.

Prevention of Money Laundering Act, 2002 ("PMLA")

The PMLA was enacted to prevent money laundering and to provide for confiscation of property derived from, or involved, in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA inter alia casts certain obligations on reporting entities (as defined under the PMLA) in relation to preservation of records and reporting of transactions.

Master Direction (Know Your Customer) Directions, 2016 dated February 25, 2016, as amended (the "KYC Directions")

The KYC Directions require regulated entities (as defined in such directions) to follow certain customer identification procedures while undertaking a transaction. These directions are applicable to every entity regulated by RBI, including scheduled commercial banks, regional rural banks, local area banks, primary (urban) co- operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non- banking companies and residuary non-banking companies, amongst others. Every entity regulated thereunder is required to adopt a 'know your customer' ("**KYC**") policy, duly approved by its board of directors, which shall include four key elements, namely, customer acceptance policy; risk management policy; customer identification procedures; and monitoring of transactions. Regulated entities are required to ensure compliance with the KYC policy through specifying 'senior management' for the purposes of KYC compliance; allocation of responsibility for effective implementation of policies and procedures; independent evaluation of compliance with KYC and anti-money laundering policies and procedures, including legal and regulatory requirements; concurrent/internal audit system for compliance to verify compliance with KYC and anti-money laundering; and submission of quarterly audit notes and compliance to the audit committee of the board of directors of the regulated entity.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Monitoring of Frauds Directions")

The Monitoring of Frauds Directions are applicable to all deposit taking NBFCs and NBFC-ND-SIs, and requires them to put in place a reporting system for recording of frauds. All frauds are required to be reported to the RBI. Fraud reports are required to be submitted to the Central Fraud Monitoring Cell of the RBI in case amount of fraud ₹ 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, 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.

In addition to the above IT Framework Directions, we are also required to comply with the Information Technology Act, 2000, as amended, and the rules framed thereunder.

Master Direction - Non- Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Auditor's Report Directions")

The Auditor's Report Directions set out disclosures that are to be included in every auditor's report on the accounts of an NBFC such as: (i) the validity of such NBFC's certificate of registration and whether the NBFC is entitled to continue to hold such certificate of registration in terms of its principal business criteria as of March 31 of the applicable year; and (ii) compliance with net owned fund requirements as laid down in the Master Directions.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 dated November 9, 2017 ("Outsourcing Directions")

The Outsourcing Directions specify the activities that cannot be outsourced and provide the basis for deciding materiality of outsourcing. It mandates the regulatory and supervisory requirements and risk management practices to be complied with by every NBFC before outsourcing its activities. Further, an NBFC intending to outsource any of the permitted activities under the Outsourcing Directions is required to formulate an outsourcing policy which is to be approved by its board of directors.

Guidelines on Risk-based Internal Audit ("RBIA") System for Select NBFCs and Urban Co-operative Banks (the "RBIA Guidelines")

RBIA for non-deposit taking NBFCs with an asset size of ₹50 billion and above (the "**RBIA Applicable NBFCs**"), was mandated by the RBI through its notification dated February 3, 2021 bearing reference number DoS.CO.PPG./SEC.05/11.01.005/2020-21. Under the RBIA Guidelines, RBIA Applicable NBFCs 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 RBIA Applicable NBFCs. Under the RBIA Guidelines, the board of directors of the RBIA Applicable NBFC must approve a policy clearly documenting the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from risk management function and the RBIA function. It'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 RBIA Applicable NBFCs should be conducted at least on an annual basis.

Circular dated June 24, 2021 on Declaration of Dividends by NBFCs ("Dividend Circular")

The Dividend Circular specifies, inter alia, certain minimum prudential requirements (relating to its capital adequacy, net NPA and other criteria) for an NBFC to be eligible to declare dividend, the maximum permissible dividend payout ratio, the considerations to be taken into account by the board of directors of an NBFC while considering the proposal to declare dividend (such as supervisory findings of the RBI on divergence in classification and provisioning of NPAs, qualifications in the auditors' report to the financial statements, and long term growth plans) and the manner of reporting details of dividends declared. The Dividend Circular will be applicable to NBFCs for the declaration of dividends from the profits of the financial year ending March 31, 2022 and onwards.

The Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "Ombudsman Scheme")

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of certain services rendered by particular categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith.

The Ombudsman Scheme, inter alia, establishes the office of the ombudsman, specifies the procedure for the redressal of grievances and the mechanism for appeals against the awards passed by the ombudsman.

Further, the RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the 'One Nation One Ombudsman' approach for grievance redressal. This is intended to make the process of redress of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point. The scheme was rolled out in June, 2021.

Pension Fund Regulatory and Development Authority Act, 2013, as amended (the "PFRDA Act")

The PFRDA Act establishes the Pension Fund Regulatory and Development Authority (the "**PFRDA**"). The PFRDA's functions include: (i) the promotion old age income security by establishing, developing and regulating pension funds; (ii) protecting the interests of subscribers to schemes of pension funds; and (iii) regulating other connected or incidental matters.

The PFRDA Act empowers the PFRDA to grant registrations and permit persons to act as a point of presence for the purpose of receiving contribution and instructions, transmitting them to a trustee bank or the central record keeping agency, as the case may be, and paying out benefits to subscribers. The PFDRA Act empowers the PFRDA to issue regulations, from time to time, to provide, inter alia, for: (a) the manner of receiving contributions and instructions and transmitting them to the trustee bank or central record keeping agency; (b) functioning of points of presence; and (c) the manner in which a pension fund may receive contributions, accumulate them and make payments to subscribers.

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 issued various circulars and prescribed other regulatory frameworks and relaxations governing NBFCs to deal with the disruptions caused by the COVID-19 pandemic.

Circular dated March 16, 2020

Pursuant to its circular dated March 16, 2020 (Reference No. RBI/2019-20/172 DoS.CO.PPG.BC.01/1L0T005/2019-20), the RBI provided an indicative list of actions to be taken by NBFCs as part of their operations and business continuity plans. Among others, the actions included taking steps to share important instructions/strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities from time-to-time, taking stock of critical processes and revisiting business continuity plan in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

Circulars dated March 27, 2020 and April 17, 2020

The RBI, pursuant to its circular dated March 27, 2020 (Reference No. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20), announced certain regulatory measures, including, inter alia, to mitigate the burden of debt servicing brought about by disruptions on account of the COVID-19 pandemic and to ensure the continuity of viable businesses. In furtherance of such circular, lending institutions were permitted to grant a moratorium of three months on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) equated monthly instalments; and (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations were granted in relation to the calculation of 'drawing power' in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**") to borrowers. Under the circular, such measures were not to be treated as a concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower under paragraph 2 of the Annexure to the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 ("**Prudential Framework**") and availing of such measures, by itself, was not to result in asset classification downgrade. The rescheduling of payments, including interest, did not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies ("**CICs**") by the lending institutions. CICs were instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also stated that wherever the exposure of a lending institution to a borrower is ₹50 million or above as on March 1, 2020, the lending institution was required to develop an MIS on the reliefs provided to its borrowers which was required to, inter alia, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted. Further, pursuant to its circular dated April 17, 2020 (Reference No. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20), the RBI provided detailed instructions in relation to (i) asset classification under the prudential norms on income recognition, asset classification and (ii) provisioning requirements.

Circular dated May 23, 2020

Pursuant to its circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20), the RBI further permitted lending institutions (including NBFCs) to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months, i.e., from June 1, 2020 to August 31, 2020. Such circular also permitted certain relaxations in respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions, subject to certain conditions.

The measures in relation to working capital facilities under the RBI circular dated May 23, 2020, were contingent on the lending institutions satisfying themselves that such measures are necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under this relaxation were subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions, accordingly, could put in place a board approved policy to implement the above measures.

Emergency Credit Line Guarantee Scheme dated May 23, 2020

The Government of India, through the Ministry of Finance, Department of Financial Services introduced the emergency credit line guarantee scheme ("**ECLGS**"). Pursuant to the ECLGS, the National Credit Guarantee Trustee Company, a wholly owned trustee company of the Government of India, provided a 100% credit guarantee with respect to eligible credit facilities extended by NBFCs in the form of additional term loans.

Special Liquidity Scheme for NBFCs/HFCs dated July 1, 2020 and the Partial Credit Guarantee Scheme

The Government of India approved the Special Liquidity Scheme for NBFCs and HFCs to improve the liquidity position of NBFCs through a special purpose vehicle to avoid potential systemic risks to the financial sector. In order to avail the scheme, NBFCs are required to, inter alia, (a) have made a net profit in one of the two preceding financial years; and (b) be rated investment grade by a SEBI registered rating agency. In accordance with the circular, the scheme is managed by a special purpose vehicle set up by a subsidiary of the State Bank of India, SBI Capital Markets Limited

The Partial Credit Guarantee Scheme ("**PCGS**") was introduced on December 11, 2019 to offer a sovereign guarantee for "first loss" to public sector banks for the purchase of pooled assets, from financially sound NBFCs, subject to certain conditions. Pursuant to a press release dated May 20, 2020, the PCGS was amended to increase the coverage offered by the scheme and the window under the PCGS was extended up to March 31, 2021.

Statement on Development and Regulatory Policies dated August 6, 2020

The RBI, through its 'Statement on Developmental and Regulatory Policies' dated August 6, 2020, stated that with the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, provided a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as standard (as set out under the Prudential Framework) subject to specified conditions.

Resolution Framework for COVID-19-related Stress dated August 6, 2020

The RBI has also issued a notification on August 6, 2020 titled 'Resolution Framework for COVID-19-related Stress' ("**COVID-19 Resolution Framework**", Reference No. RBI/2020-21/16

DOR.No.BP.BC/3/21.04.048/2020-21). Under the COVID-19 Resolution Framework, lending institutions were required to frame policies, as approved by their board of directors, for implementation of viable resolution plans for eligible borrowers pursuant to the COVID-19 Resolution Framework and ensure that the resolution plans under this facility were extended only to borrowers bearing stress on account of the COVID-19 pandemic. The resolution plan extended to eligible borrowers could be invoked anytime till December 31, 2020 and was to be implemented within 180 days from the date of invocation (within 90 days in case of personal loans.).

Restructuring of Advances to Micro, Small and Medium Enterprises

The RBI, pursuant to its circular dated August 6, 2020 titled 'Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances' ("**August 2020 Circular**", Reference No. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21), had permitted the classification of loans to MSMEs as 'standard' pursuant to their restructuring subject to certain conditions mentioned under such circular and the circular dated February 11, 2020 titled 'Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances' (Reference No. RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20). The RBI, pursuant to its circular dated May 5, 2021 titled 'Resolution Framework 2.0 - Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)' (Reference No. RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22) has extended the applicability of the August 2020 Circular, subject to certain conditions, including, that: (i) the borrower should be classified as a micro, small or medium enterprise as on March 31, 2021 in terms of the notification dated June 26, 2020 published by the Ministry of Micro, Small and Medium Enterprises; (ii) the aggregate exposure, including non-fund based facilities, of all lending institutions to such borrower should not exceed ₹250 million as on March 31, 2021; (iii) the borrower's account should have been a 'standard asset' as of March 31, 2021; and (iv) restructuring of the borrower's account is invoked by September 30, 2021. All the measures under the circular are contingent on lending institutions satisfying themselves that this is necessitated on account of the economic fallout from COVID-19.

Circular dated September 7, 2020 on resolution framework for COVID-19 related Stress - Financial Parameters

The RBI, pursuant to its circular dated September 7, 2020 (Reference No. RBI/2020-21/34 DOR.No.BP.BC/13/21.04.048/2020-21) on "Resolution Framework for COVID-19-related Stress - Financial Parameters", set out key ratios to be mandatorily considered while finalizing the resolution plans in respect of COVID-19 Resolution Framework. Further, it also prescribed sector specific thresholds to be considered by the lending institutions, intended as floors or ceilings. The resolution plans were required to take into account the pre- COVID-19 operating and financial performance of the borrower and impact of COVID-19 on its operating and financial performance at the time of finalizing the resolution plan, to assess the cash flows in subsequent years, while stipulating appropriate ratios in each case. Lending institutions were free to consider other financial parameters as well while finalizing the resolution assumptions in respect of eligible borrowers apart from the above mandatory key ratios and the sector-specific thresholds that have been prescribed.

TLTRO on Tap Scheme

The targeted long-term repo operations on tap scheme of the RBI ("**TLTRO on Tap Scheme**"), announced on October 9, 2020 focuses on liquidity measures and revival of activity in specific sectors and, allows banks to avail liquidity to be deployed in corporate bonds, commercial paper and non-convertible debentures issued by entities in such specified sectors. The liquidity availed by banks could also be used to extend bank loans and advances to these sectors. The RBI through its 'Statement on Developmental and Regulatory Policies' and its press release dated February 5, 2021 stated that NBFCs are well recognised conduits for reaching out last mile credit and act as a force multiplier in expanding credit to various sectors and accordingly, permitted funds from banks under the TLTRO on Tap Scheme to be provided to NBFCs for incremental lending to these sectors until March 31, 2021. The TLTRO on Tap Scheme has further been extended by a period of nine months i.e., up to December 31, 2021 with a view to increasing the focus of liquidity measures on revival of activity in specified sectors.

Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts

On October 23, 2020, the Ministry of Finance, Government of India announced a scheme for grant of ex-gratia payment of difference between compound interest and simple interest by way of reliefs for the six months period from March

1, 2020 to August 31, 2020, to borrowers in specified loan accounts ("**October 2020 Scheme**"), benefits of which would be routed through lending institutions. The October 2020 Scheme was applicable to all lending institutions, including, inter alia, banking companies, NBFCs and housing finance companies. Borrowers who had loan accounts with sanctioned limits and outstanding amounts not exceeding ₹20 million as on February 29, 2020 were eligible under the October 2020 Scheme, subject to certain conditions. Borrowers of the following classes of loans were eligible, namely (i) MSME loans; (ii) education loans; (iii) housing loans; (iv) consumer durable loans; (v) credit card dues; (vi) automobile loans; (vii) personal loans to professionals; and (viii) consumption loans.

Circular dated April 7, 2021 on Asset Classification and Income Recognition

The RBI, pursuant to the decision of the Supreme Court of India in Small Scale Industrial Manufactures Association v. Union of India, dated March 23, 2021, has issued a circular dated April 7, 2021 (the "**April 2021 Circular**", Reference No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22). The April 2021 Circular stipulates that all lending institutions (including NBFCs) are required to implement a board-approved policy to refund/adjust the "interest on interest" charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement. In order to ensure that the above judgement is implemented uniformly in letter and spirit by all lending institutions, the methodology for calculation of the amount to be refunded/adjusted for different facilities is required to be finalised by the Indian Banks Association in consultation with other industry participants/bodies, which shall be adopted by all lending institutions. The above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed, in terms of the circulars dated March 27, 2020 and May 23, 2020.

Further, in relation to asset classification, the April 2021 Circular stipulates that, (i) in respect of accounts which were not granted any moratorium in terms of the COVID-19 regulatory relief provided, asset classification is to be undertaken in terms of the criteria laid out in the Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015 (Reference No. RBI/2015-16/101 DBR.No.BP.BC.2/21.04.048/2015-16) or other relevant instructions as applicable to the specific categories of lending institutions; and (ii) in respect of accounts in relation to which a moratorium was granted in terms of the COVID-19 regulatory relief, the asset classification for the period from March 1, 2020 to August 31, 2020 shall be governed in terms of the circular dated April 17, 2020 (Reference No. RBI/2019-20/220

DOR.No.BP.BC.63/21.04.048/2019-20), read with circular dated May 23, 2020 (Reference No. RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20). For the period commencing September 1, 2020, asset classification for all such accounts shall be as per the applicable income recognition and asset classification norms.

Priority Sector Lending Classification

Pursuant to its 'Statement on Developmental and Regulatory Policies' and notification dated April 7, 2021, the RBI with a view to ensure continued availability of credit to specified sectors to aid faster economic recovery, decided to extend the priority sector lending ("**PSL**") classification for lending by banks to NBFCs for on-lending by six months i.e. up to September 30, 2021. Considering the increased traction observed in delivering credit to underserved/unserved segments of the economy, the facility was extended till March 31, 2022 vide RBI circular dated October 8, 2021. Previously, the PSL classification, allowing banks to classify lending to NBFCs for on-lending to agriculture/MSME/housing as PSL, was permitted till March 31, 2021.

Circular dated May 5, 2021 on Resolution Framework for Advances to Individuals and Small Businesses

Through its circular dated May 5, 2021 titled 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' (Reference No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021- 22), the RBI has permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying such credit exposures as 'standard' upon implementation of the resolution plan, subject to certain conditions specified under the circular. The lending institutions are required to frame policies, approved by the board of directors, pertaining to the implementation of viable resolution plans for eligible borrowers ensuring that the resolution under this facility is provided only to the borrowers having stress on account of COVID-19. The last date for invocation of resolutions under the window provided was September 30, 2021. The resolution plans implemented under this window may, inter alia, include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, and granting of moratorium, based on income streams of the borrower. The moratorium period, if granted, may be for a maximum of two years, and shall come into force immediately upon implementation of the resolution plan. The extension of the residual tenor of the loan facilities may also be granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium period if any permitted, shall be two years.

4. Revised Regulatory Framework for NBFCs

The RBI released a Discussion Paper dated January 22, 2021 on 'Revised Regulatory Framework for NBFCs - A Scale Based Approach' (the "**NBFC Discussion Paper**"), and had requested public comments thereon. Based on the inputs received, RBI on October 22, 2021 put in place a revised regulatory framework for NBFCs. These guidelines will be effective from October 1, 2022. The Revised Regulatory Framework for NBFCs contemplates the following layers of NBFCs:

i. **Base Layer:** The Base Layer shall comprise of (a) non-deposit taking NBFCs below the asset size of ₹1000 crore and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

ii. **Middle Layer:** The Middle Layer shall consist of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

iii. **Upper Layer:** The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

iv. **Top Layer**: The Top Layer will ideally remain empty. This layer can get populated if the Reserve Bank is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer.

The Revised Regulatory Framework for NBFCs also prescribes specific regulatory changes for each of the different layers in the regulatory structure, that is, capital guidelines, prudential guidelines, governance guidelines and the transition path.

Other Regulations

In addition to the above, our Company is required to comply with the provisions of the Companies Act, intellectual property laws, labour laws, shops and establishment legislations in various states, various tax related legislations and other applicable statutes for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Five-Star Business Credits Private Limited at Chennai, Tamil Nadu as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 7, 1984, issued by the RoC. Our Company was converted from a private limited company to a public limited company pursuant to board resolution dated September 7, 1988 and special resolution passed by the Shareholders at the EGM dated October 3, 1988. Consequently, the name of our Company was changed from 'Five-Star Business Credits Private Limited' to 'Five-Star Business Credits Limited' and the certificate of incorporation was amended on October 3, 1988. The name of our Company was subsequently changed to 'Five-Star Business Finance Limited' pursuant to board resolution dated March 25, 2015 and special resolution passed by our Shareholders at the EGM held on April 12, 2016 to align with the objects of the Company, and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on May 13, 2016. Our Company is registered with the RBI to carry on the business of non-banking financial institution without accepting public deposits (certificate of registration no. B-07.00286). For details, see "*Government and Other Approvals*" beginning on page 345.

Changes in the Registered Office

Except as disclosed below, there has been no change in the registered office of our Company since the date of incorporation.

Date of change of registered office	Details of change in the registered office	Reasons for change in the registered office
February 27, 2019	Shifting of the registered office of the Company from 39, Outer Circular Road, Kilpauk Garden Colony, Chennai 600 010, Tamil Nadu to New No. 27, Old No. 4, Taylors Road, Kilpauk, Chennai 600 010, Tamil Nadu, India	Ease of operations

Main objects of our Company

The main objects contained in our Memorandum of Association are as follows:

"1. To carry on the business of Hire-purchase financing in all its branches and without prejudice to the generality of the foregoing, to finance for the Hire-purchase of movable properties of any kind including motor vehicles of all kinds of electronic, electrical goods such as air-conditioners, refrigerators, televisions or transistors and financing for the hire-purchase agreement relating to acquisition or development of plots of land or the acquisition or construction of houses and granting loans and advances for the purchase of plant and machinery under hire-purchase agreement.

2. To carry on the business of financing for any person, firm, company, association or institution, upon security of his or their undertakings, estate, assets, movable or immovable property or any part thereof or without security, upon such terms and conditions as may be deemed expedient and take such security either in the shape of mortgage, hypothecation, pledge or in any other form.

3. To carry on the business of buying and selling, hiring and letting on hire, leasing and letting on lease of movable properties of all kinds including plant, machinery, cold storage, refrigerators, air-conditioning machinery and equipment, internal communicating systems and equipment, computer, computer programme, software, office equipment of all kinds, security systems, tractors, tillers, commercial vehicles and motor vehicles of all kinds.

4. To carry on all kinds of guarantee and indemnity business and in particular to guarantee the payment of any money and the performance of any contract or obligation by any person, firm, company, association or institution.

5. To carry on the business of Merchant Bankers, Underwriters, Stock Brokers/ Sub Brokers, Portfolio Managers, Financial Consultants in all their aspects in India and outside and Foreign Exchange Dealers."

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried on by us.

Amendments to our Memorandum of Association in the last 10 years

The amendments to our Memorandum of Association in the last 10 years are set out below.

Date of Shareholders' resolution	Details of the amendments
February 21, 2014	Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital from ₹ 70,000,000 (Rupees Seventy Million) divided into 7,000,000 (Seven Million) equity shares

Date of Shareholders' resolution	Details of the amendments
	of ₹ 10 each to ₹ 120,000,000 (Rupees One Hundred and Twenty Million) divided into 12,000,000 (Twelve Million) equity shares of ₹ 10 each
March 28, 2015	Amendment of Clause III of our Memorandum of Association to make it in compliance with Section 4 and Section 13 of the Companies Act, 2013 read with the rules made thereunder, as stated below: III. (A) The main objects to be pursued by the company on its operations are: 1. To carry on the business of Hire-purchase financing in all its branches and without prejudice to the generality of the foregoing, to finance for the hire-purchase of movable properties of any kind including motor vehicles of all kinds of electronic, electrical goods such as air-conditioners, refrigerators, televisions or transistors and financing for the hire-purchase agreement relating to acquisition or development of plots of land or the acquisition or construction of houses and granting loans and advances for the purchase of plant and machinery under hire-purchase agreement. 2. To carry on the business of financing for any person, firm, company, association or institution, upon security of his or their undertakings, estate, assets, movable or immovable property or any part thereof or without security, upon such terms and conditions as may be deemed expedient and take such security either in the shape of mortgage, hypothecation, pledge or in any other form. 3. To carry on the business of buying and selling, hiring and letting on hire, leasing and letting on lease of movable and immovable properties of all kinds including plant, machinery, cold storage, refrigerators, air-conditioning machinery and equipment, internal communicating systems and equipments, computer, computer programme, software, office equipments of all kinds, security systems, tractors, tillers, commercial vehicles and motor vehicles of all kinds. 4. To carry on all kinds of guarantee and indemnity business and in particular to guarantee the payment of any money and the performance of any contract or obligation by any person, firm, company, association or institution. 5. To carry on the business of the Merchant Bankers, Issue House, Underwriters, Stock Brokers/ Sub Brokers, Stock Transfer Agents, Portfolio Managers, Market Makers, Investment Counsellor, Financial Consultants, Managers and Administrators or Capital Market Funds in all their aspects in India and outside and Foreign Exchange Dealers. 6. To carry on the business of house builders, property developers and contractors and to construct, purchase or otherwise acquire residential flats, commercial complex, factories, warehouses, godowns and other buildings and to sell, transfer or otherwise dispose of the same as the Board may deem fit, and also to finance for such building activities. III(B). Matters which are necessary for furtherance of the objects specified in clause III(A) are: 1. To draw, accept, endorse, discount, execute promissory notes, bills of exchange, bills of lading, bonds, warrants, debentures and other negotiable or transferable instruments. 2. To open current depositor savings account with any bank and to operate the same and to apply for and enjoy credit and other facilities from banks. 3. To amalgamate, enter into partnership or into any agreement for sharing profits, union of interest, co-operation, joint venture or reciprocal concession with any person, or firm or company carrying on or engaged in or about to carry on or engage in, any business or transaction which this company is authorized to carryon, or, engage in, so as to directly or indirectly benefit the company. 4. To enter into any arrangement with any government of State or Central, local authority or any person for the purpose of carrying out the objects of the company or furthering its interest and to obtain from any such government or authority or person any charities, subsidies, loans, grants, contracts, licences, rights, concessions, privileges which the company may think it desirable to obtain and exercise and comply with any such arrangements, rights, privileges and concessions. 5. To purchase or otherwise acquire and undertake the whole or any part of the business of any person, firm or company carrying on any business which this company is authorized to carry on. 6. To promote and form and to be interested in, and take, hold and dispose of shares in other companies, to transfer to any such company the property of this company, and to take or

Date of Shareholders' resolution	Details of the amendments
	otherwise acquire, hold and dispose of shares, debentures and other securities in or of any such company, and subsidise or otherwise assist any such company. 7. To apply for, promote and obtain the incorporation, registration, or other recognition of the company, in any state or place and to establish and regulate agencies for the purpose of the company's business and to apply or join in applying to any parliament, local government, municipal or other authority or body, Indian or foreign for any acts of parliament laws, decrees, concession orders, rights or privileges that may seem conducive to the company's objects, or any of them, and to oppose any proceedings or application which may seem calculated directly or indirectly to prejudice the company's interests. 8. To acquire any movable and immovable property, which the company may think it desirable to acquire by way of investment or with a view to resell or otherwise and to pay for the same. 9. To sell, lease, mortgage, exchange or otherwise dispose of the property, assets, or undertaking of the company or any part thereof for such consideration as the company may think fit, either for cash or for shares or other securities of any other company whether or not having objects altogether or in part similar to those of this company. 10. To acquire and hold by way of investment metals, bullion, gold and silver, silver articles, diamonds, precious stones, ornaments and jewellery and painting and coins and manuscripts and objects of art and to pay for the same either in cash or otherwise. 11. To undertake, carry out, promote and sponsor rural development comprising of any programme for the betterment of people of any rural area with a view to promote the social and economic status of the masses in those areas and to incur any expenditure on any rural development programme and to assist in the execution and promotion thereof whether directly or indirectly. 12. To undertake, carry out, promote, sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the company to the public or any section of the public as also any activity which the Directors may consider to be social and moral responsibilities of the company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare of social, economic or moral uplift of the public or any section of the public and in such manner and by such means as the Directors may think fit. 13. To receive money, securities and valuables of all kinds as deposits or for safe custody and generally to carry on the business of a safe deposit company. 14. To borrow or raise money or to accept deposits within the permissible limits without doing any banking business as defined in the Banking Regulation Act,1949 and in security for the money so borrowed or raised to mortgage, charge or hypothecate or pledge the property of the company and to purchase, redeem or pay off any such securities. 15. To invest the surplus funds of the company from time to time in government securities or in other securities as may from time to time be determined by the Directors and to sell or vary all such investments and to execute all assignments, transfers and receipts and documents that maybe necessary in that behalf from time to time. 16. To manage, sell and realize any movable or immovable property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims. 17. To pay out of the funds of the company all expenses which the company may lawfully pay with respect to the formation and registration of the company. 18. To insure with any person or company against losses, damages, risks, and liabilities of any kind which may affect the company either wholly or partially. 19. To provide for and furnish or secure to any members or customers of the company or to any subscribers to or purchases or possessors of any publication of the company, or of any coupons or tickets issued with any publications of the company, any conveniences, advantages, benefits or special privileges which may seem expedient and either gratuitously or otherwise. 20. To provide for the welfare of the Managing Directors, and the employees or ex-Managing Directors, ex-Directors, ex-employees of the company and the wives, widows and families or the dependents of such persons, by building or contributing to building of houses, dwellings or chawls, or by grants of money pensions, providing insurance, allowance, bonus or other

Date of Shareholders' resolution	Details of the amendments
	payments or by creating and from time to time subscribing or contributing to Provident Fund or other associations, institutions, funds or trusts, and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the company shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, or other institutions, associations and objectives which shall have any moral or claim to support and aid by the Company either by reason of locality of operation or of public and general utility otherwise, subject to the provisions of the Companies Act, 1956. 21. To employ experts to investigate and examine into the condition, management prospects, value, character and circumstances of any business concern and undertaking and generally of any assets, property or rights. 22. To purchase, take on hire, or on lease and construct, maintain or later any building, store godown or office for the purpose of the company. 23. To help any charitable or benevolent object or to make donations to any national or public society subject to the provisions of the Companies Act, 1956. 24. To undertake and execute trusts. 25. To adopt such means of making known the business of the company as may seem expedient and in particular by advertisement in the press or by circulars, or by publication of books and periodicals or exhibition of works of art or interest and by the grant of prizes and donations, subject to provisions of the Companies Act, 1956. 26. To do all or any of the above objects in any part of the world in any capacity. 27. To open branches in any part of this country for the purpose of the company. 28. To carry on the business of financial advisers. 29. To carry on the business as auctioneers, underwriters, trustees and brokers. 30. To carry on the business of importers, exporters, buyers, sellers, traders and dealers in Motor Vehicles of all kinds and electronic and electrical goods of all kinds. 31. To act as selling and purchasing or other agents of manufacturing companies, insurance agents, publicity and advertising agents, and also to provide specialised services in investor relations relating to the above objects. 32. To purchase or otherwise, acquire agricultural lands and to carry out all agro-based activities including development of land as timberland and coconut gardens, rubber estate, mango groves and other agricultural farms for the benefit of company and to finance for such agricultural operations.
April 12, 2016	Amendment to Clause I of our Memorandum of Association to reflect change in name of the Company from 'Five-Star Business Credits Limited' to 'Five-Star Business Finance Limited'
April 12, 2016	Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital from ₹ 120,000,000 (Rupees One Hundred and Twenty Million) divided into 12,000,000 (Twelve Million) equity shares of ₹ 10 each to ₹ 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 (Twenty Million) equity shares of ₹ 10 each
July 14, 2016	Amendment to Clause III of our memorandum of Association to ensure compliance with foreign exchange laws: 1. Clause III(A)(3) was amended from "*3. To carry on the business of buying and selling, hiring and letting on hire, leasing and letting on lease of movable and immovable properties of all kinds including plant, machinery, cold storage, refrigerators, air-conditioning machinery and equipment, internal communicating systems and equipments, computer, computer programme, software, office equipments of all kinds, security systems, tractors, tillers, commercial vehicles and motor vehicles of all kinds*" to "*To carry on the business of buying and selling, hiring and letting on hire, leasing and letting on lease of movable properties of all kinds including plant, machinery, cold storage, refrigerators, air-conditioning machinery and equipment, internal communicating systems and equipment, computer, computer programme, software, office*

Date of Shareholders' resolution	Details of the amendments
	equipment of all kinds, security systems, tractors, tillers, commercial vehicles and motor vehicles of all kinds. 2. Clause III(A)(5) was amended from "*To carry on the business of the Merchant Bankers, Issue House, Underwriters, Stock Brokers/ Sub Brokers, Stock Transfer Agents, Portfolio Managers, Market Makers, Investment Counsellor, Financial Consultants, Managers and Administrators or Capital Market Funds in all their aspects in India and outside and Foreign Exchange Dealers.*" to *"To carry on the business of Merchant Bankers, Underwriters, Stock Brokers/ Sub Brokers, Portfolio Managers, Financial Consultants in all their aspects in India and outside and Foreign Exchange Dealers."* 3. Clause III(A)(6) was deleted in its entirety.
July 28, 2018	Clause III(B) of the Memorandum of Association was amended: 1. Clause III(B)(2) was amended to: "*To open current or deposit account with any bank and to operate the same and to apply for and enjoy credit facilities from banks*"; 2. Clause III(B)(13) was amended to: "*To receive securities and valuables of all kinds for safe custody and generally to carry on the business of a safe deposit company*"; 3. Clause III(B)(14) was amended to: "*To borrow or raise money within the permissible limits without doing any banking business as defined in the Banking Regulation Act, 1949 and in security for the money so borrowed or raised to mortgage, charge or hypothecate or pledge the property of the company and to purchase, redeem or pay off any such securities*"; and 4. Clause III(B)32 was deleted in entirety;
July 28, 2018	Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital from ₹ 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 (Twenty Million) equity shares of ₹ 10 each to ₹ 300,000,000 (Rupees Three Hundred Million) divided into 30,000,000 (Thirty Million) equity shares of ₹ 10 each
November 13, 2019	Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital pursuant to scheme of arrangement of our Company with Five-Star Housing Finance Private Limited dated March 17, 2020 from ₹ 300,000,000 (Rupees Three Hundred Million) divided into 30,000,000 (Thirty Million) equity shares of ₹ 10 each to ₹ 550,000,000 (Rupees Five Hundred and Fifty Five Million) divided into 55,000,000 (Fifty Five Million) equity shares of ₹ 10 each
October 8, 2021	Amendment to Clause V of our Memorandum of Association to reflect increase in the authorised share capital pursuant to sub-division of shares from ₹ 550,000,000 (Rupees Five Hundred and Fifty Million) divided into 55,000,000 (Fifty Five Million) equity shares of ₹ 10 each to ₹ 550,000,000 (Five Hundred and Fifty Five Million) divided into 550,000,000 (Five Hundred and Fifty Five Million) equity shares of ₹1 each

Major events in the history of our Company

The table below sets forth the key events in the history of our Company:

Fiscal	Particulars
1984	Incorporation of our Company
1988	Conversion from a private limited company to a public limited company
2006	Rearranged portfolio for advances by moving focus to financing in immoveable properties
2010	Loan book crossed ₹ 250.00 million
2013	Opened our 25th branch
2014	Expanded our geographical presence outside Tamil Nadu to Karnataka and Andhra Pradesh Investment of ₹ 170.00 million by Matrix Holdings; Loan book crossed ₹ 1,000 million
2015	Investment of ₹ 156.00 million by Matrix Holdings
2017	Crossed 100 branches; Expanded our geographical presence to Telangana
2020	Crossed 200 branches
2021	Loan book crossed ₹ 40,000 million

As on the date of this Draft Red Herring Prospectus, our Company has not received any awards or accreditations.

Corporate Profile of our Company

For details in relation to our corporate profile including details of our business, profile, activities, services, market, growth, competition, launch of key products, entry into new geographies or exit from existing markets, customers, technology, and managerial competence, see "*Our Business*", "*Our Management*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Risk Factors*" beginning on pages 156, 204, 309, and 21, respectively.

Time and cost over-runs

There have been no time and cost over-runs in respect of our business operations.

Defaults or re-scheduling, restructuring of borrowings with financial institutions/banks

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Company from any financial institutions or banks.

Significant financial or strategic partners

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see "*Our Business*" and "*- Major events in the history of our Company*" on pages 156 and 200, respectively.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamations or any revaluation of assets, in the last 10 years

Except as disclosed below, our Company has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets in last 10 years.

Scheme of Arrangement between Five-Star Housing Finance Private Limited and our Company

Five-Star Housing Finance Private Limited, an erstwhile wholly-owned subsidiary of our Company and our Company filed a scheme of arrangement under Section 233 of Companies Act, 2013 to Regional Director, Chennai to transfer, on a going concern basis, the business of providing housing finance loans and undertaking of Five-Star Housing Finance Private Limited ("**Transferor Company**"), and vest such business of Transferor Company in our Company ("**Transferee Company**") (the "**Scheme of Arrangement**"). Pursuant to the Scheme of Arrangement, the undertaking of the Transferor Company comprising their entire business, all secured and unsecured debts, liabilities, duties and obligations and all the assets, and properties, of whatsoever nature and wheresoever situated, including the immovable properties, if any, was transferred to and vested in and/or deemed to be transferred to and vested in the Transferee Company as a going concern so as to become the undertaking of the Transferee Company and vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein. The Scheme of Arrangement was approved by the Regional Director, Chennai on March 17, 2020 ("**Approval**"). The Transferor Company being a wholly owned subsidiary of the Transferee Company, there was no issue or allotment of shares of the Transferee Company to the shareholders of the Transferor Company.

The Scheme of Arrangement came into effect from April 1, 2019, being the appointed date.

Holding Company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our Subsidiary, Associates and Joint Ventures

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary, associate or joint ventures.

Accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses that have not been accounted for or consolidated by our Company.

Agreements with Key Managerial Personnel, Director, Promoter, or any other employee

Other than employee stock option agreements entered into with option grantees under our ASOPs, there are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company. For further details, see "*Capital Structure*" on page 62.

Shareholders' agreements and other agreements

Key terms of shareholders' agreements

Amended and Restated shareholders' agreement dated March 25, 2021 entered into amongst the Company, Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Limited, EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd. (collectively, the "Investors"), Lakshmipathy Deenadayalan ("Promoter 1") and certain of his family members (as detailed under part A of Schedule 1 of the aforesaid agreement) ("SHA")

The parties have entered into the SHA to govern their *inter-se* rights including those relating to management and operations of the Company. These include (i) certain restrictions on transfer of Equity Shares held by the shareholders; (ii) tag-along and drag along rights of certain Investors; (iii) information rights; (iv) pre-emptive rights; and (v) certain board nomination rights. In addition, the SHA also provides that the Company shall use best endeavours to provide Investors with an Exit, including by way of an IPO.

The Promoters shall not, without the prior written approval of each of the qualifying investors (as defined in the SHA), transfer any Equity Shares owned by them, other than any transfer pursuant to a drag sale, as defined in and in accordance with the SHA. Each of the Investors and/or their respective affiliates (who hold any Equity Shares) shall be entitled to transfer the Equity Shares to any person without any restriction whatsoever, provided that no Investor (as defined in the SHA) shall be permitted to transfer any Equity Shares: (a) to a restricted person; or (b) to a specified competitor (both as defined in the SHA), except as permitted in the SHA.

Further, pursuant to the SHA, each of the Investors have a right to nominate and appoint one director on the board as long as it hold equity shares equal to or more than 5% of the total share capital of the Company on a fully diluted basis at the relevant time. Similarly, for as long as an Investor holds Equity Shares equal to or more than 4% of the total share capital of the Company on a fully diluted basis at the relevant time, such Investor shall have the right to appoint one observer to attend the meetings of the Board.

The Company and Promoter 1 shall use their best endeavours to conduct and consummate an IPO, before August 3, 2023 ("**Exit Date**"). In the event the IPO is not completed on or before the Exit Date, Promoter 1 and the Company shall, within 30 (thirty) days of receiving a notice from any Investor (with respect to the Equity Shares held by such Investor) ("**Third Party Sale Notice**"), appoint an investment bank and initiate the process of the third party secondary sale (as defined in the SHA). Promoter 1 and Company shall, and Promoter 1 shall procure that the Company shall, subject to having received a third party sale notice, use its best endeavours to consummate the third party secondary sale (as defined in the SHA), within a period of 1 (one) year from the Exit Date.

Waiver Cum Amendment Agreement dated October 8, 2021 entered into amongst the Company, Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Limited, EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members (as detailed under part A of Schedule 1 of the agreement) ("Termination Agreement")

Our Company has entered into a waiver and termination agreement dated October 8, 2021 with Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Ltd., EGCS Investment Holdings, Sequoia Capital Global growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members (as detailed under part A of Schedule 1 of the SHA) which provides for the termination of the SHA, upon receipt of listing and trading approval of the Equity Shares of the Company on the Stock Exchanges pursuant to the Offer ("**Consummation of IPO**"). Pursuant to the terms of the Termination Agreement, each party has consented to the issue and transfer of equity shares pursuant to the Offer and waive transfer restrictions in this regard. From the date of Consummation of the IPO, subject to the receipt of the requisite regulatory authorization and corporate authorizations (including shareholder approval in the manner prescribed by SEBI) post-listing of the Equity Shares of the Company, Matrix Partners India Investment Holdings II, LLC, SCI Investments V and Lakshmipathy Deenadayalan shall have the right to nominate one director each to the Board, as per the conditions set out in the Articles of Association of our Company. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 387. Further, from the date of Consummation of the IPO, in the event NVP (together with its affiliates, the "**NVP Group**") holds 5% or more shares in the Company, NVP's voting rights will get limited to 4.99999 % of any class of shares of the Company, on account of applicable regulatory restrictions under the US Bank Holding Company Act of 1956, however, such voting restriction will not apply to the NVP Group. Further, in terms of the Articles of Association of the Company, subject to the receipt of the requisite regulatory authorization and corporate authorizations (including shareholders' approval in the manner prescribed by SEBI), Lakshmipathy Deenadayalan shall continue to be the Chairman of the Board as long as he is classified as a "promoter" of our Company. The Termination Agreement shall *ipso facto* terminate if the proposed initial public offering of the Equity Shares is not completed within a period of 12 months from the date of execution of the Termination Agreement or the date on which the Company and Selling Shareholders, in consultation with the Book Running Lead Managers, decide not to undertake the Offer, whichever is earlier.

Key terms of other subsisting material agreements

Our Company has not entered into any material agreement including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company.

OUR MANAGEMENT

In terms of our Articles of Association, our Company can have a maximum of fifteen Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors, including our Chairman and Managing Director, four Independent Directors (including one woman Director), three Non-Executive Directors.

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

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
1.	**Lakshmipathy Deenadayalan** **Designation:** Chairman and Managing Director **Term:** Term of five years from June 1, 2017 **Address:** No. 39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk, Chennai 600 010, Tamil Nadu, India **Occupation:** Business **Date of Birth:** February 9, 1974 **DIN:** 01723269 **Age:** 47 years	Nil
2.	**Anand Raghavan** **Designation:** Independent Director **Term:** Five years from July 28, 2021 **Address:** 22/1, Warren Road, Mylapore, Chennai 600 004, Tamil Nadu, India **Occupation:** Consulting **Date of Birth:** June 4, 1961 **DIN:** 00243485 **Age:** 60 years	**Indian Companies** • Chennai International Centre • SK Finance Limited • Jasmine Concrete Exports Private Limited • Nani Palkhivala Arbitration Centre • Sterling Holiday Resorts Limited
3.	**Srinivasaraghavan Thiruvallur Thattai** **Designation:** Independent Director **Term:** Five years from August 25, 2021 **Address:** New No. 9, Old No. 5, III Street Kasturi Estates, Chennai 600 086, Tamil Nadu, India **Occupation:** Service **Date of Birth:** January 19, 1955 **DIN:** 00018247 **Age:** 66 years	**Indian Companies** • Brakes India Private Limited • Finance Industry Development Council • Royal Sundaram General Insurance Company Limited • Sundaram Business Services Limited • Sundaram Finance Holdings Limited • Sundaram Finance Limited • Sundaram Home Finance Limited • Turbo Energy Private Limited
4.	**Bhama Krishnamurthy**	**Indian Companies**

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
	Designation: Independent Director **Term:** Five years from April 12, 2021 **Address:** 401, Fourth Floor, Avarsekars Srushti, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India **Occupation:** Retired from service **Date of Birth:** December 19, 1954 **DIN:** 02196839 **Age:** 66 years	• Cholamandalam Investment and Finance Company Limited • CSB Bank Limited • E-Eighteen.com Limited • Muthoot Microfin Limited • Network 18 Media & Investments Limited • Poonawalla Housing Finance Limited • Reliance Industrial Infrastructure Limited • Thirumalai Chemicals Limited
5.	**Ramanathan Annamalai** **Designation:** Independent Director **Term:** Fifteen months from February 26, 2021 **Address:** Plot No. 28, 18th Street, Tansi Nagar, Velachery, Chennai 600 042, Tamil Nadu, India **Occupation:** Business **Date of Birth:** December 25, 1948 **DIN:** 02645247 **Age:** 72 years	**Indian Companies** • Asirvad Micro Finance Limited • Hindusthan Microfinance Private Limited • IIFL Samasta Finance Limited • Magalir Micro Capital Private Limited • Mangal Credit and Fincorp Limited • South India Finvest Private Limited • Svasti Microfinance Private Limited • Tattva Fincorp Limited
6.	**Ravishankar Ganapathyagraharam Venkataraman** **Designation:** Non-Executive Director* **Term:** Liable to retire by rotation **Address:** Villa Gw09, 77 East, 77 Town Centre Yemlur Main Road, Marathahalli Colony, Bangalore 560 037, Karnataka, India **Occupation:** Professional **Date of Birth:** April 4, 1978 **DIN:** 02604007 **Age:** 43 years	**Indian Companies** • Capfloat Financial Services Private Limited • Faces Cosmetics India Private Limited • Finova Capital Private Limited • Fintech Blue Solutions Private Limited • Go Fashion (India) Limited • Homevista Decor and Furnishings Private Limited • Indigo Paints Limited • K12 Techno Services Private Limited • Prataap Snacks Limited • Rebel Foods Private Limited • Rupeek Fintech Private Limited • Sequoia Capital India Advisors Private Limited • Suburban Diagnostics (India) Private Limited

S. No.	Name, DIN, designation, term, period of directorship, address, occupation, date of birth and age	Other Directorships
		• Think & Learn Private Limited
7.	**Vikram Vaidyanathan** **Designation:** Non-Executive Director** **Term:** Liable to retire by rotation **Address:** GW 45, Divyasree 77, East Yemalur Main Road, Yemalur, Bangaluru 560 037, Karnataka, India **Occupation:** Service **Date of Birth:** October 13, 1981 **DIN:** 06764019 **Age:** 40 years	**Indian Companies** • AF Capital Private Limited • Amica Financial Technologies Private Limited • Goddard Technical Solutions Private Limited • MSwipe Capital Private Limited • MSwipe Technologies Private Limited • OFB Tech Private Limited • Ola Financial Services Private Limited • Ver Se Innovation Private Limited
8.	**Thirulokchand Vasan** **Designation:** Non-Executive Director **Term:** Liable to retire by rotation **Address:** 1/143/1C, Thilak Street, Paneer Nagar, Mogappair East, Tiruvallur 600 037, Tamil Nadu, India **Occupation:** Professional **Date of Birth:** January 25, 1976 **DIN:** 07679930 **Age:** 45 years	Nil

** As a nominee of SCI Investments V*
*** As a nominee of Matrix Partners India Investment Holdings II, LLC*

Brief Biographies of Directors

Lakshmipathy Deenadayalan is the Chairman and Managing Director on the Board of our Company. He holds a bachelor's degree in engineering in computer science and engineering from the University of Madras. He was a member of the managing committee of Finance Companies' Association (India). He was first appointed as a director on the Board of our Company on June 21, 2002.

Anand Raghavan is an Independent Director on the Board of our Company. He is a member of the Institute of Chartered Accountants of India. He was associated as a Partner with Ernst and Young LLP for ten years. He has served as a member of the committee on functioning of asset reconstruction companies formed by the RBI and the committee to formulate schemes for revival of MSMEs constituted by the Government of Tamil Nadu. He has previously served as Vice President – Corporate Affairs of Sundaram Finance Limited. He has been serving as a director on the Board of our Company from July 28, 2016.

Srinivasaraghavan Thiruvallur Thattai is an Independent Director on the Board of our Company. He holds a bachelor's degree in commerce from the University of Madras and a master of business administration degree from Gannon College, Commonwealth of Pennsylvania. He has wide range of experience in the financial services industry and has served close to two decades as director of Sundaram Home Finance Limited and is currently the chairman and director of Sundaram Finance Holdings Limited. He has been serving as an independent director on the Board of our Company from August 25, 2021.

Bhama Krishnamurthy is an Independent Director on the Board of our Company. She holds a master of science degree from University of Mumbai. She is on the board of directors of several companies such as Muthoot Microfin Limited, Cholamandalam Investment and Finance Company Limited and Reliance Industrial Infrastructure Limited. In the past, she served as Chief General Manager of Small Industries Development Bank of India. She has experience of over 36 years in the field of financial services. She has been serving as an independent director on the Board of our Company from April 12, 2016.

Ramanathan Annamalai is an Independent Director on the Board of our Company. He holds a master of business administration from the University of Madras. He was previously associated with National Bank for Agriculture and Rural Development. He has been serving as an independent director on the Board of our Company from February 26, 2016.

Ravishankar Ganapathyagraharam Venkataraman is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in computer science and engineering from Bharathidasan University and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He has over 16 years of experience in private equity funds. Previously, he was associated with McKinsey & Company, Inc. Presently, he is associated with Sequoia Capital India LLP, where he acts as the managing partner and with Sequoia Capital India Advisors Private Limited, where he acts as the managing director. He has been serving as a director on the Board of our Company from August 18, 2017.

Vikram Vaidyanathan is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in engineering from Visveswaraiah Technological University, Belgaum and a post graduate diploma in management from India Institute of Management, Bangalore. He is a director on the board of, *inter alia*, Ver Se Innovation Private Limited and OFB Tech Private Limited. He has been serving as a director on the Board of our Company from August 21, 2015.

Thirulokchand Vasan is a Non-Executive Director on the Board of our Company. He holds a diploma in hotel management and catering technology from Empee Institute of Hotel Management and Catering Technology, Madras. He was previously associated with Indus Hospitality Careers and Training Private Limited, Cruise Ships Catering and Services International N.V, Carnival Cruise Lines Inc and Oriental Hotels Limited. He has been serving as a director on the Board of our Company from December 15, 2016.

Relationship between our Directors and Key Managerial Personnel

None of our Directors are related to each other or to any of the Key Managerial Personnel.

Confirmations

None of our Directors is, or was, a director of any listed company during the last five years 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.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of our Directors 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.

None of our Directors have any interest in any property purchased or acquired in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be purchased or acquired by our Company or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Terms of Appointment of our Executive Director

Lakshmipathy Deenadayalan – Chairman and Managing Director

Lakshmipathy Deenadayalan was initially appointed as an Executive Director with effect from July 1, 2002. Most recently, he has been appointed as the Chairman and Managing Director of our Company for a term of five years with effect from June 1, 2017, pursuant to the resolutions passed by our Board on May 23, 2017 and Shareholders at the AGM held on September 28, 2017.

Further, pursuant to resolution of our Board dated June 10, 2020 and a resolution passed by the Shareholders dated August 31, 2020 our Company has set out the terms of his remuneration in accordance with the provisions of sections 196, 197 and 203 read with Schedule V of the Companies Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. A description of remuneration payable to Lakshmipathy Deenadayalan with effect from April 1, 2021, as per the board resolution dated May 28, 2021 and the shareholders' approval in the annual general meeting dated August 6, 2021 is provided below:

Particulars	Amount (in ₹)
Remuneration Details	
Salary	3.38 million per month
Commission	Commission and perquisites not exceeding 1.5 times of the annual salary and together (salary, commission and perquisites) not exceeding 5% of the net profits of the company, calculated as per the provisions of Section 198 of the Companies Act, 2013.

Payment or benefit to Directors of our Company

Details of the sitting fees or other remuneration paid to our Directors in Financial Year 2021 are set forth below.

Remuneration to our Executive Director

Details of the remuneration paid to our Chairman and Managing Director in Financial Year 2021 is set forth below:

S. No.	Name of executive Director	Remuneration (in ₹ million)
1.	Lakshmipathy Deenadayalan	50.21*

*Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Remuneration to our Non-Executive Directors

Pursuant to resolution passed by our Board dated May 28, 2021, our Non-Executive Directors and Non-Executive Independent Directors are entitled to receive sitting fees of ₹ 0.05 million per sitting for every meeting of the Board. Additionally, our Non-Executive Directors and Non-Executive Independent Directors are also entitled to receive sitting fees of ₹ 0.04 million per sitting for every meeting of the audit committee, nomination and remuneration committee, corporate social responsibility committee and risk management committee. Details of the remuneration paid to the Non-Executive Directors of our Company in the Financial Year 2021 are set forth below.

S. No.	Name of Non-Executive Directors	Directors Sitting Fees (in ₹ million)	Commission (in ₹ million)	Total (in ₹ million)
1.	Ramanathan Annamalai	0.26	0.30	0.56
2.	Srinivasaraghavan Thiruvallur Thattai*	Nil	Nil	Nil
3.	Anand Raghavan	0.32	0.30	0.62
4.	Bhama Krishnamurthy	0.32	0.30	0.62
5.	Thirulokchand Vasan	0.15	0.30	0.45
6.	Balaram Haribabu[#]	0.20	0.30	0.50
7.	Lankupalli Raviprasad Raghavan[#]	0.15	0.30	0.45

* *Srinivasaraghavan Thiruvallur Thattai joined the Board of the Company on August 25, 2021*
[#] *Balaram Haribabu and Lankupalli Raviprasad Raghavan resigned from the Board of the Company on October 21, 2021*

Ravishankar Ganapathyagraharam Venkataraman who is nominated by SCI Investments V and Vikram Vaidyanathan who is nominated by Matrix Partners India Investment Holdings II, LLC, are not entitled to receive any sitting fees or commission for attending meetings of the Board and its Committees. Accordingly, they have not received any remuneration, sitting fees or commission in Financial Year 2021.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Other than Ravishankar Ganapathyagraharam Venkataraman who is nominated by SCI Investments V and Vikram Vaidyanathan who is nominated by Matrix Partners India Investment Holdings II, LLC to our Board under the terms of the SHA, and Niren Shah who has been appointed as a board observer by Norwest Venture Partners X– Mauritius, Sanjeev Mehra, who has been appointed as a board observer by TPG Asia VII SF Pte. Ltd. and Rohan Suri, who has been appointed as a board observer by Sirius II Pte. Ltd., there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors has been appointed on the Board. For further details, "*History and Certain Corporate Matters - Summary of Key Agreements and Shareholders' Agreements*" on page 202.

Bonus or profit-sharing plan of the Directors

None of our Directors are party to any bonus or profit-sharing plan of our Company.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold any Equity Shares or employee stock options of our Company, as on the date of this Draft Red Herring Prospectus:

S. No.	Name	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)	Number of employee stock options outstanding	Percentage of the post-Offer of Equity Share Capital (%)
1.	Lakshmipathy Deenadayalan	37,887,450	13.01%	NA	[●]
Total		37,887,450	13.01%	NA	[●]

Interests of Directors

Other than our Directors who are nominated, all Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board as well as to the extent of other remuneration, commissions and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Certain of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them or the shareholder they represent.

Except as disclosed in this section, our Directors do not have any other interest in our business.

The Directors may also be regarded as interested in the Equity Shares that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer.

None of our Directors have any interest in any property acquired or proposed to be acquired of the Company or by the Company.

Except Lakshmipathy Deenadayalan, who is a promoter of our Company, none of our Directors have any interests in the promotion or formation 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.

No loans have been availed by our Directors from our Company.

Except for our Directors (i) Anand Raghavan who is a director on the board of SK Finance Limited; (ii) Ravishankar Ganapathyagraharam Venkataraman who is a director on the board of Finova Capital Private Limited, Rupeek Fintech Private Limited and Capfloat Financial Services Private Limited ; (iii) Bhama Krishnamurthy who is a director on the board of Cholamandalam Investment and Finance Company Limited and Muthoot Microfin Limited; (iv) Ramanathan Annamalai who is a director on the board of Mangal Credit and Fincorp Limited, IIFL Samasta Finance Limited, South India Finvest Private Limited, Tattva Fincorp Limited, Svasti Microfinance Private Limited, Asirvad Micro Finance Limited, Magalir Micro Capital Private Limited and Hindustan Microfinance Private Limited; (v) Srinivasaraghavan Thiruvallur Thattai who is a director on the board of Sundaram Finance Limited , and (vi) Vikram Vaidyanathann who is a director on the board of Ola Financial Services Private Limited, Mswipe Capital Private Limited, AF Capital Private Limited, Amica Financial Technologies Private Limited and Goddard Technical Solutions Private Limited, none of our Directors are associated with entities in a similar line of business as our Company.

Changes in our Board in the last three years

Details of the changes in our Board in the last three years are set forth below.

Name	Date of Change	Reason
Arjun Saigal	September 25, 2019	Re-appointment as Alternate Director to Ling Wei Ong
Balaram Haribabu	March 28, 2020	Re-Appointment as Independent Director for second term of five years
Gaurav Trehan	May 22, 2020	Resignation as Non-Executive Director
Sanjeev Mehra	June 10, 2020	Appointment as Non-Executive Director
Ramanathan Annamalai	February 26, 2021	Re-Appointment as Independent Director for second term of fifteen months
Bhama Krishnamurthy	April 12, 2021	Re-Appointment as Independent Director for second term of five years
Ling Wei Ong	April 26, 2021	Cessation as Non-Executive Director
Arjun Saigal	April 26, 2021	Cessation as Alternate Director to Ling Wei Ong
Gaurav Trehan	April 26, 2021	Appointment as Additional Director.
Anand Raghavan	July 28, 2021	Re-Appointment as Independent Director for second term of five years
Gaurav Trehan	August 6, 2021	Appointment as Non-Executive Director
Srinivasaraghavan Thiruvallur Thattai	August 25, 2021	Appointment as Independent Director for five years
Lankupalli Raviprasad Raghavan	October 21, 2021	Cessation as Non-Executive Director

Name	Date of Change	Reason
Gaurav Trehan	October 21, 2021	Cessation as Non-Executive Director
Balaram Haribabu	October 21, 2021	Cessation as Independent Director
Sanjeev Mehra	October 21, 2021	Cessation as Non-Executive Director

Borrowing Powers of Board

Pursuant to a resolution passed by our Board in its meeting dated February 18, 2021 and our shareholders in their AGM held on April 22, 2021, our Board is authorised to borrow such sum or sums of moneys and for availing all kinds and types of loans, advances and credit/financing/debt facilities including issuance of all kinds of debentures/bonds and other debt instruments, from time to time, up to a sum of ₹ 70,000 million at any point of time on account of principal, for and on behalf of our Company, from its bankers, other banks, non-banking financial companies, financial institutions, companies, firms, bodies corporate, cooperative banks, investment institutions and their subsidiaries, mutual funds, trusts, or from any other person as may be permitted under applicable laws, whether unsecured or secured.

Corporate Governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act and other applicable regulations of SEBI, in respect of corporate governance including in respect of the constitution of the Board and Committees thereof, and formulation and adoption of policies. Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations.

As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors, including our Chairman and Managing Director, four Independent Directors (including one woman Director) and three Non-Executive Directors. In compliance with Section 152 of the Companies Act, not less than two thirds of the Directors (excluding Independent Directors) are liable to retire by rotation.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of SEBI Listing Regulations and the Companies Act.

Committees of the Board

Details of the Committees are set forth below. In addition to the Committees detailed below, our Board of Directors may, from time to time constitute Committees for various functions.

Audit Committee

The members of the Audit Committee are:

S. No.	Name of Director	Committee Designation
1.	Anand Raghavan	Chairperson
2.	Bhama Krishnamurthy	Member
3.	Ramanathan Annamalai	Member

The Audit Committee was last reconstituted pursuant to resolution passed by our Board in its meeting held on October 21, 2021. The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board, *inter alia,* include:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approving payments to statutory auditors for any other services rendered by the 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 included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;

    - 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
    - Modified opinion(s) in the draft audit report.

- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;

- Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;

- Scrutinising of inter-corporate loans and investments;

- Valuation of undertakings or assets of the Company, wherever it is necessary;

- Evaluating of internal financial controls and risk management systems;

- 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;

- Discussing 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;

- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- 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;

- Reviewing the functioning of the whistle blower mechanism;

- Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;

- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law; and

- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice; and

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management. Provided that only those members of the audit committee, who are independent;

3. directors, shall approve related party transactions;

4. Management letters / letters of internal control weaknesses issued by the statutory auditors;

5. Internal audit reports relating to internal control weaknesses;

6. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;

7. Examination of the financial statements and the auditors' report thereon; and

8. Statement of deviations:

    (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and

    (ii) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Risk Management Committee

The members of the Risk Management Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Srinivasaraghavan Thiruvallur Thattai	Chairperson
2.	Anand Raghavan	Member
3.	Bhama Krishnamurthy	Member
4.	Lakshmipathy Deenadayalan	Member

The Risk Management Committee was last reconstituted pursuant to resolution passed by our Board in its meeting held on October 21, 2021. The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board, *inter alia*, include:

(1) To formulate a detailed risk management policy which shall include:

    (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

    (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

    (c) Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

(7) To carry out such other functions as may be specified by the Board from time to time or specified/provided the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

S. No.	Name of Director	Committee Designation
1.	Bhama Krishnamurthy	Chairperson
2.	Ramanathan Annamalai	Member
3.	Vikram Vaidyanathan	Member

The Nomination and Remuneration Committee was last reconstituted pursuant to resolution passed by our Board in its meeting held on October 21, 2021. The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board, *inter alia*, include:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

  (i) use the services of an external agencies, if required;

  (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and

  (iii) consider the time commitments of the candidates.

- Formulating of criteria for evaluation of the performance of the independent directors and the Board;

- Devising a policy on Board diversity;

- Identifying persons who qualify 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 evaluations 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;

- Analysing, monitoring and reviewing various human resource and compensation matters;

- Determining the company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021, as amended;

- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

  (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

  (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

- Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority"; and

- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

S. No.	Name of Director	Committee Designation
1.	Ramanathan Annamalai	Chairperson
2.	Lakshmipathy Deenadayalan	Member
3.	Thirulokchand Vasan	Member

The Stakeholders' Relationship Committee was last reconstituted pursuant to resolution passed by our Board in its meeting held on October 21, 2021. The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations and its terms of reference as stipulated pursuant to resolution passed by our Board, *inter alia*, include:

a) To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

b) To review measures taken for effective exercise of voting rights by shareholders;

c) To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

d) To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company: and

e) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, each as amended or by any other regulatory authority.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

S. No.	Name of Director	Committee Designation
1.	Lakshmipathy Deenadayalan	Chairperson
2.	Anand Raghavan	Member
3.	Bhama Krishnamurthy	Member

The Corporate Social Responsibility Committee was last reconstituted pursuant to resolution passed by our Board in its meeting held on October 21, 2021. The scope and functions of the Corporate Social Responsibility Committee are in accordance with

Section 135 of the Companies Act and its terms of reference as stipulated pursuant to resolution passed by our Board, *inter alia*, include:

a) Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;

b) Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;

c) Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;

d) Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

e) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

f) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and

g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

h) To take note of the compliances made by implementing agency (if any) appointed for the corporate social responsibility activities of the Company.

IPO Committee

The members of the IPO Committee are:

Sr. No.	Name of Director	Committee Designation
1.	Lakshmipathy Deenadayalan	Chairperson
2.	Anand Raghavan	Member
3.	Vikram Vaidyanathan	Member
4.	Ravishankar Ganapathyagraharam Venkataraman	Member

The IPO Committee was constituted pursuant to resolution passed by our Board in its meeting held on September 8, 2021. The terms of reference of the IPO Committee include:

a. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the SEBI, the Registrar of Companies, Tamil Nadu at Chennai, the RBI, and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications / amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;

b. To finalize, settle, approve, adopt and file in consultation with the book running lead managers appointed for the Offer (the "**BRLMs**") where applicable, the draft red herring prospectus, the red herring prospectus and the prospectus in connection with the Offer , the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, the bid cum application forms, abridged prospectus, confirmation of allocation notes and any other document in relation to the Offer, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the Registrar of Companies, Tamil Nadu at Chennai or any other relevant governmental and statutory authorities or in accordance with applicable laws;

c. To decide along with the Selling Shareholders in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, Offer price, and to do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;

d. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, advertising agency, monitoring agency and any other agencies or persons or intermediaries in relation to the Offer, to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs, and to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc.;

e. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the Offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, advertising agency and the monitoring agency stock exchange(s), BRLMs, any selling shareholders in the Offer (the "**Selling Shareholders**") and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

f. To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiaries, as applicable, customers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

g. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

h. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

i. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

j. To accept and appropriate the proceeds of the Offer in accordance with the applicable laws;

k. To approve code of conduct as may be considered necessary by the IPO Committee or as required under the applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;

l. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;

m. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

n. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

o. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;

p. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/ or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;

q. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

r. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including issue or allotment, terms of the Offer, utilisation of the Offer proceeds and matters incidental thereto as it may deem fit;

s. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Tamil Nadu at Chennai and the relevant stock exchange(s) where the Equity Shares are to be listed;

t. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

u. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or any other applicable laws;

v. Deciding, negotiating and finalising the pricing and all other related matters regarding the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;

w. Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale and taking all actions as may be authorised in connection therewith;

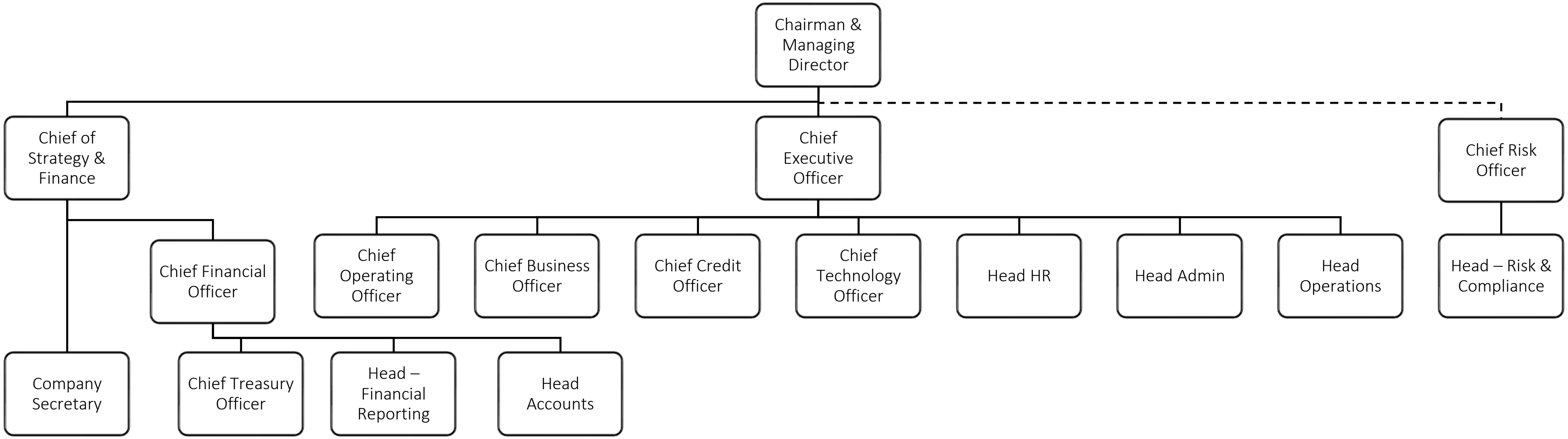
x. to withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with applicable laws and in consultation with the BRLMs; and

y. To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under applicable laws to the officials of the Company.

Other Committees

In addition to the committees mentioned in " – *Committees of the Board*" on page 210, our Company has constituted such other committees including Asset Liability Committee, Business and Resource Committee and IT Strategy Committee, as required in relation to its business and operations as an NBFC-ND-SI.

Management Organisation Structure



Key Managerial Personnel

The details of the Key Managerial Personnel, as of the date of this Draft Red Herring Prospectus are as follows:

Lakshmipathy Deenadayalan is the Chairman and Managing Director of our Company. For details, see "*– Brief Biographies of Directors*" on page 206. For details of compensation paid to him during Financial Year 2021, see "*– Payment or benefit to Directors of our Company – Remuneration to our Executive Director*" on page 208.

Rangarajan Krishnan is the Chief Executive Officer of our Company. He holds a bachelor's degree in commerce and a master of business administration from Sri Sathya Sai Institute of Higher Learning. He has also a completed post graduate programme in management from Indian School of Business, Hyderabad He was previously associated with The World Bank, HDFC Bank Limited, Spark Capital Advisors (India) Private Limited and Standard Chartered Bank India in various roles. He joined our Company in August 2015 as Chief Operating Officer and was promoted to CEO of our Company with effect from May 22, 2018. The remuneration (excluding share-based payments) to him was ₹19.24 million in Fiscal 2021. The remuneration does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Srikanth Gopalakrishnan is the Chief of Strategy and Finance of our Company. He holds a bachelor's degree in commerce and a master of business administration from Sri Sathya Sai Institute of Higher Learning. He was previously associated with Citibank India in various roles and was the chief financial officer of Asirvad Microfinance Private Limited. He was the Chief Financial Officer of our Company and has been promoted to the Chief of Strategy and Finance with effect from June 1, 2021. The remuneration (excluding share-based payments) to him was ₹11.21 million in Fiscal 2021. The remuneration does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Roopa Sampath Kumar is the Chief Financial Officer of our Company. She holds a bachelor's and a master's degree in commerce from University of Madras. She is a member of Institute of Chartered Accountants of India. She was previously associated with Barclays Shared Services Private Limited, Deloitte Haskins & Sells, Hinduja Housing Finance Limited, Hinduja Leyland Finance Limited, ICICI Bank Limited and Price Waterhouse. She joined our Company on May 17, 2021 and was appointed as the CFO with effect from June 1, 2021. Accordingly, she was not paid any remuneration in Fiscal 2021.

Shalini Baskaran is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in commerce from University of Madras. She is a member of Institute of Company Secretaries of India. She joined our Company as the Company Secretary on May 23, 2017 and was appointed as the Compliance Officer pursuant to a board resolution dated September 8, 2021. The remuneration (excluding share based payments) paid to her was ₹0.84 million in Fiscal 2021. The remuneration does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

Relationship between our Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Shareholding of Key Managerial Personnel

Except for Lakshmipathy Deenadayalan, Rangarajan Krishnan, Srikanth Gopalakrishnan and Shalini Baskaran, none of our Key Managerial Personnel hold any Equity Shares in our Company. Further, some of our KMPs have been provided employee stock options under the ASOPs. For further details, see "*Capital Structure*" on page 62.

Bonus or Profit Sharing Plans of the Key Managerial Personnel

None of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company, other than the performance linked incentives given to Key Managerial Personnel.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

Interests of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Company, if any, and employee stock options held by them.

None of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as member of senior management.

Changes in our Key Managerial Personnel

Except as disclosed below, there have been no changes in the Key Managerial Personnel in the last three years preceding the date of this DRHP:

Name	Date of change	Reason for change
Shalini Baskaran	September 8, 2021	Appointment as Compliance Officer
Roopa Sampath Kumar	June 1, 2021	Appointment as Chief Financial Officer
Srikanth Gopalakrishnan	June 1, 2021	Promoted as Chief of Strategy and Finance

Service Contracts with Directors and Key Managerial Personnel

Other than statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including our Directors or the Key Managerial Personnel is entitled to any benefits upon termination of employment under any service contract with our Company. Further, none of our Directors have entered into a service contract with our Company pursuant to which they have been appointed as a director of our Company or their remuneration has been fixed in the preceding two years.

Contingent and deferred compensation payable to our Directors and Key Managerial Personnel

There is no contingent or deferred compensation payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

Payment or benefit to Key Managerial Personnel

Except as stated in this section, no non-salary amount or benefit has been paid or given to any of our Company's officers including Key Managerial Personnel within the two preceding years or is intended to be paid or given.

Employees Stock Options

For details of the ASOPs of our Company, see "*Capital Structure*" on page 62.

OUR PROMOTERS AND PROMOTER GROUP

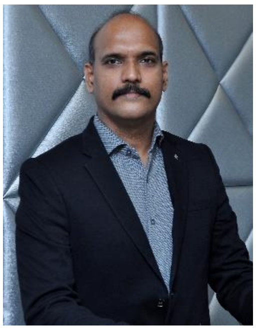
Our Promoters

The Promoters of our Company are:

1. Lakshmipathy Deenadayalan;
2. Hema Lakshmipathy;
3. Shritha Lakshmipathy;
4. Matrix Partners India Investment Holdings II, LLC; and
5. SCI Investments V.

As on the date of this Draft Red Herring Prospectus, our Promoters hold 125,684,540 Equity Shares in aggregate, representing 43.17% of the pre-Offer paid up share capital considered on a fully diluted basis, considering the vested stock options as on the date of this Draft Red Herring Prospectus.

I. Details of our Individual Promoters



Lakshmipathy Deenadayalan, aged 47 years, is the Chairman and Managing Director of our Company. For complete profile of Lakshmipathy Deenadayalan, along with his date of birth, educational qualification, personal address, experience in the business/ employment, positions/ posts held in past, directorship, special achievements, his business and financial activities, see "*Our Management – Brief Biographies of Directors*" beginning on page 206. Lakshmipathy Deenadayalan is not involved in any other ventures.

Lakshmipathy Deenadayalan's PAN is AATPL4799L and Aadhaar card number is [redacted]. His driving license number is TN02 19950001293.

Hema Lakshmipathy, aged 45 years, is a citizen of India. She was born on December 21, 1975 and is currently residing at No. 39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk, Chennai 600 010, Tamil Nadu, India. She holds a masters in commerce degree from the Annamalai University. She is not involved in any other ventures.

Hema Lakshmipathy's PAN is AAXPH6639K and Aadhaar card number is [redacted]. Her driving license number is TN02 19970007876.

Shritha Lakshmipathy, aged 20 years, is a citizen of India. She was born on March 9, 2001 and is currently residing at No. 39, Outer Circular Road, Kilpauk Garden Colony, Kilpauk, Chennai 600 010, Tamil Nadu, India. She has completed her senior school certificate examination from the Central Board of Secondary Education and is currently pursuing bachelors of science in economics from the Narsee Monjee Institute of Management Studies. Shritha Lakshmipathy is not involved in any other ventures.

Shritha Lakshmipathy's PAN is KYFPS5050D and Aadhaar card number is [redacted]. She does not have a valid driving license.

Our Company confirms that the PAN, passport number and bank account number of our Individual Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus with the Stock Exchanges.

II. Details of our Corporate Promoters

1. Matrix Partners India Investment Holdings II, LLC*

Matrix Partners India Investment Holdings II, LLC ("**Matrix**") was incorporated on March 29, 2011, as a private limited company, under the laws of Mauritius, having its registered office at Suite Number 7020, 7th floor, Hennessy Court, Pope Hennessy Street, Port Louis, Mauritius. Matrix is wholly owned by Matrix Partners India II, LLC.

Nature of business:

Matrix holds a Category I Global Business License issued by the Financial Services Commission, established by the Financial Services Act, 2007 of Mauritius. Matrix has been organized with an opportunity to realize substantial long-term capital appreciation. Matrix continues to invest in various companies with an intent to earn capital appreciation. There is no change in the activities of Matrix.

Shareholding pattern:

Name of Investor	Shareholding (%)
Matrix Partners India II, LLC	100.00
Total	**100.00**

Board of directors:

Name	Designation
Cathie Hannelas	Director
Kevin Bessoondyal	Director
Erin Mauro	Director
Iqbal Dulloo	Director
Timothy Alan Barrows	Director

Change in control:

There has been no change in the control of Matrix in the last three years preceding the date of this Draft Red Herring Prospectus.

Promoter of Matrix:

Matrix Partners India II, LLC ("Matrix Partners")

Matrix is promoted by Matrix Partners India II, LLC, a limited liability company incorporated in Mauritius.

Board of directors of Matrix Partners:

Name	Designation
Cathie Hannelas	Director
Kevin Bessoondyal	Director
Erin Mauro	Director
Iqbal Dulloo	Director
Timothy Alan Barrows	Director

2. SCI Investments V

SCI Investments V ("**SCI**") was incorporated on September 3, 2015, as a private limited company, under the laws of Mauritius, having its registered office at Sanne House, Bank Street, Twenty Eight Cybercity, Ebene 72201, Republic of Mauritius.

Nature of business:

SCI has been authorised to invest in the technology, consumer healthcare and other permissible sectors in India and south east Asian countries and is currently engaged in long term capital appreciation through investments in portfolio companies. There is no change in the activities of SCI.

Board of directors:

Name	Designation
Jimmy Chik Keung Wong	Director
Resmah Bibi Mandary	Director
Dilshaad Banu Rajabalee	Director

Change in control:

There has been no change in the control of SCI in the last three years preceding the date of this Draft Red Herring Prospectus.

Promoter of SCI:

Sequoia Capital India V Limited

Sequoia Capital India V Limited is the holding company of SCI, a limited liability company incorporated in Mauritius.

Board of directors of Sequoia Capital India V Limited:

Name	Designation
Jimmy Chik Keung Wong	Director
Rubina Toorawa	Director
Dilshaad Banu Rajabalee	Director

Our Company confirms that the PAN, bank account number, company registration number and the address of the registrar of companies where our Corporate Promoters are registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

Interest of our Promoters

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) of their respective shareholding in our Company, the shareholding of their relatives, to the extent relevant, in our Company and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them or their relatives; (iii) in case of Lakshmipathy Deenadayalan, to the extent of being the Chairman and Managing Director of our Company and the remuneration or reimbursement of expenses payable by our Company to him; and (iv) in the case of our Corporate Promoters, to the extent of their nominee directors being part of our Board. For details, please see "*Capital Structure*" and "*Our Management*" on pages 62 and 204, respectively.

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus with SEBI.

Further, none of our Promoters have any interest in any transaction of our Company for acquisition of land, construction of building or supply of machinery.

Except as disclosed below, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company:

Sr. No.	Name of the Promoter	Venture that is involved in any activities similar to those conducted by our Company
1.	Matrix	OFB Tech Private Limited is a portfolio company of Matrix, whose subsidiary Oxyzo Financial Services Private Limited is involved in activities similar to those conducted by our Company
2.		Mswipe Technologies Private Limited is a portfolio company of Matrix, whose subsidiary Mswipe Capital Private Limited is involved in activities similar to those conducted by our Company
3.		ANI Technologies Private Limited, is a portfolio company of Matrix, whose subsidiary Ola Financial Services Private Limited is involved in activities similar to those conducted by our Company
4.	SCI	Rupeek Fintech Private Limited, a portfolio company of SCI, whose subsidiary Rupeek Capital Private Limited is involved in activities similar to those conducted by our Company
5.		Mycash Fintech Pte. Ltd., is a portfolio company of SCI, whose subsidiary Tapstart Capital Private Limited is involved in activities similar to those conducted by our Company
6.		Finova Capital Private Limited is a portfolio company of SCI and is involved in activities similar to those conducted by our Company

Our Promoters are not 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 any of our Promoters to become, or qualify them as a director, or otherwise, as applicable, for services rendered by any of our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Payment or Benefits to our Promoters

There has been no amount or benefit paid or given, respectively, to our Promoters or members of our Promoter Group during the two years prior to date of this Draft Red Herring Prospectus and no amount or benefit is intended to be paid or given to any of our Promoters or members of our Promoter Group.

Change in the control of our Company

There has been no change in the control of the Company in the last five years.

However, pursuant to a resolution passed by the Board of Directors dated October 21, 2021, certain of our existing Shareholders, namely, Lakshmipathy Deenadayalan, Hema Lakshmipathy, Shritha Lakshmipathy, Matrix and SCI have been identified as Promoters. Accordingly, as on the date of this Draft Red Herring Prospectus, our Company has five Promoters. For further details, please see "*History and Certain Corporate Matters*" and "*Capital Structure - Build-up of Promoters' Equity shareholding in our Company*" on page 196 and 69.

Material guarantees to third parties with respect to the Equity Shares

As on the date of this Draft Red Herring Prospectus, one of our Individual Promoters, Lakshmipathy Deenadayalan, has provided guarantee to the lenders by way of pledging certain Equity Shares held by him for loans availed by each of Hema Deenadayalan and himself. For details, please see "*Capital Structure*" and "*Risk factor - Our Promoter, Lakshmipathy Deenadayalan, has provided personal guarantees for loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoter, which may impact our Promoter's ability to effectively service his obligations as our Promoter and thereby, adversely impact our business and operations.*" on pages 62 and 40, respectively .

Companies or firms with which our Promoters have disassociated in the last three years

Except as disclosed below, our Promoters have not disassociated themselves from any companies during the preceding three years from the date of filing this Draft Red Herring Prospectus.

Name of company or firm from which Promoters have disassociated	Reasons for and circumstances leading to disassociation	Date of disassociation
SCI		
Belong Pte Limited	Exit from the portfolio company	March 25, 2021
Islestarr Holdings Limited	Exit from the portfolio company	June 23, 2020
Ibahn Illumination Private Limited	Exit from the portfolio company	April 8, 2020
Supermarket Grocery Supplies Private Limited	Exit from the portfolio company	September 3, 2021
Moka Technology Solutions Pte Limited	Exit from the portfolio company	March 17, 2020
iDisha Info Labs Private Limited	Exit from the portfolio company	October 14, 2020
Spoyl Tech Solutions Private Limited	Exit from the portfolio company	March 9, 2021
Dailyninja Delivery Services Private Limited	Acquired by another company	April 1, 2020
PT Tokopedia	Acquired by another company	May 10, 2021
Zero Effort Technologies Private Limited	Acquired by another company	April 18, 2019
Matrix		
Twist Mobile India Private Limited	Divestment of stake	August 11, 2021
Sarvaloka Services On Call Private Limited	Divestment of stake	April 16, 2021
DataEmo Technologies Private Limited	Divestment of stake	April 5, 2021
Alchemy Web Private Limited	Divestment of stake	March 5, 2021
Medlife International Private Limited	Divestment of stake	January 22, 2021
MetaRain Distributors Private Limited	Divestment of stake	January 11, 2021
Bengal Speech & Hearing Private Limited	Divestment of stake	January 11, 2021
Meditrina Hospitals Private Limited	Divestment of stake	March 31, 2021
Mewar Hospital Private Limited	Divestment of stake	December 23, 2019

Promoter Group

Apart from our Promoters, the following individuals and entities constitute our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

Natural persons who are part of our Promoter Group

Name of the Promoter	Members of the Promoter Group
Lakshmipathy Deenadayalan	Hema Lakshmipathy – Spouse

Name of the Promoter	Members of the Promoter Group
	Deenadayalan Rangasamy - Father
	Varalakshmi Deenadayalan – Mother
	Ramakrishnan Deenadayalan - Brother
	Sudha Boopathy - Sister
	Shritha Lakshmipathy and Srishti Lakshmipathy - Daughters
	Ranganathan Vasireddy Kuppuswamy – Father-in-law
	Suguna Ranganathan – Mother-in-law
	Sujatha Janarthanan – Wife's sister
Hema Lakshmipathy	Lakshmipathy Deenadayalan - Spouse
	Ranganathan Vasireddy Kuppuswamy - Father
	Suguna Ranganathan – Mother
	Sujatha Janarthanan - Sister
	Shritha Lakshmipathy and Srishti Lakshmipathy - Daughters
	Deenadayalan Rangasamy – Father-in-law
	Varalakshmi Deenadayalan – Mother-in-law
	Ramakrishnan Deenadayalan – Brother-in-law
	Sudha Boopathy – Sister-in-law
Shritha Lakshmipathy	Lakshmipathy Deenadayalan – Father
	Hema Lakshmipathy – Mother
	Srishti Lakshmipathy - Sister

Entities forming part of our Promoter Group

I. Matrix*

1. 8 Finatics Mobile Private Limited
2. Amber Internet Solutions Private Limited
3. Bitnomix Technologies Private Limited
4. Chumbak Design Private Limited
5. Enhance Aesthetic and Cosmetic Studio Private Limited
6. Inasra Technologies Private Limited
7. Matrix Partners India II, LLC
8. Mswipe Technologies Private Limited
9. Shotformat Digital Productions Private Limited
10. Techmed Health Centre and Diagnostic Private Limited
11. Waterlife India Private Limited

**An exemption application dated November 9, 2021 under Regulation 300(1)(c) of the SEBI ICDR Regulations has been submitted to SEBI seeking an exemption from identifying a body corporate in which one of our Corporate Promoters, i.e. Matrix, holds 20% or more of the equity share capital, as a member of the promoter group in terms of Regulation 2(1)(pp)(iii)(B) of the SEBI ICDR Regulations in the Offer Documents, and from including any confirmations or disclosures required from a member of the promoter group under the SEBI ICDR Regulations, in respect of such body corporate in the Offer Documents and in connection with the Offer.*

II. SCI

1. Amogha Polymers India Private Limited
2. Awfis Space Solutions Private Limited
3. Cardup Pte. Ltd.
4. Cue Learn Private Limited
5. Digital Technologies Limited

6. Faces Investment Holdings
7. Finova Capital Private Limited
8. Fintech Blue Solutions Private Limited
9. Insider SG Pte. Ltd.
10. Loconav, Inc.
11. Minions Ventures Private Limited
12. Mycash Fintech Pte. Ltd.
13. M-League Pte. Ltd.
14. NEXTSCM Solutions Private Limited
15. Nugit Pte. Ltd.
16. Paradime Technologies Private Limited
17. Pocket Aces Pictures Private Limited
18. Rupeek Fintech Private Limited
19. Sequoia Capital India V Limited
20. Trust IQ Pte. Ltd.
21. Vymo Inc.

OUR GROUP COMPANIES

Pursuant to a resolution dated November 8, 2021, our Board formulated a policy for identification of group companies and has noted that in accordance with the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, group companies of our Company shall include (i) the companies with which there were related party transactions as disclosed in the Restated Financial Information during any of the last three Fiscals (and stub period, if any, in respect of which, the Restated Financial Information is included); or (ii) such other companies with which there were related party transactions for the period (after the period in respect of which Restated Financial Information are included in the Offer Documents) until the date of filing of the Draft Red Herring Prospectus.

Accordingly, in terms of the policy adopted by the Board for identification of group companies, our Board has identified NHPEA Chocolate Holding B.V. and TPG Asia VII SF Pte. Ltd. as the Group Companies of our Company.

Details of our Group Companies

1. NHPEA Chocolate Holding B.V. ("NHPEA")

The registered office of NHPEA is situated at Radarweg 29 B 7, 1043 NX Amsterdam, the Netherlands.

NHPEA does not have its own website. Further, NHPEA is not required to audit its financial statements as per the laws applicable to it as per its place of incorporation and registration. However, in accordance with the SEBI ICDR Regulations, the details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the financial statements of NHPEA for the financial years ended December 31, 2020, 2019 and 2018 are available on the website of our Company at https://fivestargroup.in/investors/.

It is clarified that such details available in relation to NHPEA on our Company's website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, would be doing so at their own risk. Our Company has provided the link above solely to comply with the requirements of the SEBI ICDR Regulations. None of our Company, the BRLMs or any of our or the BRLMs' respective directors, employees, affiliates, associates, advisors, agents or representatives have verified the information available on the link provided above.

2. TPG Asia VII SF Pte. Ltd. ("TPG VII")

The registered office of TPG VII is situated at 83 Clemenceau Avenue, #11-01UE Square, Singapore 239920.

TPG VII does not have its own website. However, in accordance with the SEBI ICDR Regulations, the details of the reserves (excluding revaluation reserves), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of TPG VII for the financial years ended December 31, 2020, 2019 and 2018 are available on the website of our Company at https://fivestargroup.in/investors/.

It is clarified that such details available in relation to TPG VII on our Company's website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, would be doing so at their own risk. Our Company has provided the link above solely to comply with the requirements of the SEBI ICDR Regulations. None of our Company, the BRLMs or any of our or the BRLMs' respective directors, employees, affiliates, associates, advisors, agents or representatives have verified the information available on the link provided above.

Nature and extent of interest of our Group Companies

a. ***In the promotion of our Company***

Our Group Companies do not have any interest in the promotion of our Company.

b. ***In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company***

Our Group Companies are not interested in the properties acquired by us in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus.

c. ***In transactions for acquisition of land, construction of building and supply of machinery***

Our Group Companies are not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits between our Group Companies and our Company

Our Group Companies are not in the same line of business as our Company and there are no common pursuits between our Group Companies and our Company.

Related Business Transactions with the Group Companies and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Financial Statements*" on page 243, there are no other related business transactions with our Group Companies.

Business interest of our Group Companies in our Company

Other than the transactions disclosed in the section "*Financial Statements*" on page 243, our Group Companies have no business interest in our Company.

Litigation

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

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable laws, including the Companies Act.

The Company has adopted formal dividend policy vide board resolution dated November 8, 2021 ("**Dividend Policy**"). In terms of the Dividend Policy, the dividend, if any, will depend on a number of internal and external factors, which *inter alia,* include (a) standalone/net operating profit after tax, (b) operating cash flow of the Company, (c) maintaining of liquidity position, (d)funds required for loan repayment, working capital and capital expenditure requirements, (e) funds required for merger/acquisition, (f) cash flow required for contingencies, (g) maintaining of regulatory capital adequacy and solvency, (h) dividend pay-out ratios of companies in same industry and (h) any other factor that is likely to have significant impact on the Company. Our Company may also, from time to time, pay interim dividends.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For details, see "*Financial Indebtedness*" and "*Risk Factors - Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on pages 338 and 38.

Our Company has not declared or paid any dividends on the Equity Shares in any of the three Financial Years preceding the filing of this Draft Red Herring Prospectus and until the filing of this Draft Red Herring Prospectus.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our "Financial Statements" on page 243 as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 156 and 309, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Financial Data – Non-GAAP financial measures and certain other statistical information" on page 17, and "Risk Factors – Internal Risk Factors – We have included certain non-GAAP financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies" on page 39.

Return on Equity and Assets

The following table sets forth, for the periods indicated selected financial information relating to the return on equity and assets for our Company:

	As of / For the six months ended September 30,		As of / For the Financial Year		
	2022	2021	2021	2020	2019
	(₹ in million, except percentages and per share data)				
Profit for the period/year	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Total Assets(1)	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70
Average Total Assets(2)	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
AUM(3)	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
Average AUM(4)	45,674.84	38,811.47	39,940.36	28,708.56	15,030.84
Net Worth(5)	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Average Net Worth(6)	29,861.88	20,345.74	21,301.87	17,060.68	10,350.89
Total Borrowings(7)	28,542.54	30,653.47	34,251.97	23,636.93	9,600.29
Average Total Borrowings(8)	30,804.21	26,756.95	28,409.16	17,814.34	6,950.39
Return on Total Assets (%)(9)	6.91%	7.76%	6.99%	7.31%	8.76%
Return on Equity (%)(10)	14.53%	18.54%	16.85%	15.35%	15.11%
Basic Earnings Per Equity Share(11)	7.96	7.39	14.01	10.32	6.88
Diluted Earnings Per Equity Share(11)	7.85	7.22	13.61	10.07	6.73
Net Asset Value Per Share(12)	119.02	78.52	85.26	71.68	57.11

Figures disclosed in the above table, except Profit after Tax, Total Assets and Basic and Diluted Earnings Per Share are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) Total Assets represents the total of our financial assets and non-financial assets.

(2) Average Total Assets represents the simple average of our monthly Total Assets plus impairment loss allowance (as given in Note 6 of the Restated Financial Information) as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial period/year.

(3) AUM is equivalent to Gross Term Loans as stated in Note 6 to the Restated Financial Information. AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan AUM which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period.

(4) Average AUM represents the simple average of our monthly AUM as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year. .

(5) Net Worth is equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information.

(6) Average Net Worth represents the simple average of our monthly Net Worth as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.

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

(8) Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.

(9) Return on Total Assets is calculated as the Profit After Tax for the relevant period as a percentage of Average Total Assets in such period.

(10) Return on Equity is calculated as the Profit After Tax for the relevant period as a percentage of Average Net Worth in such period.

(11) Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). This is not annualized for the half year ended September 30, 2021 and September 30, 2020. Pursuant to our board resolution dated September 8, 2021, and shareholders' resolution dated October 8, 2021, equity shares of face value of ₹10 each of our Company were sub divided into equity shares of face value of ₹ 1 each. Consequently, the issued, subscribed and paid up share capital of our Company comprising 29,013,512 equity shares of face value of ₹ 10 each was sub-divided into 290,135,120 equity shares of

face value of ₹1 each. Sub-division of equity shares are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all periods presented.

(12) *Net Asset Value Per Share is Net worth as at the end of the period divided by Number of equity shares outstanding at the end of the relevant period. This is computed after giving effect to the subdivision of each equity share of face value of ₹ 10, each fully paid up into 10 equity shares of face value ₹1, each fully paid up.*

Financial Ratios

The following table sets forth, for the periods indicated, certain financial ratios for our Company:

	For the six months ended September 30,		For the Financial Year		
	2022	2021	2021	2020	2019
	(₹ in million, except percentages and ratios/time)				
AUM(1)	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
AUM Growth (%)(2)	4.36%	0.92%	14.21%	84.22%	109.55%
Average AUM(3)	45,674.84	38,811.47	39,940.36	28,708.56	15,030.84
Securitised assets(4)	6,496.21	4,901.94	8,181.56	3,339.60	0.00
Total Assets(5)	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70
Disbursements(6)	6,864.53	2,522.14	12,450.54	24,086.69	14,814.62
Live Accounts (including securitised loans)(7)	192,270	148,172	176,467	143,079	72,890
Total Revenue from Operations	6,106.93	5,042.95	10,497.42	7,867.15	4,089.08
Other Income	5.46	1.84	15.13	6.32	0.78
Total Income	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Finance Costs (A)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fee expenses (B)	9.60	5.44	26.68	4.25	9.48
Interest on lease liability (C)	9.92	9.09	17.95	16.78	12.85
Interest on current tax liability (D)	0.00	0.00	0.00	7.15	0.00
Adjusted Finance Costs(8) (E=A+B-C-D)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Operating Expenses(9)	1,366.93	897.42	2,135.74	1,737.37	1,064.61
Operating Expenses to Average Total Assets (%) (10)	4.34%	3.68%	4.16%	4.85%	5.97%
Impairment loss allowance (11)	219.34	53.39	351.76	493.42	75.52
Impairment loss allowance to Average Total Assets (%)(12)	0.70%	0.22%	0.69%	1.38%	0.42%
Total Expenses(13)	3,228.31	2,537.41	5,748.15	4,380.46	1,908.82
Operating Expenses to Net Income (%)(14)	30.59%	25.95%	29.45%	30.35%	32.06%
Total Income (A)	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Adjusted Finance Costs(8) (B)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Total Expenses (13) (C)	3,228.31	2,537.41	5,748.15	4,380.46	1,908.82
Cost to income ratio(15) (D=(C-B)/(A-B))	35.48%	27.49%	34.30%	38.97%	34.33%
Gross NPA (16)	667.27	502.53	451.93	532.26	186.72
Gross NPA to AUM (%)(17)	1.44%	1.28%	1.02%	1.37%	0.88%
Expected Credit Loss on Gross NPAs	118.91	106.13	81.19	94.21	43.20
Net NPA(18)	548.36	396.40	370.74	438.05	143.52
Net NPA to AUM (%)(19)	1.18%	1.01%	0.83%	1.13%	0.68%
Provision Coverage Ratio –AUM (%)(20)	17.82%	21.12%	17.97%	17.70%	23.14%
AUM/ Net Worth	1.34	1.84	1.92	2.00	1.55
Average AUM/ Average Net Worth	1.53	1.91	1.87	1.68	1.45
Net Loan Assets(21)	46,273.99	39,174.97	44,372.63	38,828.07	21,084.85
Net NPAs to Net Loan Assets (%)	1.19%	1.01%	0.84%	1.13%	0.68%

Figures disclosed in the above table, except Total Revenue from Operations, Other Income, Total Income, Finance Costs, Total Expenses and Total Assets are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *AUM is equivalent to Gross Term Loans as stated in Note 6 to the Restated Financial Information. AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan AUM which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period. . .*

(2) *AUM Growth represents percentage growth in AUM for the relevant period over AUM of the previous period / year end.*

(3) *Average AUM represents the simple average of our monthly AUM as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

(4) *Securitised assets represents aggregate of future principal outstanding and overdue principal outstanding and interest accrued due and interest accrued not due, if any, for loan assets which have been transferred by our Company by way of securitisation and outstanding as of the last day of the relevant period but excludes the amount of over collateral outstanding as of the last day of the relevant period.*

(5) *Total Assets represents the total of our financial assets and non-financial assets.*

(6) *Disbursements represents the aggregate of all loan amounts extended to our customers in the relevant period.*

(7) *Live Accounts (including securitised accounts) represents the aggregate number of loan accounts outstanding as of the end of the relevant period including loan accounts which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period.*

(8) *Adjusted Finance Costs represent the aggregate of finance costs and fee expenses as per Restated Financial Information reduced by interest on lease liabilities and interest on current tax liability*

(9) *Operating Expenses represents employee benefits expense, depreciation and amortisation expense, interest on lease liabilities, interest on income tax liability and other expenses for the relevant period.*

(10) *Operating Expenses to Average Total Assets represents the aggregate of employee benefits expense, depreciation and amortisation expense and other expenses for the relevant period upon the simple average of our monthly Total Assets as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial period/year, represented as a percentage.*

(11) *Impairment loss allowance represents impairment loss allowance on Gross Term Loans as stated in Note 6 to Restated Financial Information .*

(12) *Impairment loss allowance to Average Total Assets represents the impairment on financial instruments to simple average our monthly Total Assets as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year, represented as a percentage.*

(13) *Total Expenses represents total expenses for the relevant period. Total expenses include employee benefits expense, finance cost, impairment on financial instruments, depreciation and amortisation expense, other expenses.*

(14) *Operating Expenses to Net Income represents the ratio of operating expenses for the relevant period divided by Net Income for the period, expressed as a percentage. Net Income represents Total Income less Adjusted Finance costs for the relevant period.*

(15) *Cost to income ratio represents the ratio of total expenses, which include employee benefits expense, impairment on financial instruments, depreciation and amortisation expense, other expenses divided by the total income less Adjusted finance cost for the relevant period, expressed as a percentage*

(16) *Gross NPA represents Stage 3 assets under Gross Term Loans. Refer Note 6 and 47 to the Restated Financial Information. Closing balance of AUM which are overdue for more than 90 days as of the last day of the relevant period. Also referred to as Stage 3 AUM.*

(17) *Gross NPA to AUM represents the Gross NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period, represented as a percentage.*

(18) *Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) against these loans as of the last day of relevant reporting period. Also referred to as Stage 3 AUM (Net).*

(19) *Net NPA to AUM represents the Net NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period, represented as a percentage.*

(20) *Provision Coverage Ratio represents ECL on Gross NPA for the period, as a percentage of total Gross NPAs as of the last day of the period.*

(21) *Net Loan Assets represents AUM less ECL on Gross NPA as of the last day of the relevant period.*

Return Ratios

	For the six months ended September 30,		For the Financial Year		
	2022	2021	2021	2020	2019
	(in %)				
Revenue from Operations to Average AUM(1)	26.67%	25.92%	26.28%	27.40%	27.20%
Other Income to Average AUM(2)	0.02%	0.01%	0.04%	0.02%	0.01%
Total Revenue to Average AUM(3)	26.69%	25.93%	26.32%	27.43%	27.21%
Finance cost to Average AUM(4)	7.17%	8.15%	8.16%	7.49%	5.11%
Interest Margin to Average AUM(5)	16.97%	16.15%	16.00%	16.69%	19.05%
Operating Expenses to Average AUM(6)	5.97%	4.61%	5.35%	6.05%	7.08%
Impairment loss allowance to Average AUM(7)	0.96%	0.27%	0.88%	1.72%	0.50%
PBT to Average AUM(8)	12.59%	12.89%	11.93%	12.17%	14.51%
PAT to Average AUM(9)	9.50%	9.72%	8.99%	9.12%	10.41%
PAT to Average Net Worth(10)	14.53%	18.54%	16.85%	15.35%	15.11%

(1) *Revenue from Operations to Average AUM represents our total revenue from operations for the period to the Average AUM for the period. Average AUM represents the simple average of our monthly AUM as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year*

(2) *Other Income to Average AUM represents our other income for the relevant period to the Average AUM for the period.*

(3) *Total Revenue to Average AUM represents sum of Revenue from operations and other income for the period to the Average AUM for the period.*

(4) *Finance cost to Average AUM represents our Adjusted finance costs for the period to the Average AUM for the period.*

(5) *Interest Margin to Average AUM represents the difference between interest income and finance cost for the period to the Average AUM for the period.*

(6 *Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.*

(7) *Impairment loss allowance to Average AUM represents our Impairment loss allowance for a period to the Average AUM for the period.*

(8) *PBT to Average AUM represents our Profit Before Tax for a period to the Average AUM for the period.*

(9) *PAT to Average AUM represents our Profit After Tax for a period to the Average AUM for the period.*

(10) *PAT to Average Net Worth represents our Profit After Tax for a period to the Average Net Worth for the period.*

Yields, Spreads and Margins

	For the six months ended September 30,		For the Financial Year		
	2022	2021	2021	2020	2019
	(₹ in million, except percentages)				
Interest Income	5,863.66	4,971.18	10,148.76	7,468.25	3,897.38
Adjusted Interest Income[(1)]	5,527.72	4,728.28	9,651.59	6,941.37	3,631.37
Finance Costs (A)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fee expenses (B)	9.60	5.44	26.68	4.25	9.48
Interest on lease liability (C)	9.92	9.09	17.95	16.78	12.85
Interest on current tax liability (D)	0.00	0.00	0.00	7.15	0.00
Adjusted Finance Costs[(2)] (E=A+B-C-D)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Total Interest-earning Assets[(3)]	63,099.55	50,954.20	54,774.35	42,122.15	21,230.02
Average Interest-earning Assets[(4)]	60,803.20	45,216.60	48,418.50	34,125.32	17,059.27
Average Total Assets[(5)]	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
Average Interest-bearing liabilities[(6)]	30,804.21	26,756.95	28,409.16	17,814.34	6,950.39
Total Income	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Net Interest Income[(7)]	3,885.67	3,141.69	6,390.95	4,791.70	2,862.67
Average yield on AUM [(8)]	24.14%	24.30%	24.17%	24.18%	24.16%
Average Cost of Borrowings [(9)]	10.63%	11.83%	11.48%	12.07%	11.06%
Spread[(10)]	13.51%	12.47%	12.69%	12.11%	13.10%
Net Interest Margin (%)[(11)]	16.97%	16.15%	16.00%	16.69%	19.05%
Average Yield on Disbursements[(12)]	24.77%	24.74%	24.75%	24.82%	24.88%
Incremental Cost of Borrowings(%)[(13)]	NIL	9.96%	9.68%	11.37%	10.78%
Fresh Borrowings[(14)]	NIL	10,315.31	23,617.90	17,816.63	6,364.00

Figures disclosed in the above table, except "Interest Income and Finance costs" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) *Adjusted Interest Income represents interest charged to the borrowers on their loans and does not include penal interest, and amortization of processing fee.*

(2) *Adjusted Finance Costs represent the aggregate of finance costs and fee expenses as per Restated Financial Information reduced by interest on lease liabilities and interest on current tax liability.*

(3) *Total Interest-earning Assets represents loans; balances with banks in deposit accounts with original maturity of less than three months; balances with banks in other deposit accounts with an original maturity of more than three months; fixed deposits with banks; and investment in mutual funds, government securities and bonds as of the last day of the previous period.*

(4) *Average Interest-earning Assets represent the simple average of total interest-earning assets as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

(5) *Average Total Assets is as defined above.*

(6) *Average Interest-bearing Liabilities is the simple average of our total interest-bearing liabilities (which comprises Total Borrowings) outstanding as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year. .*

(7) *Net Interest Income or "NII" represents Adjusted interest income less Adjusted finance costs, for the relevant period.*

(8) *Average Yield on AUM represents the ratio of interest income for a period to the average AUM for the period.*

(9) *Average Cost of Borrowings including securitization represents finance cost for the relevant period as a percentage of Average Total Borrowings in such period. Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

(10) *Spread represents Average Yield on AUM less Average Cost of Borrowings including securitisation.*

(11) *Net Interest Margin represents our Net Interest Income for a period to the Average Total Assets for the period, represented as a percentage.*

(12) *Average Yield on Disbursement represents weighted Average Yield on Disbursement, weights being sanctioned amount of each loan disbursed during the period.*

(13) *Incremental Cost of Borrowing represents weighted average rate of interest on fresh borrowings in the relevant period, weights being availed amount of each borrowing during the period. .*

(14) *Fresh Borrowings represents incremental borrowings during the period/year as contained in our Restated Financial Information*

Asset Quality

Provisioning and Write-Offs

Asset Category (Loan Book)	For the six months ended September 30,		For the Financial Year		
	2022	2021	2021	2020	2019
	(₹ in million)				
AUM	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
Gross NPAs	667.27	502.54	451.93	532.26	186.72
Expected Credit Loss on Gross NPAs	118.91	106.13	81.19	94.21	43.20

Asset Category (Loan Book)	For the six months ended September 30,		For the Financial Year		
	2022	2021	2021	2020	2019
	(₹ in million)				
Net NPAs	548.36	396.40	370.74	438.05	143.52
Bad Debts Write-off	132.12	22.40	99.68	48.61	17.59

ECL / Stage Wise AUM

	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)			
AUM (Gross)				
1. Stage 1 (1)	38,202.15	38,959.51	34,323.23	18,788.04
2. Stage 2 (2)	7,523.49	5,042.37	4,066.79	2,153.30
3. Stage 3 (3)	667.27	451.93	532.26	186.72
4. Total AUM (Gross)	**46,392.91**	**44,453.81**	**38,922.28**	**21,128.06**
ECL Allowance				
5. Stage 1	163.80	127.65	166.14	27.66
6. Stage 2	670.62	657.48	353.89	98.56
7. Stage 3	118.91	81.19	94.21	43.20
8. Total ECL Allowance	**953.33**	**866.32**	**614.24**	**169.42**
AUM (Net)				
9. Stage 1 (9=1-5)	38,038.35	38,831.86	34,157.09	18,760.38
10.Stage 2 (10=2-6)	6,852.87	4,384.89	3,712.90	2,054.74
11.Stage 3 (11=3-7)	548.36	370.74	438.05	143.52
12.Total AUM (Net) (12=4-8)	**45,439.58**	**43,587.49**	**38,308.04**	**20,958.64**

(1) Gross Term Loans where credit risk has not increased significantly since initial recognition and represents loans which are not overdue or overdue for not more than thirty days. Also referred to as Stage 1 AUM.
(2) Gross Term Loans where credit risk has increased significantly since initial recognition and represents loans which are overdue for more than 30 days but overdue for not more than 90 days. Also referred to as Stage 2 AUM.
(3) Gross Term Loans which are credit impaired and represents loans which are overdue for more than 90 days. Also referred to as Stage 3 AUM.

Productivity Ratios

The following table sets forth, for the periods indicated, certain productivity ratios for our Company:

	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Number of branches(1)	268	262	252	173
Number of Business and Collections Officers	2,258	2,008	1,834	1009
Number of on-roll employees(2)	4,306	3,938	3,734	1,971
Live Accounts (including securitized accounts)(3)	192,270	176,467	143,079	72,890
AUM per branch(4) (₹ in million)	173.11	169.67	154.45	122.13
AUM per Business and Collections Officer(10) (₹ in million)	20.55	22.14	21.22	20.94
AUM per employee(5) (₹ in million)	10.77	11.29	10.42	10.72
Disbursement per branch(6) (₹ in million)	26.00	48.07	112.03	96.20
Disbursement per Business and Collections Officer(11) (₹ in million)	3.28	6.52	16.79	17.41
Disbursement per employee(7) (₹ in million)	1.69	3.25	8.49	8.95
Live Accounts/branch(8)	717	674	568	421
Live Accounts/Business and Collections Officer(12)	85	88	78	72
Live Accounts/employee(9)	44	45	38	37

(1) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.

(2) Number of on-roll employees represents aggregate number of employees of our Company as of the last day of relevant period.

(3) Live Accounts (including securitized accounts) is as defined above.

(4) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(5) AUM per employee represents AUM as of the last day of the relevant period divided by number of on-roll employees.

(6) Disbursement per branch represents disbursements in the relevant period divided by average number of branches which is a simple average of the monthly number of branches as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.

(7) *Disbursement per employee represents disbursements in the relevant period divided by average number of on roll employees, which is a simple average of the monthly number of on roll employees as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

(8) *Live Accounts per branch represents live accounts as of the last day of the relevant period divided by number of branches.*

(9) *Live Accounts per employee represents live accounts as of the last day of the relevant period divided by number of on roll employees.*

(10) *AUM per Business and Collections Officer represents AUM as of the last day of the relevant period divided by number of Business and Collections Officers.*

(11) *Disbursement per Business and Collections Officers represents disbursements in the relevant period divided by average number of Business and Collections Officers, which is a simple average of the monthly number of Business and Collections Officers as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

(12) *Live Accounts per Business and Collections Officers represents live accounts as of the last day of the relevant period divided by number of Business and Collections Officers.*

Capital Adequacy

Particulars	**As of**			
	September 30, 2021	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
	(₹ in million, except percentages)			
Tier I Capital	30,904.84	19,669.00	18,477.74	13454.04
Tier II Capital	-	-	-	126.22
Total Capital	**30,904.84**	**19,669.00**	**18,477.74**	**13,580.26**
Risk Weighted Assets	**38,388.59**	**33,416.35**	**34,901.50**	**21,191.15**
Capital Adequacy Ratio (%) (CRAR)	**80.51%**	**58.86%**	**52.94%**	**64.09%**
CRAR- Tier I Capital (%)	80.51%	58.86%	52.94%	63.49%
CRAR -Tier II Capital (%)	-	-	-	0.60%
Total Borrowings(1) to Total Equity ratio(2)	**0.83**	**1.48**	**1.22**	**0.70**

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

(2) *Total Borrowings to Total Equity ratio represents the aggregate of debt securities, borrowings (other than debt securities) as of the last day of the relevant period to Total Equity (or Net Worth) as of the last day of the relevant period.*

Sources of Capital

	As of / For the six months ended September 30,		**As of / For the financial year ended March 31,**		
	2021	**2020**	**2021**	**2020**	**2019**
Number of entities borrowed from	**48**	**48**	**54**	**40**	**25**
- *Private sector banks*	13	19	15	18	12
- *Public sector banks*	9	8	9	4	2
- *NBFCs*	14	12	16	12	9
- *Mutual Funds*	1	1	1	1	1
- *Insurance Companies*	-	-	-	-	-
- *Others*	11	8	13	5	1
Total Borrowings(1)	**28,542.54**	**30,653.47**	**34,251.97**	**23,636.93**	**9,600.29**
- *Private sector banks*	6,897.43	5,606.90	9,081.24	4,708.55	3,136.35
- *Public sector banks*	7,880.42	9,341.43	8,777.87	3,638.99	732.09
- *NBFCs*	5,769.85	4,141.29	8,505.40	5,009.10	2,571.07
- *Mutual Funds*	2,001.77	6,950.63	2,002.02	6,918.10	2,483.51
- *Insurance Companies*	-	-	-	-	-
- *Others*	5,993.07	4,613.23	5,885.43	3,362.20	677.27
Average Cost of Borrowings (excluding assignments)	10.63%	11.76%	11.48%	12.07%	11.06%
Total Equity	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Total Borrowings to Total Equity ratio(2)	0.83	1.44	1.48	1.22	0.70

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

(2) *Total Borrowings to Total Equity ratio represents the aggregate of debt securities, borrowings (other than debt securities) as of the last day of the relevant period to Total Equity (or Net Worth) as of the last day of the relevant period.*

Types of Interest bearing Financial Liabilities (Total Borrowings including Securitisation)

Type of Interest bearing Financial Liabilitites (Total Borrowings including Securitisation)	As of September 30, 2021		As of March 31, 2021	
	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)			
Fixed Interest Rate Financial Liabilities (Total Borrowings including Securitisation)	20,188.98	70.73%	25,238.26	73.68%
Floating Interest Rate Financial Liabilities (Total Borrowings including Securitisation)	8,353.56	29.27%	9,013.71	26.32%
Total Interest bearing Financial Liabilities (Total Borrowings including Securitisation)	28,542.54	**100.00%**	**34,251.97**	**100.00%**

Average Cost of Borrowings and Tenure

Particulars	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(in months, except percentages)			
Average Tenure of Borrowings (including securitisation) (1)	47.01	46.72	48.50	48.90
Average Tenure of Borrowings (including securitisation) (2)	29.39	34.23	37.44	37.47
Average Cost of Borrowings (3)	10.63%	11.48%	12.07%	11.06%

(1) *Weighted based on origination tenure.*
(2) *Weighted based on residual tenure.*
(3) *Average Cost of Borrowings represents finance cost for the relevant period as a percentage of Average Total Borrowings in such period. Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*

ALM

	As of September 30, 2021			As of March 31, 2021		
	Liabilities(1)	Assets(2)	Gap	Liabilities(1)	Assets(2)	Gap
	(₹ in million)					
Years						
Up to 1 Year	12,105.36	22,853.66	10,748.29	11,043.37	19,782.78	8,739.41
Up to 3 year	16,570.42	17,922.73	1,352.31	20,890.60	14,912.73	-5,977.87
Up to 5 year	1,853.77	17,254.31	15,400.53	4,045.37	16,436.47	12,391.10
Over 5 years	34,874.26	7,373.12	-27,501.14	23,636.77	8,484.13	-15,152.64
Total (including over 5 year)	65,403.81	65,403.81	-	59,616.11	59,616.11	-

(1) *Liabilities represent trade payables, debt securities, borrowings (other than debt securities), lease liabilities, other financial liabilities, non-financial liabilities and equity.*

(2) *Assets represents cash and cash equivalents, bank balance (other than cash and cash equivalents), loans, investments other financial assets, and non-financial assets.*

End-use Wise AUM (in terms of Amount)

End-use Wise AUM (in terms of Amount)	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)			
Business Loan	29,099.02	27,934.54	24,477.65	13,011.67
Other Loans	17,293.89	16,519.27	14,444.64	8,116.39
Total	46,392.91	44,453.81	38,922.28	21,128.06

End-use Wise AUM (in terms of Cases)

End-use Wise AUM (in terms of Cases)	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(in nos.)			
Business Loan	116,465	107,198	87,160	43,746
Other Loans	75,805	69,269	55,919	29,144
Total	192,270	176,467	143,079	72,890

End-use Wise Gross NPA (AUM)

Gross NPA (AUM)	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million)			
Business Loan	457.00	306.02	355.91	141.71
Other Loans	210.27	145.91	176.35	45.01
Total	667.27	451.93	532.26	186.72

End-use Wise Number of Cases of Gross NPA (AUM)

Product Wise Number of Cases of Gross NPA (AUM)	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(in No. of cases)			
Business Loan	1,327	883	1,223	576
Other Loans	644	437	599	211
Total	1,971	1,320	1,822	787

End-use Wise % Gross NPA (AUM)

Product Wise % Gross NPA (AUM)	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
	(in percentages)			
Business Loan	0.99	0.69	0.91	0.67
Other Loans	0.45	0.33	0.45	0.21
% Gross NPA	1.44	1.02	1.37	0.88

End-use Wise Disbursement

Product Wise Disbursement	For the six months ended September 30,		For the Financial Year		
	2021	2020	2021	2020	2019
	(₹ in million)				
Business Loan	4,286.34	1,580.90	7,806.63	15,436.89	9,455.75
Other Loan	2,578.56	941.24	4,643.91	8,649.80	5,358.86
Grand Total	**6,864.90**	**2,522.14**	**12,450.54**	**24,086.69**	**14,814.62**

Average Ticket Size on Disbursement (End-use Wise, Segment Wise)

ATS on Disbursement	For the six months ended September 30,		For the Financial Year		
	2021	2020	2021	2020	2019
	(₹ in million)				
Business Loan					
<=0.5 Million	0.27	0.23	0.26	0.30	0.30
>0.5 to 1.0 Million	0.66	0.68	0.65	0.66	0.69
>1.0 to 1.5 Million	1.22	1.22	1.22	1.26	1.29
>1.5 Million	2.05	2.30	2.05	2.34	2.54
Total	**0.28**	**0.24**	**0.27**	**0.32**	**0.35**
Other Loans					
<=0.5 Million	0.24	0.21	0.24	0.28	0.28
>0.5 to 1.0 Million	0.62	0.63	0.62	0.65	0.68
>1.0 to 1.5 Million	1.30	NA	1.35	1.24	1.28
>1.5 Million	3.40	NA	2.25	2.13	2.50
Total	**0.25**	**0.21**	**0.25**	**0.30**	**0.32**
Total Disbursals					
<=0.5 Million	0.26	0.22	0.26	0.29	0.30
>0.5 to 1.0 Million	0.65	0.67	0.64	0.66	0.69
>1.0 to 1.5 Million	1.22	1.22	1.24	1.26	1.28
>1.5 Million	2.32	2.30	2.09	2.29	2.51
Total	**0.27**	**0.31**	**0.26**	**0.31**	**0.34**

Branches by State/Territory

State	As of			
	September 30,	March 31,	March 31,	March 31,
	2021	2021	2020	2019
Tamil Nadu	89	89	88	76
Andhra Pradesh	68	68	64	46
Telangana	38	38	36	31
Karnataka	33	32	30	11
Madhya Pradesh	32	27	26	7
Maharashtra	4	4	4	2
Chhattisgarh	3	3	3	-
Uttar Pradesh	1	1	1	-
Total	**268**	**262**	**252**	**173**

Branch size to AUM

Metric	As of / For the six months ended September 30,	As of / For the year ended March 31,			
	2021	2021	2020	2019	2018
Number of Super Branches	125	95	92	0	0
Number of Normal Branches	143	167	160	173	130
Number of branches with AUM of more than ₹400 million	6	5	7	1	0
Number of branches with AUM of more than ₹300 million and less than ₹400 million	33	33	19	2	1
Number of branches with AUM of more than ₹200 million and less than ₹300 million	63	61	68	27	1
Number of branches with AUM of more than ₹100 million and less than ₹200 million	75	74	60	67	37
Number of branches with AUM of less than ₹100 million	91	89	94	76	91

State-wise Branch Vintage

	As of September 30, 2021			
	Less than or equal to 3 years	3-5 years	More than 5 years	Weighted average vintage (Number of months)
Tamil Nadu	22	22	45	71.91
Andhra Pradesh	23	18	27	47.16
Telangana	11	24	3	42.89
Karnataka	23	9	1	30.39
Madhya Pradesh	28	4	0	24.00
Maharashtra	2	2	0	34.00
Chhattisgarh & Uttar Pradesh	4	0	0	23.50
Total	**113**	**79**	**76**	**49.40**

**Represents the simple average of branch vintage in each of the states*

State-wise Vintage-wise average AUM per branch

In ₹ million	Less than or equal to 3 years	3-5 years	More than 5 years
Tamil Nadu	96.81	220.12	262.98
Andhra Pradesh	95.06	231.79	254.06
Telangana	108.62	270.28	321.25
Karnataka	71.24	173.54	239.39
Madhya Pradesh	52.12	93.42	0.00
Maharashtra	45.67	129.17	0.00
Chhattisgarh & Uttar Pradesh	25.05	0.00	0.00
Total	**77.88**	**224.00**	**261.80**

AUM by State/Territory

AUM BY STATE/ TERRITORY	As of							
	September 30, 2021		March 31, 2021		March 31, 2020		March 31, 2019	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)							
Tamil Nadu	18,806.74	40.54	18,445.88	41.49	16,603.60	42.66	10,092.49	47.81
Andhra Pradesh	13,218.24	28.49	12,509.64	28.14	10,790.35	27.72	6,227.83	29.48
Telangana	8,645.30	18.63	8,167.83	18.37	7,441.49	19.12	3,440.27	16.28
Karnataka	3,439.82	7.41	3,219.25	7.24	2,594.63	6.67	1,135.43	5.34
Madhya Pradesh	1,832.92	3.95	1,664.26	3.74	1,096.06	2.82	125.36	0.59
Maharashtra	349.68	0.75	361.66	0.81	356.92	0.92	106.67	0.51
Chhattisgarh	64.00	0.14	52.66	0.12	17.44	0.04	0.00	0.00
Uttar Pradesh	36.22	0.08	32.64	0.07	21.79	0.06	0.00	0.00
Total	**46,392.91**	**100.00**	**44,453.81**	**100.00**	**38,922.28**	**100.00**	**21,128.06**	**100.00**

Collection Efficiency (State Wise) [(1)]

State/Territory	For the Half Year	For the Financial Year		
	2021[(2)]	2021[(4)]	2020	2019
	(in percentages)			
Tamil Nadu	95.74%	96.83%	96.90%	98.46%
Andhra Pradesh	96.29%	97.08%	96.77%	97.67%
Telangana	96.24%	96.31%	97.45%	98.58%
Karnataka	93.15%	94.60%	96.54%	98.04%
Total [(3)]	95.76%	96.66%	96.97%	98.22%

(1) The proportion of actual collections (from billings for the period and overdues but excluding prepayments) during the period to scheduled billings during the period (assuming no moratorium during the months of April 2020 to August 2020).

(2) Collections Efficiency for the period from April, 2021 to September, 2021 has been computed after adjusting for the restructured accounts, where dues falling between April 1, 2021 and September 30, 2021 has been excluded from the denominator since moratorium was provided for such dues.

(3) Represents collections efficiency for the total company including all other states in which we operate.

(4) Computed only for the months of September 2020 to March 2021 since moratorium was granted to almost all the loans for the months of April 2020 to August 2020

Function-wise split of employees

Function	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Senior Management	22	18	17	16
Business and Collections (Branch)	2,650	2,358	2,334	1,170
Business and Collections (Supervisory team including at Corporate Office)	177	153	131	58
Field Credit (Branch)	273	252	234	113
File Credit i.e. Process & Approval Credit (Branch)	137	140	139	92
Field and File Credit (Supervisory team including at Corporate Office)	12	12	11	5
Legal and technical	50	45	47	39
Internal Audit	20	23	15	11
Operations (Branch)	379	365	259	74
Operations (Corporate Office)	134	148	165	151
Information Technology	23	24	23	12
Human Resources	12	12	12	11
Accounts (Branch)	351	318	289	178
Accounts (Corporate Office)	51	55	42	29
Administration and Other Support function	15	15	16	12
Total	**4,306**	**3,938**	**3,734**	**1,971**

Non-GAAP Reconciliations

Below are the reconciliations of the non-GAAP measures presented in this section:

	As of				
	September 30, 2021	September 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)				
Average Cost of Borrowings					
Finance Costs (A)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fee expenses (B)	9.60	5.44	26.68	4.25	9.48
Interest on lease liability (C)	9.92	9.09	17.95	16.78	12.85
Interest on current tax liability (D)	-	-	-	7.15	-
Adjusted Finance Costs (E=A+B-C-D)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Total Borrowings (F)[1]	28,542.54	30,653.47	34,251.97	23,636.93	9,600.29
Average Total Borrowing (G)[2]	30,804.21	26,756.95	28,409.16	17,814.34	6,950.39
Average Cost of Borrowings (I=E/G*100)	**10.63%**	**11.83%**	**11.48%**	**12.07%**	**11.06%**
Net NPA[4] to AUM[5] and NPA Provision Coverage Ratio					
Gross NPA[3] (A)	667.27	502.53	451.93	532.26	186.72
Less: Expected Credit Loss on Gross NPAs (B)	118.91	106.13	81.19	94.21	43.20
Net NPA[4] (C=A-B)	548.36	396.40	370.74	438.05	143.52
AUM[5] (D)	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
Gross NPA[3] /AUM [5] (E=A/D*100)	1.44%	1.28%	1.02%	1.37%	0.88%
Net NPA[4]/AUM[5] (F=C/D*100)	**1.18%**	**1.01%**	**0.83%**	**1.13%**	**0.68%**
Provision Coverage Ratio % (G=B/A)	**17.82%**	**21.12%**	**17.97%**	**17.70%**	**23.14%**
Net Worth					
Equity share capital (A)	290.14	256.36	256.45	255.82	239.00
Other equity (B)	34,242.98	21,086.16	22,925.27	19,189.98	13,409.85
Net Worth [16] (C=A+B)	**34,533.12**	**21,342.52**	**23,181.72**	**19,445.80**	**13,648.85**
Total Borrowings to Total Equity Ratio[6]					
Debt securities (A)	12,145.93	15,042.16	13,037.86	10,788.64	4,335.07
Borrowings (Other than debt securities) (B)	16,396.61	15,611.31	21,214.11	12,848.29	5,265.22
Total Borrowings [1] (C=A+B)	28,542.54	30,653.47	34,251.97	23,636.93	9,600.29
Total Equity (or Net Worth) (D)	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Total Borrowings to Total Equity Ratio (C/D)	**0.83**	**1.44**	**1.48**	**1.22**	**0.70**
Operating Expenses to Net Income[7]					
Total Income (A)	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Finance Costs (B)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fee expenses (C)	9.60	5.44	26.68	4.25	9.48
Interest on lease liability (D)	9.92	9.09	17.95	16.78	12.85
Interest on current tax liability (E)	-	-	-	7.15	-
Adjusted Finance costs (F=B+C-D-E)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Net income (G=A-F)	4,470.34	3,458.18	7,251.91	5,723.80	3,321.16
Employees benefits expense (H)	1,101.71	719.76	1637.18	1,271.07	765.34
Depreciation and amortisation expense (I)	53.66	54.46	113.85	100.68	73.81
Other expenses (J)	201.64	114.10	366.77	341.69	212.60
Adjusted Other expenses (K=J+D+E)	211.56	123.19	384.72	365.62	225.45
Operating Expenses (L=H+I+K)	1,366.93	897.43	2,135.75	1,737.37	1,064.60
Operating Expenses to Net Income (M=L/G*100)	**30.58%**	**25.95%**	**29.45%**	**30.35%**	**32.06%**
Return on Total Average Assets					
Profit for the period /year (A)	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14

	As of				
	September 30, 2021	September 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)				
Total Assets (B)	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70
Average total assets [(10)] (C)	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
Return on Total Average Assets (D=A/C*100)	**6.91%**	**7.76%**	**6.99%**	**7.31%**	**8.76%**
Operating Expenses to Average Total Assets[(8)]					
Employee benefits expense (A)	1,101.71	719.76	1,637.18	1,271.07	765.34
Depreciation and amortisation expense (B)	53.66	54.46	113.85	100.68	73.81
Adjusted Other expenses (C)	211.56	123.19	384.72	365.62	225.45
Operating expenses (D=A+B+C)	1,366.93	897.41	2,135.75	1,737.37	1,064.60
Average total assets [(10)] (E)	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
Operating Expenses to Average Total Assets (F=D/E*100)	**4.34%**	**3.68%**	**4.16%**	**4.85%**	**5.97%**
Impairment loss allowance [(9)] to Average Total Assets					
Impairment on financial instruments (A)	219.34	53.39	351.76	493.42	75.52
Average Total Assets[(10)] (B)	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
Impairment loss allowance to Average Total Assets (C=A/B)	**0.70%**	**0.22%**	**0.69%**	**1.38%**	**0.42%**
Average Yield on AUM [(11)]					
Adjusted Interest Income (A)	5,527.72	4,728.28	9,651.59	6,941.37	3,631.37
Average AUM (E)	45,674.83	38,811.47	39,940.36	28,708.56	15,030.84
Average Yield on AUM (F=A/E*100)	**24.14%**	**24.30%**	**24.17%**	**24.18%**	**24.16%**
Net Interest Margin					
Adjusted Interest Income (A)	5,527.72	4,728.28	9,651.59	6,941.37	3,631.37
Adjusted Finance Costs (B)	1,642.04	1,586.61	3,260.64	2,149.67	768.70
Net Interest Income[(12)] (C=A-B)	3,885.67	3,141.69	6,390.95	4,791.70	2,862.67
Average Total Assets[(10)] (D)	62,763.85	48,618.24	51,325.96	35,835.81	17,845.71
Net Interest Margin (E=C/D*100)	**12.35%**	**12.89%**	**12.45%**	**13.37%**	**16.04%**
Net asset value per share[(13)]					
Equity share capital (A)	290.14	256.36	256.45	255.82	239.00
Other Equity (B)	34,242.98	21,086.16	22,925.27	19,189.98	13,409.85
Total Equity (C=A+B)	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Number of equity shares after split (D)	290,135,120	271,812,910	271,907,410	271,278,910	238,995,820
Net asset value per share (E=C/D)	**119.02**	**78.52**	**85.26**	**71.68**	**57.11**
Operating Expenses					
Employee benefits expense (A)	1,101.71	719.76	1,637.18	1,271.07	765.34
Depreciation and amortisation expense (B)	53.66	54.46	113.85	100.68	73.81
Adjusted Other expenses (C)	211.56	123.19	384.73	365.62	225.45
Operating Expenses (D=A+B+C)	**1,366.93**	**897.43**	**2,135.75**	**1,737.37**	**1,064.60**
Return on Average Net Worth (%)[(14)]					
Profit for the period/year (A)	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Equity share capital	290.14	256.36	256.45	255.82	239.00
Other Equity	34,242.98	21,086.16	22,925.27	19,189.98	13,409.85
Total equity	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Average Net Worth(B)	29,861.88	20,345.74	21,301.87	17,060.68	10,350.89
Return on Average Net Worth (%) (C=A/B)	**14.53%**	**18.54%**	**16.85%**	**15.35%**	**15.11%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)[(15)]					
Profit for the period/year (A)	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14

	As of				
	September 30, 2021	September 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
	(₹ in million, except percentages)				
Tax Expense (B)	708.61	616.05	1,174.46	873.50	616.90
Depreciation and amortisation expense (C)	53.66	54.46	113.85	100.68	73.81
Finance Costs (D)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Earnings before interest, tax, depreciation and amortisation (EBITDA) (E=A+B+C+D)	**4,580.10**	**4,152.10**	**8,130.16**	**5,763.04**	**3,026.92**
Revenue from Operations (F)	**6,106.93**	**5,042.95**	**10,497.42**	**7,867.15**	**4,089.08**
EBITDA Margin (G=F/E)	**75.00%**	**82.33%**	**77.45%**	**73.25%**	**74.02%**
Net Profit Margin					
Profit for the period/year (A)	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Total Income (B)	6,112.39	5,044.79	10,512.55	7,873.47	4,089.86
Net Profit Margin(17) (A/B)	**35.59%**	**37.49%**	**34.15%**	**33.27%**	**38.24%**
Net NPA to Net AUM					
Gross NPA(3) (A)	667.27	502.53	451.93	532.26	186.72
Less: Expected Credit Loss on Gross NPAs (B)	118.91	106.13	81.19	94.21	43.20
Net NPA(4) (C=A-B)	548.36	396.40	370.74	438.05	143.52
AUM(5) (D)	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
Net AUM (18) (E=D-B)	46,273.99	39,174.97	44,372.63	38,828.07	21,084.85
Net NPA(4) / Net AUM(5) (E=A/D*100)	**1.19%**	**1.01%**	**0.84%**	**1.13%**	**0.68%**
Net tangible assets (19)					
Total assets	63,745.75	52,573.79	57,936.11	43,531.54	23,611.70
Less: Intangible assets	15.45	20.37	19.03	19.28	20.18
Less: Right of use assets	165.59	146.97	145.26	148.80	117.06
Less: Total financial liabilities	28,816.70	30,879.53	34,510.38	23,859.98	9,751.86
Less: Total Non-financial liabilities	395.93	351.74	244.01	225.76	210.99
Net tangible assets (19)	**34,352.08**	**21,175.18**	**23,017.43**	**19,277.72**	**13,511.61**

(1) *Total Borrowings represents the aggregate of debt securities and borrowings (other than debt securities), as of the last day of the relevant year or period.*
(2) *Average Total Borrowings is the simple average of our monthly Total Borrowings outstanding as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*
(3) *Gross NPA represents Stage 3 assets under Gross Term Loans. Refer Note 6 and 47 to the Restated Financial Information. Closing balance of AUM which are overdue for more than 90 days as of the last day of the relevant period. Also referred to as Stage 3 AUM.*
(4) *Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) against these loans as of the last day of relevant reporting period. Also referred to as Stage 3 AUM (Net).*
(5) *AUM is equivalent to Gross Term Loans as stated in Note 6 to the Restated Financial Information. AUM represents the aggregate of future principal outstanding and overdue principal outstanding, if any, and interest accrued and unpaid, if any, and interest accrued but not due, if any, for all loan AUM which includes loan assets held by our Company as of the last day of the relevant period as well as loan assets which have been transferred by our Company by way of securitisation and are outstanding as of the last day of the relevant period.*
(6) *Total Borrowings to Total Equity ratio represents the aggregate of debt securities, borrowings (other than debt securities) as of the last day of the relevant period upon Total Equity (or Net Worth) as of the last day of the relevant period.*
(7) *Operating Expenses to Net Income represents employee benefits expense, depreciation and amortisation expense and other expenses for the relevant period to Net income for the relevant period, represented as a percentage. Net Income represents Total income less Adjusted Finance cost.*
(8) *Operating Expenses to Average Total Assets represents aggregate of employee benefits expense, depreciation and amortisation expense and other expenses for the relevant period upon the simple average of our total assets as of the last day of the relevant period and our total assets as of the last day of the previous period, represented as a percentage.*
(9) *Impairment loss allowance represents impairment loss allowance on Gross Term Loans as stated in Note 6 to Restated Financial Information.*
(10) *Average Total Assets represents the simple average of our monthly Total Assets plus impairment loss allowance (as given in Note 6 of the Restated Financial Information) as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial period/year.*
(11) *Average Yield on AUM represents the interest income for a period to the average AUM for the period, represented as a percentage.*
(12) *Net Interest Income or "NII" represents Adjusted interest income less Adjusted finance costs, for the relevant period.*
(13) *Net asset value per share (NAV) is computed as the total equity as of the last day of the relevant period divided by the outstanding number of equity shares as of the last day of the relevant period.*
(14) *Return on Average Net Worth (RoNW) is computed as the profit for the period divided by our Average Net Worth. Average Net Worth represents the simple average of our monthly Net Worth as of the last day of the month starting from the last month of the previous financial year and ending with the last month of the current financial year.*
(15) *EBITDA is calculated as profit for the period plus income tax expense, depreciation and amortisation expense, and finance costs.*
(16) *Net Worth is equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information.*
(17) *Net Profit Margin represents Profit for the period as a percentage of Total Income.*
(18) *Net AUM represents AUM less ECL on Gross NPA as of the last day of the relevant period.*
(19) *Net tangible assets represents the sum of all the assets of our Company excluding intangible assets as defined under IND-AS 38, and right of use assets as defined under IND-AS 116 reduced by total liabilities of the Company.*

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditors' Examination Report On Restated Financial Information

The Board of Directors
Five-Star Business Finance Limited
New No. 27, Old No. 4,
Taylors Road, Kilpauk,
Chennai – 600 010

Dear Sirs,

1. We have examined the attached Restated Financial Information of Five-Star Business Finance Limited (the "Company" or the "Issuer"), comprising the Restated Statement of Assets and Liabilities as at 30 September 2021, 30 September 2020, 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Statement of Cash Flow for the period beginning 1 April 2021 to 30 September 2021 and 1 April 2020 to 30 September 2020 and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 8 November 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") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act,2013 (the "Act").

   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("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 and management is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India ("SEBI") and the stock exchanges where the equity shares of the Company are proposed to be listed ("Stock exchanges"), in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 to the Restated Financial Information.

The Board of Directors of the Company is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the Company is also responsible for identifying and ensuring that the Company 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 5 October 2021 in connection with the IPO of the Company;

   b) The Guidance Note, which 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 of the Company.

4. These Restated Financial Information have been compiled by the management from:

   a. Audited special purpose interim financial statements of the Company as at and for the six months period ended 30 September 2021 and six months period ended 30 September 2020 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Special Purpose Interim Financial Statements") which have been approved by the Board of Directors at their meeting held on 8 November 2021; and

   b. Audited Financial Statements of the Company as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on 28 May 2021, 10 June 2020 and 14 May 2019 respectively.

5. For the purpose of our examination, we have relied on Auditors' reports issued by us dated 8 November 2021, 28 May 2021, 10 June 2020 and 14 May 2019 on the financial statements of the Company as at and for the six months period ended 30 September 2021 and 30 September 2020, as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 respectively as referred in Paragraph 4 above.

6. The audit reports on the financial statements as at and for the six months period ended 30 September 2021 and 30 September 2020 and as at and for the years ended 31 March 2021 and 31 March 2020 issued by us, as referred in Paragraph 4 above, contained the following Emphasis of Matter paragraphs (also refer note 49 and 52 to the Restated Financial Information):

   As at and for the six months period ended 30 September 2021 and 30 September 2020

   The auditors' report has drawn attention to extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

   Our opinion is not modified in respect of this matter.

   As at and for the year ended 31 March 2021

   The auditors' report has drawn attention to extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

   The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

   Our opinion is not modified in respect of the above matters.

   As at and for the year ended 31 March 2020

   The auditors' report has drawn attention to the extent to which the COVID - 19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

   The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

   Our opinion is not modified in respect of the above matters.

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 and regrouping / reclassifications retrospectively in the financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 and for the period beginning 1 April 2020 to 30 September 2020 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six months period ended 30 September 2021;

   b) does not contain any qualifications requiring adjustments. However, items relating to emphasis of matter, as referred in paragraph 6 above and those qualifications 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, both of which do not require any corrective adjustments in the Restated Financial Information have been disclosed in note 49 to the Restated Financial Information; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim 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 SEBI and relevant Stock Exchanges in connection with the proposed IPO of equity shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's Registration Number: 101248W/W-100022

K Raghuram
Partner
Membership Number: 211171
ICAI UDIN: 21211171AAAACI2378

Place: Chennai
Date: 8 November 2021

Five-Star Business Finance Limited
Restated Statement of Assets and Liabilities
(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	Note	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ASSETS						
Financial assets						
Cash and cash equivalents	4	8,497.55	7,606.39	12,671.83	2,897.79	2,196.57
Bank balances other than cash and cash equivalents	5	4,659.40	5,402.76	885.40	1,613.49	0.69
Loans	6	46,443.67	38,635.87	43,587.49	38,308.04	20,958.64
Investments	7	3,236.79	250.60	-	-	-
Other financial assets	8	48.62	49.78	47.43	52.47	28.59
		62,886.03	**51,945.40**	**57,192.15**	**42,871.79**	**23,184.49**
Non-financial assets						
Current tax assets (net)	9	132.89	45.00	79.58	43.55	36.00
Deferred tax assets (net)	37	424.97	284.91	369.89	282.30	147.41
Investment property	10	0.36	0.36	0.36	0.36	0.36
Property, plant and equipment	12	83.34	95.23	84.56	110.61	74.44
Right of use asset	38	165.59	146.97	145.26	148.80	117.06
Other intangible assets	13	15.45	20.37	19.03	19.28	20.18
Other non-financial assets	11	37.12	35.55	45.28	54.85	31.76
		859.72	**628.39**	**743.96**	**659.75**	**427.21**
Total assets		**63,745.75**	**52,573.79**	**57,936.11**	**43,531.54**	**23,611.70**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Payables	14					
Trade payables						
total outstanding dues of micro and small enterprises		-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises		81.84	63.59	86.72	66.24	29.27
Debt securities	15	12,145.93	15,042.16	13,037.86	10,788.64	4,335.07
Borrowings (other than debt securities)	16	16,396.61	15,611.31	21,214.11	12,848.29	5,265.22
Other financial liabilities	17	192.32	162.47	171.69	156.81	122.30
		28,816.70	**30,879.53**	**34,510.38**	**23,859.98**	**9,751.86**
Non-financial liabilities						
Current tax liabilities (net)	18	-	72.28	-	7.48	16.22
Provisions	19	93.29	85.35	71.98	57.76	37.63
Other non-financial liabilities	20	302.64	194.11	172.03	160.52	157.14
		395.93	**351.74**	**244.01**	**225.76**	**210.99**
EQUITY						
Equity share capital	21	290.14	256.36	256.45	255.82	239.00
Other equity	22	34,242.98	21,086.16	22,925.27	19,189.98	13,409.85
		34,533.12	**21,342.52**	**23,181.72**	**19,445.80**	**13,648.85**
Total liabilities and equity		**63,745.75**	**52,573.79**	**57,936.11**	**43,531.54**	**23,611.70**

Significant accounting policies 2 and 3

See accompanying notes to the Restated Financial Information

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman and Managing Director
DIN: 01723269

R Anand
Director
DIN: 00243485

Roopa Sampath Kumar
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : November 8, 2021

Place : Chennai
Date : November 8, 2021

Five-Star Business Finance Limited
Restated Statement of Profit and Loss Account
(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	Note	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations						
Interest income	23	5,863.66	4,971.18	10,148.76	7,468.25	3,897.38
Fee income	24	111.06	50.57	216.76	297.08	132.70
Net gain on fair value changes	25	132.21	21.20	131.90	101.82	59.00
Total revenue from operations		**6,106.93**	**5,042.95**	**10,497.42**	**7,867.15**	**4,089.08**
Other income	26	5.46	1.84	15.13	6.32	0.78
Total Income		**6,112.39**	**5,044.79**	**10,512.55**	**7,873.47**	**4,089.86**
Expenses						
Finance costs	27	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Fees expenses	28	9.60	5.44	26.68	4.25	9.48
Impairment on financial instruments	29	219.34	53.39	351.76	493.42	75.52
Employee benefits expenses	30	1,101.71	719.76	1,637.18	1,271.07	765.34
Depreciation and amortization	31	53.66	54.46	113.85	100.68	73.81
Other expenses	32	201.64	114.10	366.77	341.69	212.60
Total Expenses		**3,228.31**	**2,537.41**	**5,748.15**	**4,380.46**	**1,908.82**
Profit before tax		**2,884.08**	**2,507.38**	**4,764.40**	**3,493.01**	**2,181.04**
Tax expense						
Current tax	33 A	758.75	617.72	1,259.41	1,005.61	697.78
Deferred tax (net)	37	(50.14)	(1.67)	(84.95)	(132.11)	(80.88)
		708.61	616.05	1,174.46	873.50	616.90
Profit for the period/ year		**2,175.47**	**1,891.33**	**3,589.94**	**2,619.51**	**1,564.14**
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Re-measurements of the defined benefit plan		(19.62)	(3.76)	(10.53)	(14.88)	(5.36)
Income tax relating to items that will not be reclassified to profit or loss	33 B	4.94	0.95	2.65	3.74	1.55
Net other comprehensive income / (deficit) not to be reclassified subsequently to profit or loss		(14.68)	(2.81)	(7.88)	(11.14)	(3.81)
Other comprehensive income / (deficit) for the period/ year, net of income tax		(14.68)	(2.81)	(7.88)	(11.14)	(3.81)
Total comprehensive income		**2,160.79**	**1,888.52**	**3,582.06**	**2,608.37**	**1,560.33**
Earnings per equity share (face value Re.1 each) (also refer note 39)						
Basic (in rupees)		7.96	7.39	14.01	10.32	6.88
Diluted (in rupees)		7.85	7.22	13.61	10.07	6.73
		<Not annualised>	<Not annualised>	<Annualised>	<Annualised>	<Annualised>
Significant accounting policies	2 and 3					

See accompanying notes to the Restated Financial Information

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman and Managing Director
DIN: 01723269

R Anand
Director
DIN: 00243485

Roopa Sampath Kumar
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : November 8, 2021

Place : Chennai
Date : November 8, 2021

Five-Star Business Finance Limited
Restated Statement of Changes in Equity
(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

A Equity share capital

Particulars	Number of shares	Amount
Balance as at April 1, 2018	19,168,854	191.69
Change in equity share capital during the year		
Add: Issued during the year	4,730,728	47.31
Balance as at March 31, 2019	**23,899,582**	**239.00**
Balance as at April 1, 2019	23,899,582	239.00
Change in equity share capital during the year		
Add: Issued during the year - fully paid up	1,510,712	15.10
Add: Issued during the year - partly paid up	1,717,597	1.72
Balance as at March 31, 2020	**27,127,891**	**255.82**
Balance as at April 1, 2020	27,127,891	255.82
Change in equity share capital during the year		
Add: Issued during the year	62,850	0.63
Balance as at March 31, 2021	**27,190,741**	**256.45**
Balance as at April 1, 2020	**27,127,891**	**255.82**
Change in equity share capital during the period		
Add: Issued during the period	53,400	0.54
Balance as at September 30, 2020	**27,181,291**	**256.36**
Balance as at April 1, 2021	27,190,741	256.45
Change in equity share capital during the period		
Add: Issued during the period	1,822,771	18.23
Add: Receipt of pending call money of partly paid up shares	-	15.46
Balance as at September 30, 2021	**29,013,512**	**290.14**

B Other Equity

	Reserves and surplus					Other comprehensive income	Total
	Statutory reserve	Securities premium	Employee stock option reserve	General reserve	Retained earnings	Re-measurements of defined benefit plan	
As at April 1, 2018	**248.96**	**4,625.67**	**32.75**	**71.96**	**748.18**	-	**5,727.52**
Changes in equity for the year ended March 31, 2019							
Premium received on shares issued during the year	-	6,155.87	-	-	-	-	**6,155.87**
Utilised during the year for share issue expenses	-	(50.15)	-	-	-	-	**(50.15)**
Total comprehensive income for the year	-	-	-	-	1,564.14	(3.81)	**1,560.33**
Transfer to statutory reserve	313.32	-	-	-	(313.32)	-	-
Transfer to retained earnings	-	-	-	-	(3.81)	3.81	-
Share based payment expense for the year	-	-	26.78	-	-	-	**26.78**
Transfer to securities premium	-	-	(10.50)	-	-	-	**(10.50)**
As at March 31, 2019	**562.28**	**10,731.39**	**49.03**	**71.96**	**1,995.19**	-	**13,409.85**
Transition to IND AS 116 (refer Note 49.C)	-	-	-	-	2.43	-	**2.43**
As at April 1, 2019	**562.28**	**10,731.39**	**49.03**	**71.96**	**1,997.62**	-	**13,412.28**
Changes in equity for the year ended March 31, 2020							
Premium received on shares issued during the year (including monies received for partly paid up shares)	-	3,175.53	-	-	-	-	**3,175.53**
Total comprehensive income for the year	-	-	-	-	2,619.51	(11.14)	**2,608.37**
Transfer to statutory reserve	523.90	-	-	-	(523.90)	-	-
Transfer to retained earnings	-	-	-	-	(11.14)	11.14	-
Share based payment expense for the year	-	-	16.80	-	-	-	**16.80**
Transfer to securities premium	-	-	(23.00)	-	-	-	**(23.00)**
As at March 31, 2020	**1,086.18**	**13,906.92**	**42.83**	**71.96**	**4,082.09**	-	**19,189.98**

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

B Other Equity (continued)

	Reserves and surplus					Other comprehensive income	
	Statutory reserve	**Securities premium**	**Employee stock option reserve**	**General reserve**	**Retained earnings**	**Re-measurements of defined benefit plan**	**Total**
As at April 1, 2020	**1,086.18**	**13,906.92**	**42.83**	**71.96**	**4,082.09**	-	**19,189.98**
Changes in equity for the period ended September 30, 2020							
Premium received on shares issued during the period	-	7.44	-	-	-	-	**7.44**
Total comprehensive income for the period	-	-	-	-	1,891.33	(2.81)	**1,888.52**
Transfer to retained earnings	-	-	-	-	(2.81)	2.81	-
Share based payment expense for the period	-	-	7.48	-	-	-	**7.48**
Transfer to securities premium	-	-	(7.26)	-	-	-	**(7.26)**
As at September 30, 2020	**1,086.18**	**13,914.36**	**43.05**	**71.96**	**5,970.61**	-	**21,086.16**
As at April 1, 2020	**1,086.18**	**13,906.92**	**42.83**	**71.96**	**4,082.09**	-	**19,189.98**
Changes in equity for the year ended March 31, 2021							
Premium received on shares issued during the year	-	16.53	-	-	-	-	**16.53**
Total comprehensive income for the year	-	-	-	-	3,589.94	(7.88)	**3,582.06**
Transfer to statutory reserve	717.99	-	-	-	(717.99)	-	-
Transfer to retained earnings	-	-	-	-	(7.88)	7.88	-
Share based payment expense for the year	-	-	150.94	-	-	-	**150.94**
Transfer to securities premium	-	-	(14.24)	-	-	-	**(14.24)**
As at March 31, 2021	**1,804.17**	**13,923.45**	**179.53**	**71.96**	**6,946.16**	-	**22,925.27**
As at April 1, 2021	**1,804.17**	**13,923.45**	**179.53**	**71.96**	**6,946.16**	-	**22,925.27**
Changes in equity for the period ended September 30, 2021							
Premium received on shares issued during the period (including monies received for partly paid up shares)	-	8,988.64	-	-	-	-	**8,988.64**
Total comprehensive income for the period	-	-	-	-	2,175.47	(14.68)	**2,160.79**
Transfer to retained earnings	-	-	-	-	(14.68)	14.68	-
Share based payment expense for the period	-	-	206.21	-	-	-	**206.21**
Utilised during the period for share issue expenses	-	(17.01)	-	-	-	-	**(17.01)**
Transfer to securities premium	-	-	(20.92)	-	-	-	**(20.92)**
As at September 30, 2021	**1,804.17**	**22,895.08**	**364.82**	**71.96**	**9,106.95**	-	**34,242.98**

Significant accounting policies 2 and 3

See accompanying notes to the Restated Financial Information

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

K Raghuram
Partner
Membership No: 211171

D Lakshmipathy
Chairman and Managing Director
DIN: 01723269

R Anand
Director
DIN: 00243485

Roopa Sampath Kumar
Chief Financial Officer
Place : Chennai
Date : November 8, 2021

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary

Place : Chennai
Date : November 8, 2021

Five-Star Business Finance Limited
Restated Statement of Cash Flows
(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flow from Operating Activities					
Profit before tax	**2,884.08**	**2,507.38**	**4,764.40**	**3,493.01**	**2,181.04**
Adjustments for:					
Depreciation and amortization	53.66	54.46	113.85	100.68	73.81
Provision for impairment on financial instruments and write-offs	219.34	53.39	351.76	493.42	75.52
Loss on sale/retirement of property, plant and equipment (net)	0.03	0.03	0.23	0.08	0.10
Profit on redemption of mutual funds	(132.21)	(21.20)	(131.90)	(101.82)	(59.00)
Interest income on deposits with banks / others	(147.62)	(108.00)	(193.75)	(288.67)	(135.24)
Interest income on government securities	(5.95)	-	-	-	-
Interest on term loans	(5,710.09)	(4,863.18)	(9,955.01)	(7,179.58)	(3,762.14)
Finance costs	1,642.36	1,590.26	3,251.91	2,169.35	772.07
Gain recognised on derecognition of leases	(0.67)	-	(4.23)	(0.66)	(0.59)
Employee stock option expenses	206.21	7.48	150.94	16.80	26.78
Operating cash flow before working capital changes	**(990.86)**	**(779.38)**	**(1,651.80)**	**(1,297.39)**	**(827.65)**
Changes in Working Capital:					
Adjustments for (Increase) / Decrease in operating assets:					
Term loans	(1,856.40)	(401.58)	(5,597.21)	(17,688.98)	(10,906.35)
Other non- financial assets	7.64	19.31	9.59	(18.26)	(9.39)
Other financial assets	(1.18)	2.67	5.02	(23.87)	(8.22)
Adjustments for Increase / (Decrease) in operating liabilities:					
Trade payables	(4.88)	(2.65)	20.48	36.97	6.64
Provisions	1.69	23.82	3.69	5.26	14.82
Other financial liabilities	(3.17)	4.83	17.49	0.59	(0.11)
Other non financial liabilities	130.61	33.60	11.51	3.37	115.65
Net cash (used in) operations	**(2,716.55)**	**(1,099.38)**	**(7,181.23)**	**(18,982.31)**	**(11,614.61)**
Finance cost paid	(1,499.93)	(1,486.91)	(3,009.53)	(2,254.33)	(784.35)
Interest income received	5,495.07	4,883.54	9,921.02	7,025.73	3,596.62
Direct taxes paid (net)	(812.08)	(554.38)	(1,302.93)	(1,021.89)	(681.05)
Net Cash from/ (used in) Operating Activities (A)	**466.51**	**1,742.87**	**(1,572.67)**	**(15,232.80)**	**(9,483.39)**
B. Cash Flow from Investing Activities					
Purchase of fixed assets	(17.89)	(13.42)	(32.44)	(97.10)	(58.51)
Proceeds from sale of fixed assets	0.03	0.02	0.10	0.08	1.53
Investment in inter-corporate deposits	(1,000.00)	-	-	-	-
Profit on redemption of mutual funds	131.28	21.20	131.90	101.82	59.00
Investment in mutual funds (net)	(433.49)	(250.60)	-	-	-
Investments in government securities	(2,796.42)	-	-	-	-
Interest income on deposits with banks / others	83.48	71.66	177.88	266.29	140.03
Movement in bank balances other than cash and cash equivalents	(3,713.94)	(3,752.92)	743.97	(1,590.43)	0.11
Net Cash from / (used in) Investing Activities (B)	**(7,746.95)**	**(3,924.06)**	**1,021.41**	**(1,319.34)**	**142.16**
C. Cash Flow from Financing Activities					
Proceeds from issue of equity shares	33.69	0.53	0.63	16.83	47.31
Proceeds from securities premium (net off utilisation)	8,950.72	0.17	2.28	3,152.53	6,095.21
Fresh borrowings during the period/ year	-	10,315.31	23,617.90	17,816.63	6,364.00
Repayments of borrowings (including processing fee)	(5,851.86)	(3,402.12)	(13,245.25)	(3,695.02)	(2,254.61)
Payment towards leases (excluding interest)	(26.39)	(24.10)	(50.26)	(37.61)	(27.90)
Net Cash from Financing Activities (C)	**3,106.16**	**6,889.79**	**10,325.30**	**17,253.36**	**10,224.01**
Net increase / (decrease) in Cash and Cash Equivalents [(A) + (B) + (C)	**(4,174.28)**	**4,708.60**	**9,774.04**	**701.22**	**882.78**
Cash and Cash Equivalents at the beginning of the period/ year	12,671.83	2,897.79	2,897.79	2,196.57	1,313.79
Cash and Cash Equivalents at the end of the period/ year	**8,497.55**	**7,606.39**	**12,671.83**	**2,897.79**	**2,196.57**

Five-Star Business Finance Limited
Restated Statement of Cash Flows (continued)
(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Notes					
1 Cash and cash equivalents					
Cash on hand	57.90	62.95	42.59	5.77	34.51
Balances with banks					
(i) In current accounts	520.55	1,450.55	3,145.49	1,305.09	2,059.62
(ii) In other deposit accounts (original maturity less than 3 months)	7,919.10	6,092.89	9,483.75	1,586.93	102.44
	8,497.55	7,606.39	12,671.83	2,897.79	2,196.57

2 Change in liabilities arising from financing activities

Particulars	Debt securities	Borrowings (other than debt
As at April 1, 2018	**1,931.63**	**3,528.34**
Cash flows (net)	2,412.71	1,747.18
Others*	(9.27)	(10.30)
As at March 31, 2019	**4,335.07**	**5,265.22**
Cash flows (net)	6,553.48	7,651.98
Others*	(99.91)	(68.91)
As at March 31, 2020	**10,788.64**	**12,848.29**
Cash flows (net)	4,228.09	2,774.90
Others*	25.43	(11.88)
As at September 30, 2020	**15,042.16**	**15,611.31**
As at April 1, 2020	**10,788.64**	**12,848.29**
Cash flows (net)	2,215.89	8,410.36
Others*	33.33	(44.54)
As at March 31, 2021	**13,037.86**	**21,214.11**
Cash flows (net)	(916.82)	(4,862.59)
Others*	24.89	45.09
As at September 30, 2021	**12,145.93**	**16,396.61**

* Others column includes the effect of amortization of processing fees etc.

Significant accounting policies 2 and 3

See accompanying notes to the Restated Financial Information

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of
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DIN: 00243485

Roopa Sampath Kumar
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : November 8, 2021

Place : Chennai
Date : November 8, 2021

1 Reporting entity

Five-Star Business Finance Limited ("the Company"), is a public limited company domiciled in India, and incorporated under the provisions of Companies Act 1956. The Company is a systemically important non-deposit taking Non-Banking Finance Company (NBFC). The Company has received the Certificate of Registration dated June 9, 2016 in lieu of Certificate of Registration dated December 3, 2002 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes.

The Company had one wholly owned subsidiary (Five-Star Housing Finance Private Limited) upto the financial year 2018-2019, which was merged with itself in financial year 2019-2020. Also refer note 51.

2 Basis of preparation

2.1 Statement of compliance

The Restated Statement of Assets and Liabilities of the Company as at September 30, 2021, September 30, 2020 and as at March 31, 2021, March 31, 2020 and March 31, 2019 and the Restated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Statement of Changes in Equity and the Restated Statement of Cash flows for the six months period ended September 30, 2021, September 30, 2020 and for each of the years ended March 31, 2021, March 31, 2020 and March 31, 2019, and the Summary of Significant Accounting Policies and other explanatory notes and notes to financial statements (together referred to as 'Restated Financial Information') have been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013. (the 'Act') and other relevant provisions of the Act as amended from time to time.

These Restated Financial Information have been approved by the Board of Directors on November 8, 2021.

These Restated Financial Information have been prepared by the management of the Company for the purpose of inclusion in the draft red herring prospectus (the "DRHP" or the "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

(i) Section 26 of Chapter III of the Act;
(ii) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI'), as amended ("ICDR Regulations"); and
(iii) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI")(the "Guidance Note").

These Restated Financial Information has been prepared by the Management from the Audited Financial Statements for respective years and

(a) there were no changes in accounting policies during the years/periods of these financial statements except for Ind AS 116 'Leases' Refer note 3.14 and Note 49.
(b) there were no material amounts which have been adjusted for in arriving at profit/ loss of the respective years/periods; and
(c) there were no material adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company and the requirements of the SEBI Regulations.

In the month of October 2019, Guidance note on Division III - Schedule III to the Companies Act, 2013 was issued by the ICAI which was applicable to the Company for preparation and presentation of its financial statements for the year ended March 31, 2020. The adoption of the said guidance note did not impact recognition and measurement principles followed for preparation of the financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. It may be noted that in preparing and presenting the audited financial statements for the year ended March 31, 2020, the Company had reclassified the comparative figures for the financial year ended March 31, 2019 in accordance with the requirements of the Guidance note.

Division III - Schedule III to the Companies Act, 2013 has been further amended vide the Government Notification dated March 24, 2021 to include certain additional presentation and disclosures requirements and changes to some of the existing requirements. These changes need to be applied in preparation of financial statements for the financial year commencing on or after April 1, 2021. Accordingly this restated financial information has been prepared based on the above requirement. The adoption of the said amendment does not impact recognition and measurement principles followed for preparation of the financial statements.

Also refer note 51 with respect to amalgamation of Five-Star Housing Finance Private Limited, wholly owned subsidiary with effect from April 1, 2019

2.2 Presentation of Restated Financial Information

The Balance Sheet, the Statement of Profit and Loss and Statement of Changes in Equity are presented in the format prescribed under Division III of Schedule III to the Companies Act, 2013 as amended from time to time, for Non Banking Financial Companies ('NBFC') that are required to comply with Ind AS. The statement of cash flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis.

2.3 Functional and presentation currency

These Restated Financial Information are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest millions (two decimals), unless otherwise indicated

2.4 Basis of measurement

The Restated Financial Information have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Financial assets and liabilities	Fair value /Amortised cost, as applicable
Liabilities for equity-settled share-based payment arrangements	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5 Use of estimates and judgements

The preparation of the Restated Financial Information in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the Restated Financial Information and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Restated Financial Information in the period in which changes are made and, if material, their effects are disclosed in the notes to the Restated Financial Information.

Estimation of uncertainties relating to the global health pandemic from novel coronavirus 2019 ("COVID-19"):

The Company believes that it has considered all the possible impact of the currently known events arising out of the second wave of COVID-19 pandemic in the preparation of Restated Financial Information. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has exercised judgement, as at the date of approval of these Restated Financial Information based on internal and external sources of information including economic forecasts. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions. The impact of COVID-19 on the Company's Restated Financial Information may differ from that estimated as at the date of approval of these Restated Financial Information.

Information about judgements, estimates and assumptions made in applying accounting policies that have the most significant effects on the amounts recognised in the Restated Financial Information is included in the following notes:

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and delayed interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

2.5 Use of estimates and judgements (continued)

iv) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include :

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
b) Development of ECL models, including the various formulae and the choice of inputs.
c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the Restated Financial Information are prudent and reasonable.

vi) Leases

The estimates and judgements related to leases include:

a) The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
b) 'The determination of the incremental borrowing rate used to measure lease liabilities.

vii) Other assumptions and estimation uncertainties

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

i) Measurement of defined benefit obligations: key actuarial assumptions;
ii) Estimated useful life of property, plant and equipment and intangible assets;
iii) Recognition of deferred taxes.

3 Significant accounting policies

3.1 Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Effective Interest Rate ('EIR') Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company continues to calculate interest income on the gross carrying amount of the financial asset.

B. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fee income

Fees income such as legal inspection charges, cheque bounce charges are recognised on point in time basis.

E. Others

Delayed interest and other operating income are recognized as income upon certainty of receipt.
Profit / loss on sale of investments is recognised at the time of sale or redemption and is computed based on First in First out method.
All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss (FVTPL), transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

i) Amortised cost
ii) FVOCI
iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.

3.3 Financial assets and liabilities (Continued)

B. Financial liabilities

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its significant financial assets or liabilities in the year ended March 31, 2021, March 31, 2020 and March 31, 2019 and in the period ended September 30, 2021 and September 30, 2020.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

ii) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

i.) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii.) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both LTECLs and 12 months ECLs are calculated on collective basis.

3.6 Impairment of financial assets (Continued)

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:
When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:
When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:
Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:
Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:
Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:
Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1:
The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:
When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:
For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time (Also refer note no. 52).

3.7 Write-offs

Financial assets are written off when there is a significant doubt on recoverability in the medium term. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.10 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3.10 Property, plant and equipment (Continued)

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	Estimated Useful life
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.11 Intangible assets

i. Recognition and measurement

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.12 Employee benefits

i. Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'),if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii. Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

3.13 Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised not disclosed in the Restated Financial Information.

3.14 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognises right-of-use assets at the commencement date of the lease (i.e.the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Company determines the lease term as the initial period agreed in the lease agreement , together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the initial period agreed in the lease agreement.

3.15 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.16 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

3.17 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.18 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108 Operating Segments, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.19 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit/ loss after tax attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.20 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

3.21 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.22 Standards issued not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Restated Financial Information is required to be disclosed.

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
4	**Cash and cash equivalents**					
	Cash on hand	57.90	62.95	42.59	5.77	34.51
	Balances with banks					
	(i) In current accounts	520.55	1,450.55	3,145.49	1,305.09	2,059.62
	(ii) In other deposit accounts (original maturity less than 3 months)	7,919.10	6,092.89	9,483.75	1,586.93	102.44
		8,497.55	**7,606.39**	**12,671.83**	**2,897.79**	**2,196.57**
5	**Bank Balances other than cash and cash equivalents**					
	Fixed deposit with banks	4,659.02	5,402.21	885.00	1,612.94	-
	In earmarked accounts					
	Unclaimed dividend account	0.38	0.55	0.40	0.55	0.69
		4,659.40	**5,402.76**	**885.40**	**1,613.49**	**0.69**

Note :

Fixed deposits amounting to INR 752.11 million (September 30, 2020 - INR 539.03 million, March 31, 2021 - INR 764.26 million, March 31, 2020 - 240.56 million, March 31, 2019 - Nil) have been provided as credit enhancement for securitisation transactions.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
6	**Loans (At amortised cost)**					
A	**Based on nature**					
	Gross term loans	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
	Inter-corporate deposits	1,004.09	-	-	-	-
	Less: Impairment loss allowance	953.33	645.23	866.32	614.24	169.42
	Net loans	**46,443.67**	**38,635.87**	**43,587.49**	**38,308.04**	**20,958.64**
B	**Based on security**					
	Secured by tangible assets	46,392.91	39,281.10	44,453.81	38,922.28	21,128.06
	Unsecured	1,004.09	-	-	-	-
	Gross loans	**47,397.00**	**39,281.10**	**44,453.81**	**38,922.28**	**21,128.06**
	Less: Impairment loss allowance	953.33	645.23	866.32	614.24	169.42
	Net loans	**46,443.67**	**38,635.87**	**43,587.49**	**38,308.04**	**20,958.64**
C	**Based on region**					
	Loans in India					
	Public sector			-	-	-
	Others	47,397.00	39,281.10	44,453.81	38,922.28	21,128.06
	Less: Impairment loss allowance	953.33	645.23	866.32	614.24	169.42
		46,443.67	**38,635.87**	**43,587.49**	**38,308.04**	**20,958.64**
	Loans outside India	-	-	-	-	-
	Less: Impairment loss allowance	-	-	-	-	-
		-	-	-	-	-
	Net loans	**46,443.67**	**38,635.87**	**43,587.49**	**38,308.04**	**20,958.64**

Note:
Secured exposures are secured wholly by mortgage of property.

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
7	**Investments**					
	At fair value through profit or loss					
	Investment in mutual funds	434.42	250.60	-	-	-
	At amortised cost					
	Investment in government securities	2,802.37	-	-	-	-
		3,236.79	**250.60**	-	-	-
	Aggregate value of unquoted investments	-	-	-	-	-
	Aggregate value of quoted investments	3,236.79	250.60	-	-	-
	Investments in India	3,236.79	250.60	-	-	-
	Investments outside India	-	-	-	-	-
8	**Other financial assets**					
	Unsecured, considered good					
	Security deposits	38.33	37.18	36.96	36.32	25.43
	Other receivables	10.29	12.60	10.47	16.15	3.16
		48.62	**49.78**	**47.43**	**52.47**	**28.59**
9	**Current tax assets (net)**					
	Advance income tax, net of provision	132.89	45.00	79.58	43.55	36.00
		132.89	**45.00**	**79.58**	**43.55**	**36.00**
10	**Investment property**					
	Cost or deemed cost (Gross carrying amount)					
	Balance at the beginning of the period/ year	0.36	0.36	0.36	0.36	0.36
	Acquisitions	-	-	-	-	-
	Transfer from property, plant and equipment	-	-	-	-	-
	Balance at the end of the period/ year	**0.36**	**0.36**	**0.36**	**0.36**	**0.36**
	Accumulated depreciation					
	Balance at the beginning of the period/ year	-	-	-	-	-
	Depreciation for the period/ year	-	-	-	-	-
	Balance at the end of the period/ year	-	-	-	-	-
	Net carrying amounts	**0.36**	**0.36**	**0.36**	**0.36**	**0.36**
	Fair value	0.65	0.62	0.65	0.62	0.59

The fair value of the investment property is based on the valuation by registered valuer as defined under rule 2 of Companies (Registered Valuer and Valuation) Rules, 2017. There were no immovable properties where the title deeds are not held in the name of the Company.

11	**Other non-financial assets**					
	Capital advances	3.74	5.98	4.26	7.28	2.45
	Prepaid expenses	30.75	22.67	33.11	40.48	26.01
	Balance with government authorities	2.63	6.90	7.91	7.09	3.30
		37.12	**35.55**	**45.28**	**54.85**	**31.76**

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

12 Property, plant and equipment

Particulars	Furniture and fittings	Computers and accessories	Office equipments	Vehicles	Leasehold improvements	Total (A)	Capital work-in-progress (B)	Total (A) + (B)
Cost or deemed cost (gross carrying amount)								
As at April 1, 2018	20.20	17.57	5.20	3.93	19.77	66.67	1.41	68.08
Additions / Transfer-in	18.48	22.43	5.45	-	20.09	66.45	-	66.45
Disposals / Transfer-out	0.26	0.68	0.05		-	0.99	1.41	2.40
As at March 31, 2019	38.42	39.32	10.60	3.93	39.86	132.13	-	132.13
Additions / Transfer-in	22.54	47.85	15.28	-	0.64	86.30	-	86.30
Disposals / Transfer-out	0.42	-	0.02	-	-	0.44	-	0.44
As at March 31, 2020	60.54	87.17	25.86	3.93	40.50	217.99	-	217.99
Additions / Transfer-in	4.48	3.98	1.35	-	-	9.80	-	9.80
Disposals / Transfer-out	0.12	-	-	-	-	0.12	-	0.12
As at September 30, 2020	64.90	91.15	27.21	3.93	40.50	227.67	-	227.67
As at April 1, 2020	60.54	87.17	25.86	3.93	40.50	217.99	-	217.99
Additions / Transfer-in	13.37	8.13	5.90	-	0.01	27.41	-	27.41
Disposals / Transfer-out	1.01	0.05	0.01	-	-	1.07	-	1.07
As at March 31, 2021	72.90	95.25	31.75	3.93	40.51	244.33	-	244.33
Additions / Transfer-in	4.58	10.14	1.55	-	0.94	17.22	-	17.22
Disposals / Transfer-out	0.14	-	0.02	-	-	0.16	-	0.16
As at September 30, 2021	77.34	105.39	33.28	3.93	41.45	261.39	-	261.39
Accumulated depreciation								
As at April 1, 2018	3.99	6.77	1.87	1.22	7.74	21.59	-	21.59
Depreciation for the year	7.08	15.07	2.89	0.84	11.01	36.88	-	36.88
On disposals	0.15	0.62	0.02	-	-	0.79	-	0.79
As at March 31, 2019	10.92	21.22	4.74	2.06	18.75	57.69	-	57.69
Depreciation for the year	10.04	25.03	5.48	0.58	8.85	49.97	-	49.97
On disposals	0.28	-	0.00	-	-	0.28	-	0.28
As at March 31, 2020	20.68	46.25	10.22	2.64	27.60	107.38	-	107.38
Depreciation for the period	5.49	13.24	3.67	0.20	2.52	25.13	-	25.13
On disposals	0.07	-	-	-	-	0.07	-	0.07
As at September 30, 2020	26.10	59.49	13.89	2.84	30.12	132.44	-	132.44
As at April 1, 2020	20.68	46.25	10.21	2.64	27.60	107.39	-	107.39
Depreciation for the year	11.99	27.78	8.39	0.40	4.56	53.13	-	53.13
On disposals	0.70	0.03	0.01	-	-	0.74	-	0.74
As at March 31, 2021	31.97	74.00	18.61	3.04	32.16	159.78	-	159.78
Depreciation for the period	5.57	7.57	3.17	0.12	1.94	18.37	-	18.37
On disposals	0.09	-	0.01	-	-	0.10	-	0.10
As at September 30, 2021	37.45	81.57	21.77	3.16	34.10	178.05	-	178.05
Carrying amount (net)								
As at March 31, 2019	27.50	18.10	5.86	1.87	21.10	74.44	-	74.44
As at March 31, 2020	39.86	40.92	15.64	1.29	12.90	110.61	-	110.61
As at September 30, 2020	38.80	31.66	13.32	1.09	10.38	95.23	-	95.23
As at March 31, 2021	40.93	21.25	13.14	0.89	8.35	84.56	-	84.56
As at September 30, 2021	39.89	23.82	11.51	0.77	7.35	83.34	-	83.34

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

13 Other Intangible assets

Particulars	Softwares	Total
Cost or deemed cost (gross carrying amount)		
As at April 1, 2018	**22.46**	**22.46**
Additions / Transfer-in	7.14	7.14
Disposals / Transfer-out	0.01	0.01
As at March 31, 2019	**29.59**	**29.59**
Additions / Transfer-in	5.98	5.98
Disposals / Transfer-out	-	-
As at March 31, 2020	**35.57**	**35.57**
Additions / Transfer-in	3.42	3.42
Disposals / Transfer-out	-	-
As at September 30, 2020	**38.99**	**38.99**
As at April 1, 2020	**35.57**	**35.57**
Additions / Transfer-in	5.03	5.03
Disposals / Transfer-out	-	-
As at March 31, 2021	**40.60**	**40.60**
Additions / Transfer-in	1.19	1.19
Disposals / Transfer-out	-	-
As at September 30, 2021	**41.79**	**41.79**
Accumulated amortisation		
As at April 1, 2018	**4.35**	**4.35**
Amortisation for the year	5.06	5.06
On disposals	-	-
As at March 31, 2019	**9.41**	**9.41**
Amortisation for the year	6.88	6.88
On disposals	-	-
As at March 31, 2020	**16.29**	**16.29**
Amortisation for the period	2.33	2.33
On disposals	-	-
As at September 30, 2020	**18.62**	**18.62**
As at March 31, 2020	**16.29**	**16.29**
Amortisation for the year	5.28	5.28
On disposals	-	-
As at March 31, 2021	**21.57**	**21.57**
Amortisation for the period	4.77	4.77
On disposals	-	-
As at September 30, 2021	**26.34**	**26.34**
Carrying amount (net)		
As at March 31, 2019	**20.18**	**20.18**
As at March 31, 2020	**19.28**	**19.28**
As at September 30, 2020	**20.37**	**20.37**
As at March 31, 2021	**19.03**	**19.03**
As at September 30, 2021	**15.45**	**15.45**

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
14 Payables					
14.1 Trade payables					
total outstanding dues of micro and small enterprises	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	81.84	63.59	86.72	66.24	29.27
	81.84	**63.59**	**86.72**	**66.24**	**29.27**
To related parties	-	-	-	-	-
Others	81.84	63.59	86.72	66.24	29.27
	81.84	**63.59**	**86.72**	**66.24**	**29.27**

Trade payables (Ageing Schedule)

The following schedules reflect ageing of trade payables with respect to the date of transactions.

As at September 30, 2021:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	11.03	0.02	-	-	11.05
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**11.03**	**0.02**	-	-	**11.05**
(v) Unbilled Dues	70.79	-	-	-	**70.79**
Subtotal (v)	**70.79**	-	-	-	**70.79**
Grand Total	**81.82**	**0.02**	-	-	**81.84**

As at September 30, 2020:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	6.20	-	-	-	6.20
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**6.20**	-	-	-	**6.20**
(v) Unbilled Amounts-Provisions	57.39	-	-	-	**57.39**
Subtotal (v)	**57.39**	-	-	-	**57.39**
Grand Total	**63.59**	-	-	-	**63.59**

As at March 31, 2021:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	24.11	0.03	-	-	24.14
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**24.11**	**0.03**	-	-	**24.14**
(v) Unbilled Amounts	62.58	-	-	-	**62.58**
Subtotal (v)	**62.58**	-	-	-	**62.58**
Grand Total	**86.69**	**0.03**	-	-	**86.72**

As at March 31, 2020:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	12.56	0.02	0.05	0.07	12.70
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**12.56**	**0.02**	**0.05**	**0.07**	**12.70**
(v) Unbilled Amounts	53.54	-	-	-	**53.54**
Subtotal (v)	**53.54**	-	-	-	**53.54**
Grand Total	**66.10**	**0.02**	**0.05**	**0.07**	**66.24**

As at March 31, 2019:

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	4.00	0.08	0.07	-	4.15
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Subtotal (i+ii+iii+iv)	**4.00**	**0.08**	**0.07**	-	**4.15**
(v) Unbilled Amounts	25.12	-	-	-	**25.12**
Subtotal (v)	**25.12**	-	-	-	**25.12**
Grand Total	**29.12**	**0.08**	**0.07**	-	**29.27**

Based on information received from the suppliers, the management has identified the enterprises which have provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination / identification for the purpose of presentation under this disclosure has been done on the basis of information received and available with the Company which has been solely relied upon by the auditors.

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
15 Debt securities (refer note 15.1)					
At amortised cost					
Secured debentures					
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- Nil, March 31, 2019- 250) 11.00 % redeemable, non-convertible debentures of INR 1 million each	-	-	-	-	250.14
Nil, (September 30, 2020- 450, March 31, 2021 - Nil, March 31, 2020- 750, March 31, 2019- 1,350) 11.45% redeemable, non-convertible debentures of INR 0.1 million each	-	45.23	-	75.40	135.72
Nil, (September 30, 2020- 750, March 31, 2021 - Nil, March 31, 2020- 1,250, March 31, 2019- 2,250) 11.45% redeemable, non-convertible debentures of INR 0.1 million	-	75.58	-	125.98	226.76
Nil, (September 30, 2020- 300, March 31, 2021 - Nil, March 31, 2020- 300, March 31, 2019- 300) 13.60% redeemable, non-convertible debentures of INR 1 million each	-	44.72	-	89.44	178.84
2,000 (September 30, 2020- 2,000, March 31, 2021 - 2000, March 31, 2020- 2,000, March 31, 2019- 2,000), 10.30% redeemable, non-convertible debentures of INR 1 million each	2,002.72	2,002.39	2,002.26	2,002.25	2002.26
Nil, (September 30, 2020- 300, March 31, 2021 - Nil, March 31, 2020- 300, March 31, 2019- 300) 11.50% redeemable, non-convertible debentures of INR 1 million each	-	79.40	-	233.80	308.97
Nil, (September 30, 2020- 240, March 31, 2021 - Nil, March 31, 2020- 240, March 31, 2019- 240) 11.25% redeemable, non-convertible debentures of INR 1 million each	-	242.43	-	242.20	242.37
Nil, (September 30, 2020- 450, March 31, 2021 - Nil, March 31, 2020- 450, March 31, 2019- 450) 11.50% redeemable, non-convertible debentures of INR 1 million each	-	119.10	-	350.70	463.45
Nil, (September 30, 2020- 5,000, March 31, 2021 - Nil, March 31, 2020- 5,000, March 31, 2019- 500) 12.64% redeemable, non-convertible debentures of INR 1 million each	-	5,003.45	-	5,005.18	500.52
Nil, (September 30, 2020- 1,000, March 31, 2021 - 1000, March 31, 2020- 1,000, March 31, 2019- 50) 12.64% redeemable, non-convertible debentures of INR 1 million	-	1,000.69	1,002.05	1,001.09	50.05
30 million, (September 30, 2020- 30 million, March 31, 2021 - 30 million, March 31, 2020- 30 million, March 31, 2019- Nil) 11.40% redeemable, non-convertible debentures of INR 10 each	300.11	300.11	300.11	300.11	-
2,000, (September 30, 2020- 2,000, March 31, 2021 - 2,000, March 31, 2020- 2,000, March 31, 2019- Nil) 12.28% redeemable, non-convertible debentures of INR 0.1 million each	266.92	236.24	251.06	222.23	-
1250, (September 30, 2020- 1,250, March 31, 2021 - 1250, March 31, 2020- 1,250, March 31, 2019- Nil) 11.88% redeemable, non-convertible debentures of INR 1 million	1,264.63	1,264.59	1,263.77	1,264.16	-
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 420, March 31, 2019- 420) 12.50% redeemable, non-convertible debentures of INR 100 each	-	-	-	0.07	0.06
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 3,300, March 31, 2019- 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	-	-	-	0.48	0.47
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 450, March 31, 2019- 450) 12.50% redeemable, non-convertible debentures of INR 100 each	-	-	-	0.06	0.06
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 180, March 31, 2019- 180) 12.50% redeemable, non-convertible debentures of INR 100 each	-	-	-	0.03	0.03
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 100, March 31, 2019- 100) 12.50% redeemable, non-convertible debentures of INR 100 each	-	-	-	0.01	0.01
15 million, (September 30, 2020- 15 million, March 31, 2021 - 15 million, March 31, 2020- Nil, March 31, 2019- Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	150.05	150.05	150.05	-	-
150, (September 30, 2020- 150, March 31, 2021- 150, March 31, 2020- Nil, March 31, 2019- Nil) 10.50% redeemable, non-convertible debentures of INR 1 million each	155.44	155.28	163.13	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	251.43	251.43	251.51	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	510.85	514.92	510.55	-	-
150, (September 30, 2020- 150, March 31, 2021 - 150, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	153.25	154.48	153.16	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	510.85	514.92	510.55	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	512.02	512.02	536.33	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	508.28	508.28	532.59	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	508.28	508.28	532.59	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	252.73	252.73	264.58	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	252.73	252.73	264.58	-	-
2500, (September 30, 2020- 2,500, March 31, 2021 - 2,500, March 31, 2020- Nil, March 31, 2019- Nil) 10.05% redeemable, non-convertible debentures of INR 0.1	278.40	252.01	264.78	-	-
700, (September 30, 2020- 700, March 31, 2021 - 700, March 31, 2020- Nil, March 31, 2019- Nil) 10.91% redeemable, non-convertible debentures of INR 1 million each	700.22	700.22	700.44	-	-
250, (September 30, 2020- Nil, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	270.56	-	258.65	-	-
750, (September 30, 2020- Nil, March 31, 2021 - 750, March 31, 2020- Nil, March 31, 2019- Nil) 8.88% redeemable, non-convertible debentures of INR 1 million each	804.42	-	769.52	-	-
500, (September 30, 2020- Nil, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 8.88% redeemable, non-convertible debentures of INR 1 million each	536.15	-	512.88	-	-

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
15 Debt securities (refer note 15.1) (Continued)					
At amortised cost					
Secured debentures					
2000, (September 30, 2020- Nil, March 31, 2021 - 2000, March 31, 2020- Nil, March 31, 2019- Nil) 9.84% redeemable, non-convertible debentures of INR 0.1 million each	216.20	-	205.83	-	-
2000, (September 30, 2020- Nil, March 31, 2021 - 2000, March 31, 2020- Nil, March 31, 2019- Nil) 10.12% redeemable, non-convertible debentures of INR 0.1 million each	216.67	-	205.99	-	-
1500 (September 30, 2020- Nil, March 31, 2021 - 1500, March 31, 2020- Nil, March 31, 2019- Nil) 8.65% redeemable, non-convertible debentures of INR 1 million each	1,589.35	-	1,522.12	-	-
	12,212.26	**15,141.28**	**13,129.08**	**10,913.19**	**4,359.71**
Less: Unamortised processing fee	(66.33)	(99.12)	(91.22)	(124.55)	(24.64)
	12,145.93	**15,042.16**	**13,037.86**	**10,788.64**	**4,335.07**
Debts securities in India	12,145.93	15,042.16	13,037.86	10,788.64	4,335.07
Debts securities outside India	-	-	-	-	-
	12,145.93	**15,042.16**	**13,037.86**	**10,788.64**	**4,335.07**

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(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
16 Borrowings (other than debt securities) (refer note 15.1)					
At amortised cost					
Term loans (secured)					
From banks	7,646.98	8,403.06	9,797.20	7,758.95	3,799.07
From other parties	2,175.26	2,039.62	3,105.51	1,772.53	1,395.75
Loans repayable on demand (secured)					
From banks	-	15.60	19.67	-	86.31
Borrowings under securitisation	6,665.84	5,256.93	8,428.29	3,408.83	-
	16,488.08	15,715.21	21,350.67	12,940.31	5,288.33
Less: Unamortised processing fee	(91.47)	(103.90)	(136.56)	(92.02)	(23.11)
	16,396.61	**15,611.31**	**21,214.11**	**12,848.29**	**5,265.22**
Borrowings in India	16,396.61	15,611.31	21,214.11	12,848.29	5,265.22
Borrowings outside India	-	-	-	-	-
	16,396.61	**15,611.31**	**21,214.11**	**12,848.29**	**5,265.22**

Loans repayable on demand includes on cash credit and working capital demand loans from banks which are secured by specific charge on identified receivables. As at September 30, 2021, the rate of interest across the cash credit and working capital demand loans was in the range of 7.25% p.a to 11.45% p.a (September 30, 2020 - 9.25% p.a to 11.45% p.a, March 31, 2021 - 9.25% p.a to 11.45% p.a, March 31, 2020 - 10.20% p.a to 12.00% p.a, March 31, 2019 - 9.50% p.a to 12.00% p.a)
The Company has not defaulted in the repayment of the borrowings (including debt securities).

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
17 Other financial liabilities					
Unpaid dividends	0.38	0.55	0.40	0.55	0.68
Lease liability (Refer note 38)	176.74	156.37	152.94	155.53	121.62
Others*	15.20	5.55	18.35	0.73	-
	192.32	**162.47**	**171.69**	**156.81**	**122.30**

*Others include unspent corporate social responsibility fund amounting to INR 12.5 million. (September 30, 2020 - Nil, March 31, 2021 - 15.00, March 31, 2020 - Nil, March 31, 2019 - Nil)

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
18 Current tax liabilities (net)					
Provision for tax (net)	-	72.28	-	7.48	16.22
	-	**72.28**	-	**7.48**	**16.22**
19 Provisions					
Provision for employee benefits					
Provision for gratuity	23.64	38.94	25.48	24.71	25.57
Provision for compensated absences	69.65	46.41	46.50	33.05	12.06
	93.29	**85.35**	**71.98**	**57.76**	**37.63**
20 Other non-financial liabilities					
Statutory dues payable	32.34	22.37	48.74	53.05	31.49
Employee related payables	270.30	171.74	123.29	107.47	125.65
	302.64	**194.11**	**172.03**	**160.52**	**157.14**

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

15.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Tenor	Earliest installment date	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Secured debentures								
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- Nil, March 31, 2019- 250) 11.00 % redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: quarterly	72 months	March 30, 2020	-	-	-	-	250.14
Nil, (September 30, 2020- 450, March 31, 2021 - Nil, March 31, 2020- 750, March 31, 2019- 1,350) 11.45% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	April 15, 2019	-	45.23	-	75.40	135.72
Nil, (September 30, 2020- 750, March 31, 2021 - Nil, March 31, 2020- 1,250, March 31, 2019- 2,250) 11.45% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Repayable in 48 months in 9 quarterly installments Coupon payment frequency: Monthly	48 months	March 7, 2019	-	75.58	-	125.98	226.76
Nil, (September 30, 2020- 300, March 31, 2021 - Nil, March 31, 2020- 300, March 31, 2019- 300) 13.60% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 60 months in 7 half-yearly installments Coupon payment frequency: Half Yearly	60 months	December 6, 2017	-	44.72	-	89.44	178.84
2,000 (September 30, 2020- 2,000, March 31, 2021 - 2000, March 31, 2020- 2,000, March 31, 2019- 2,000), 10.30% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Quarterly	60 months	June 28, 2022	2,002.72	2,002.39	2,002.26	2,002.25	2,002.26
Nil, (September 30, 2020- 300, March 31, 2021 - Nil, March 31, 2020- 300, March 31, 2019- 300) 11.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	79.40	-	233.80	308.97
Nil, (September 30, 2020- 240, March 31, 2021 - Nil, March 31, 2020- 240, March 31, 2019- 240) 11.25% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	48 months	February 28, 2021	-	242.43	-	242.20	242.37
Nil, (September 30, 2020- 450, March 31, 2021 - Nil, March 31, 2020- 450, March 31, 2019- 450) 11.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 4 quarterly installments Coupon payment frequency: Half Yearly	48 months	March 30, 2020	-	119.10	-	350.70	463.45
Nil, (September 30, 2020- 5,000, March 31, 2021 - Nil, March 31, 2020- 5,000, March 31, 2019- 500) 12.64% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	-	5,003.45	-	5,005.18	500.52
Nil, (September 30, 2020- 1,000, March 31, 2021 - 1000, March 31, 2020- 1,000, March 31, 2019- 50) 12.64% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Repayable in 12 monthly installments Coupon payment frequency: Quarterly	36 months	April 29, 2021	-	1,000.69	1,002.05	1,001.09	50.05
30 million, (September 30, 2020- 30 million, March 31, 2021 - 30 million, March 31, 2020- 30 million, March 31, 2019- Nil) 11.40% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Monthly	60 months	April 11, 2024	300.11	300.11	300.11	300.11	-
2,000, (September 30, 2020- 2,000, March 31, 2021 - 2,000, March 31, 2020- 2,000, March 31, 2019- Nil) 12.28% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	38 months	July 3, 2022	266.92	236.24	251.06	222.23	-
1250, (September 30, 2020- 1,250, March 31, 2021 - 1250, March 31, 2020- 1,250, March 31, 2019- Nil) 11.88% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	72 months	August 28, 2025	1,264.63	1,264.59	1,263.77	1,264.16	-
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 420, March 31, 2019- 420) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	November 19, 2014	-	-	-	0.07	0.06
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 3,300, March 31, 2019- 3,300) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	April 14, 2015	-	-	-	0.48	0.47
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 450, March 31, 2019- 450) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	May 24, 2015	-	-	-	0.06	0.06
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 180, March 31, 2019- 180) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	12 months	August 2, 2013	-	-	-	0.03	0.03
Nil, (September 30, 2020- Nil, March 31, 2021 - Nil, March 31, 2020- 100, March 31, 2019- 100) 12.50% redeemable, non-convertible debentures of INR 100 each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	36 months	December 12, 2015	-	-	-	0.01	0.01
15 million, (September 30, 2020- 15 million, March 31, 2021 - 15 million, March 31, 2020- Nil, March 31, 2019- Nil) 12.75% redeemable, non-convertible debentures of INR 10 each	Principal payment frequency: Repayable yearly in 4 installments from March 2023 Coupon payment frequency: Quarterly	72 months	March 31, 2023	150.05	150.05	150.05	-	-
150, (September 30, 2020- 150, March 31, 2021- 150, March 31, 2020- Nil, March 31, 2019- Nil) 10.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	36 months	May 26, 2023	155.44	155.28	163.13	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	36 months	June 12, 2023	251.43	251.43	251.51	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	510.85	514.92	510.55	-	-
150, (September 30, 2020- 150, March 31, 2021 - 150, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	153.25	154.48	153.16	-	-

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

15.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Tenor	Earliest installment date	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 11.00% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Quarterly	33 months	April 21, 2023	510.85	514.92	510.55	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 3, 2022	512.02	512.02	536.33	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	508.28	508.28	532.59	-	-
500, (September 30, 2020- 500, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 9.75% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	January 31, 2022	508.28	508.28	532.59	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	252.73	252.73	264.58	-	-
250, (September 30, 2020- 250, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	18 months	February 21, 2022	252.73	252.73	264.58	-	-
2500, (September 30, 2020- 2,500, March 31, 2021 - 2,500, March 31, 2020- Nil, March 31, 2019- Nil) 10.05% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	February 28, 2023	278.40	252.01	264.78	-	-
700, (September 30, 2020- 700, March 31, 2021 - 700, March 31, 2020- Nil, March 31, 2019- Nil) 10.91% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Half Yearly	36 months	September 30, 2023	700.22	700.22	700.44	-	-
250, (September 30, 2020- Nil, March 31, 2021 - 250, March 31, 2020- Nil, March 31, 2019- Nil) 9.50% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Yearly	18 months	May 19, 2022	270.56	-	258.65	-	-
750, (September 30, 2020- Nil, March 31, 2021 - 750, March 31, 2020- Nil, March 31, 2019- Nil) 8.88% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 16, 2022	804.42	-	769.52	-	-
500, (September 30, 2020- Nil, March 31, 2021 - 500, March 31, 2020- Nil, March 31, 2019- Nil) 8.88% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	24 months	December 17, 2022	536.15	-	512.88	-	-
2000, (September 30, 2020- Nil, March 31, 2021 - 2000, March 31, 2020- Nil, March 31, 2019- Nil) 9.84% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	15 months	March 15, 2022	216.20	-	205.83	-	-
2000, (September 30, 2020- Nil, March 31, 2021 - 2000, March 31, 2020- Nil, March 31, 2019- Nil) 10.12% redeemable, non-convertible debentures of INR 0.1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	30 months	June 15, 2023	216.67	-	205.99	-	-
1500 (September 30, 2020- Nil, March 31, 2021 - 1500, March 31, 2020- Nil, March 31, 2019- Nil) 8.65% redeemable, non-convertible debentures of INR 1 million each	Principal payment frequency: Entire principal repayable at maturity Coupon payment frequency: Entire interest repayable at maturity	27 months	April 30, 2023	1,589.35	-	1,522.12	-	-
				12,212.26	**15,141.28**	**13,129.08**	**10,913.19**	**4,359.71**

All debentures are secured by pari passu charge on immoveable property and exclusive first charge on book debts with security cover ranging from 1 to 1.25 times of the outstanding amount at any point in time.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

15.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Tenor	Earliest installment date	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Term loans from banks								
Term Loan 1	Repayable in 48 monthly installments	48 months	April 15, 2017	-	25.50	0.37	50.62	100.50
Term Loan 2	Repayable in 60 monthly installments	60 months	March 3, 2019	185.20	262.01	223.17	300.35	377.01
Term Loan 3	Repayable in 36 monthly installments	36 months	May 1, 2019	58.88	159.83	109.39	210.37	300.29
Term Loan 4	Repayable in 20 quarterly installments	60 months	June 30, 2019	250.07	350.10	300.09	400.11	500.16
Term Loan 5	Repayable in 36 monthly installments	36 months	February 5, 2019	28.21	113.03	70.54	155.51	237.97
Term Loan 6	Repayable in 36 monthly installments	36 months	April 5, 2018	-	28.36	0.02	55.70	105.77
Term Loan 7	Repayable in 36 monthly installments	36 months	May 5, 2018	-	22.01	3.65	39.87	72.94
Term Loan 8	Repayable in 48 monthly installments	48 months	April 23, 2018	-	12.50	-	25.00	50.00
Term Loan 9	Repayable in 48 monthly installments	48 months	April 23, 2018	13.32	36.96	24.64	49.28	73.91
Term Loan 10	Repayable in 60 monthly installments	60 months	December 5, 2015	-	0.22	-	0.86	2.05
Term Loan 11	Repayable in 36 monthly installments	36 months	May 7, 2017	-	-	-	3.51	40.27
Term Loan 12	Repayable in 56 monthly installments	60 months	July 28, 2016	-	5.31	-	11.82	23.86
Term Loan 13	Repayable in 12 quarterly installments	36 months	May 28, 2018	-	33.57	-	67.21	134.49
Term Loan 14	Repayable in 34 monthly installments	36 months	September 30, 2017	-	-	-	26.48	132.39
Term Loan 15	Repayable in 34 monthly installments	36 months	May 21, 2018	-	29.42	-	64.72	135.33
Term Loan 16	Repayable in 40 monthly installments	42 months	September 30, 2018	37.51	187.55	112.53	262.57	412.61
Term Loan 17	Repayable in 34 monthly installments	36 months	May 18, 2019	73.55	250.07	161.81	338.33	500.14
Term Loan 18	Repayable in 12 quarterly installments	39 months	August 9, 2017	-	-	-	4.20	21.04
Term Loan 19	Repayable in 60 monthly installments	60 months	May 2, 2016	-	5.89	-	12.24	23.94
Term Loan 20	Repayable in 9 half-yearly installments	60 months	March 28, 2018	0.00	16.67	11.11	22.22	33.33
Term Loan 21	Repayable in 58 monthly installments	60 months	April 30, 2017	27.55	112.05	69.67	148.35	238.15
Term Loan 22	Repayable in 36 monthly installments	36 months	May 5, 2018	0.00	49.07	7.02	91.15	175.20
Term Loan 23	Repayable in 11 quarterly installments	36 months	December 13, 2016	-	-	-	-	13.64
Term Loan 24	Repayable in 60 monthly installments	60 months	January 30, 2020	196.63	262.32	231.94	287.68	-
Term Loan 25	Repayable in 60 monthly installments	60 months	April 30, 2020	212.96	347.49	293.89	402.47	-
Term Loan 26	Repayable in 36 monthly installments	36 months	May 31, 2019	-	237.50	162.50	312.50	-
Term Loan 27	Repayable in 36 monthly installments	36 months	June 30, 2019	67.26	168.23	117.82	218.77	-
Term Loan 28	Repayable in 57 monthly installments	60 months	September 30, 2019	56.15	77.19	66.68	87.75	-
Term Loan 29	Repayable in 48 monthly installments	48 months	July 29, 2019	65.63	103.13	84.38	121.88	-
Term Loan 30	Repayable in 33 monthly installments	36 months	December 30, 2019	83.40	174.33	128.86	219.76	-
Term Loan 31	Repayable in 36 monthly installments	36 months	September 25, 2019	61.11	128.74	95.18	162.74	-
Term Loan 32	Repayable in 60 monthly installments	62 months	January 30, 2020	1,322.51	1,729.35	1,525.89	1,950.67	-
Term Loan 33	Repayable in 36 monthly installments	36 months	May 1, 2020	257.25	361.31	280.31	400.00	-
Term Loan 34	Repayable in 57 monthly installments	60 months	June 25, 2020	-	372.09	36.94	375.10	-
Term Loan 35	Repayable in 57 monthly installments	60 months	June 25, 2020	318.18	48.80	273.26	75.75	-
Term Loan 36	Repayable in 57 monthly installments	60 months	June 25, 2020	-	44.82	54.68	50.15	-
Term Loan 37	Repayable in 36 monthly installments	36 months	February 5, 2020	133.37	233.40	183.38	283.41	-
Term Loan 38	Repayable in 36 monthly installments	36 months	March 5, 2020	99.94	169.17	134.17	204.17	-
Term Loan 39	Repayable in 12 monthly installments	37 months	May 26, 2020	95.79	159.72	127.76	191.73	-
Term Loan 40	Repayable in 60 monthly installments	60 months	December 5, 2018	43.58	63.86	53.66	73.95	94.08
Term Loan 41	Repayable in 34 monthly installments	36 Months	August 16, 2020	205.93	329.50	267.72	-	-
Term Loan 42	Repayable in 34 monthly installments	36 Months	September 30, 2020	247.12	388.34	317.74	-	-
Term Loan 43	Repayable in 20 quarterly installments	60 months	February 28, 2021	333.40	400.00	377.80	-	-
Term Loan 44	Repayable in 48 monthly installments	52 months	October 1, 2020	-	151.40	135.84	-	-
Term Loan 45	Repayable in 34 monthly installments	36 Months	December 31, 2020	333.33	500.00	433.33	-	-
Term Loan 46	Repayable in 46 monthly installments	48 Months	November 25, 2020	190.22	252.25	224.95	-	-
Term Loan 47	Repayable in 36 monthly installments	36 Months	November 30, 2020	173.66	-	215.34	-	-
Term Loan 48	Repayable in 36 monthly installments	36 Months	December 10, 2020	180.56	-	224.00	-	-
Term Loan 49	Repayable in 48 monthly installments	48 Months	February 5, 2021	193.03	-	222.11	-	-
Term Loan 50	Repayable in 36 monthly installments	36 Months	March 23, 2021	198.58	-	242.71	-	-
Term Loan 51	Repayable in 36 monthly installments	36 Months	January 31, 2021	75.28	-	91.67	-	-
Term Loan 52	Repayable in 33 monthly installments	36 Months	May 31, 2021	212.12	-	250.00	-	-
Term Loan 53	Repayable in 60 monthly installments	60 Months	March 3, 2021	178.04	-	198.20	-	-
Term Loan 54	Repayable in 35 monthly installments	35 Months	July 31, 2021	229.23	-	250.00	-	-
Term Loan 55	Repayable in 36 monthly installments	36 Months	April 30, 2021	41.67	-	50.00	-	-
Term Loan 56	Repayable in 36 monthly installments	36 Months	April 30, 2021	625.15	-	750.18	-	-
Term Loan 57	Repayable in 48 monthly installments	48 Months	May 1, 2021	541.61	-	600.30	-	-
				7,646.98	**8,403.06**	**9,797.20**	**7,758.95**	**3,799.07**

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1.05 to 1.33 times of the outstanding amount at any point in time.
As at September 30, 2021, the rate of interest across term loans from banks was in the range of 7.51% p.a to 11.50% p.a (September 30, 2020- 7.48% p.a to 11.60% p.a. March 31, 2021- 8.70% p.a to 11.60% p.a., March 31, 2020- 9.36% p.a to 11.60% p.a., March 31, 2019- 9.36% p.a to 11.50% p.a.)

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

15.1 Details of terms of redemption/repayment and security provided in respect of debt securities and borrowings

Particulars	Repayment Terms	Tenor	Earliest installment date	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Term loans from others								
Term loans from others 1	Repayable in 10 quarterly installments	36 months	November 30, 2018	-	40.02	0.01	80.02	160.04
Term loans from others 2	Repayable in 48 monthly installments	48 months	February 11, 2019	83.36	145.87	114.61	177.13	239.51
Term loans from others 3	Repayable in 60 monthly installments	60 months	May 1, 2019	59.14	77.92	68.86	86.44	100.00
Term loans from others 4	Repayable in 48 monthly installments	48 months	January 29, 2019	-	123.72	98.91	147.14	190.16
Term loans from others 5	Repayable in 16 quarterly installments	48 months	April 28, 2017	-	16.33	-	32.44	64.95
Term loans from others 6	Repayable in 20 quarterly installments	63 months	September 1, 2019	74.34	101.39	87.90	114.92	184.08
Term loans from others 7	Repayable in 60 monthly installments	60 months	November 22, 2015	-	-	-	6.49	18.37
Term loans from others 8	Repayable in 60 monthly installments	60 months	April 22, 2017	19.05	54.12	37.08	70.22	99.84
Term loans from others 9	Repayable in 36 monthly installments	36 months	March 20, 2019	14.13	48.04	31.10	65.01	48.77
Term loans from others 10	Repayable in 60 monthly installments	60 months	April 27, 2019	-	37.89	33.35	42.17	50.03
Term loans from others 11	Repayable in 20 quarterly installments	60 months	February 29, 2020	-	127.54	112.53	142.54	-
Term loans from others 12	Repayable in 36 monthly installments	36 months	January 22, 2020	45.65	77.97	62.24	92.85	-
Term loans from others 13	Repayable in 36 monthly installments	36 months	February 22, 2020	145.47	241.58	194.81	285.80	-
Term loans from others 14	Repayable in 3 annual installments	36 months	February 1, 2021	188.82	252.07	187.50	250.00	-
Term loans from others 15	Repayable in 48 monthly installments	48 months	March 5, 2020	47.43	67.11	57.30	76.93	-
Term loans from others 16	Repayable in 30 monthly installments	30 months	April 30, 2019	-	-	-	31.00	140.00
Term loans from others 17	Repayable in 42 monthly installments	48 months	June 30, 2018	28.58	57.16	42.86	71.43	100.00
Term loans from others 18	Repayable in 36 monthly installments	36 months	May 27, 2020	0.00	219.62	181.81	-	-
Term loans from others 19	Repayable in 8 monthly installments	10 months	September 10, 2020	-	351.27	50.19	-	-
Term loans from others 20	Repayable in 36 monthly installments	36 months	January 20, 2021	376.02	-	91.96	-	-
Term loans from others 21	Repayable in 36 monthly installments	36 months	January 20, 2021	-	-	91.96	-	-
Term loans from others 22	Repayable in 36 monthly installments	36 months	January 20, 2021	-	-	91.96	-	-
Term loans from others 23	Repayable in 36 monthly installments	36 months	January 20, 2021	-	-	91.96	-	-
Term loans from others 24	Repayable in 36 monthly installments	36 months	January 20, 2021	-	-	91.96	-	-
Term loans from others 25	Repayable in 36 monthly installments	36 months	January 31, 2021	225.05	-	275.06	-	-
Term loans from others 26	Repayable in 30 monthly installments	32 months	February 3, 2021	305.11	-	379.08	-	-
Term loans from others 27	Repayable in 36 monthly installments	36 months	April 30, 2021	153.75	-	180.00	-	-
Term loans from others 28	Repayable in 49 monthly installments	49 months	April 1, 2021	188.91	-	200.51	-	-
Term loans from others 29	Repayable in 48 monthly installments	48 months	June 1, 2021	220.45	-	250.00	-	-
				2,175.26	2,039.62	3,105.51	1,772.53	1,395.75

All the above loans are secured by an exclusive first charge on book debts with security cover ranging from 1 to 1.2 times of the outstanding amount at any point in time

As at September 30, 2021, the rate of interest across term loans from others was in the range of 9.90% p.a to 11.75% p.a (September 30, 2020- 6.32% p.a to 11.75% p.a, March 31, 2021- 6.32% p.a to 11.75% p.a, March 31, 2020- 9.75% p.a to 13.25% p.a, March 31, 2019- 9.75% p.a to 11.95% p.a)

Particulars	Repayment Terms	Tenor	Earliest installment date	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings Under Securitization								
Borrowings Under Securitization 1	Repayable in 33 monthly installments	35 months	August 16, 2019	39.42	421.29	202.23	643.99	-
Borrowings Under Securitization 2	Repayable in 59 monthly installments	59 months	September 17, 2019	340.33	653.18	470.67	813.28	-
Borrowings Under Securitization 3	Repayable in 64 monthly installments	65 months	February 17, 2020	592.60	1,113.52	824.34	1,278.02	-
Borrowings Under Securitization 4	Repayable in 40 monthly installments	40 months	March 21, 2020	188.72	506.10	315.04	673.54	-
Borrowings Under Securitization 5	Repayable in 60 monthly installments	60 months	May 15, 2020	565.85	856.51	695.82	-	-
Borrowings Under Securitization 6	Repayable in 60 monthly installments	60 months	July 15, 2020	574.14	888.06	712.11	-	-
Borrowings Under Securitization 7	Repayable in 65 monthly installments	65 months	August 14, 2020	513.12	818.27	642.31	-	-
Borrowings Under Securitization 8	Repayable in 55 monthly installments	55 months	November 20, 2020	594.07	-	717.41	-	-
Borrowings Under Securitization 9	Repayable in 59 monthly installments	60 months	January 16, 2021	315.85	-	394.60	-	-
Borrowings Under Securitization 10	Repayable in 48 monthly installments	48 months	January 15, 2021	176.48	-	222.59	-	-
Borrowings Under Securitization 11	Repayable in 60 monthly installments	61 months	February 21, 2021	1,202.36	-	1,399.00	-	-
Borrowings Under Securitization 12	Repayable in 61 monthly installments	61 months	February 18, 2021	267.31	-	326.19	-	-
Borrowings Under Securitization 13	Repayable in 57 monthly installments	57 months	April 21, 2021	591.49	-	681.58	-	-
Borrowings Under Securitization 14	Repayable in 53 monthly installments	53 months	April 16, 2021	704.10	-	824.40	-	-
				6,665.84	5,256.93	8,428.29	3,408.83	-

As at September 30, 2021, the rate of interest across term loans from others was in the range of 9.00% p.a to 11% p.a (September 30, 2020- 9.15% p.a to 11.00% p.a, March 31, 2021- 9.15% p.a to 11.00% p.a, March 31, 2020- 9.75% p.a to 11.00% p.a, March 31, 2019- Nil)

These borrowings are secured by way of book debts and cash collateral with security cover ranging from 1.15 to 1.20 times of the outstanding amount at any point in time

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
21 Equity share capital					
Authorised					
55,000,000 shares (March 31, 2021 - 55,000,000, September 30, 2020 - 55,000,000, March 31, 2020 - 55,000,000, March 31, 2019 - 30,000,000) of INR 10 each*	550.00	550.00	550.00	550.00	300.00
Issued, subscribed and paid up					
29,013,512 shares (March 31, 2021 - 25,473,144, September 30, 2020 - 25,463,694, March 31, 2020 - 25,410,294, March 31, 2019 - 23,899,582) of INR 10 each fully paid up*	290.14	254.64	254.73	254.10	239.00
Nil shares (March 31, 2021 - 17,17,597 , September 30, 2020 - 17,17,597 , March 31, 2020 - 17,17,597 , March 31, 2019 - 17,17,597) of INR 10 each (partly paid up - INR 1 each paid up)*	-	1.72	1.72	1.72	-

* Subsequent to period end, the Company has approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. Also refer note 56.

21.A Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at September 30, 2021		As at September 30, 2020	
	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR
As at beginning of the period	27,190,741	256.45	27,127,891	255.82
Shares issued in exercise of employee stock options	51,000	0.51	53,400	0.54
Shares issued	1,771,771	17.72	-	-
Receipt of pending call money of partly paid up shares	-	15.46	-	-
As at the end of the period	**29,013,512**	**290.14**	**27,181,291**	**256.36**

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR	Number of shares	Amount in Millions of INR
As at beginning of the year	27,127,891	255.82	23,899,582	239.00	19,168,854	191.69
Shares issued in exercise of employee stock options	62,850	0.63	178,450	1.78	43,900	0.44
Shares issued - fully paid up	-	-	1,332,262	13.32	4,686,828	46.87
Shares issued - partly paid up	-	-	1,717,597	1.72	-	-
As at the end of the year	**27,190,741**	**256.45**	**27,127,891**	**255.82**	**23,899,582**	**239.00**

Terms/rights attached to Equity Shares:

The Company has a single class of equity shares. Accordingly all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend to the extent the shares are paid up, as declared from time to time subject to payment of dividend to preference shareholders. Dividends are paid in Indian Rupees. Dividend proposed by the board of directors, if any, is subject to the approval of the shareholders at the General Meeting, except in the case of interim dividend.

In the event of liquidation of the 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, to the extent the shares are paid up.

Shares reserved for issue under options

Information relating to employee stock option schemes including the details of options issued, exercised and lapsed during the period and options outstanding at the end of the reporting period, is set out in Note 42.

21.B Promoter Holdings

Name of the Promoter	As at September 30, 2021				
	Number of Shares at the beginning of the period	Movement during the period	Number of Shares at the end of the period	% of Total Shares	% of Change during the period
Fully paid up shares					
(i) D. Lakshmipathy	2,185,771	1,602,974	3,788,745	13.06	73.34
(ii) L Hema	2,089,060	-	2,089,060	7.20	-
(iii) R Deenadayalan	163,200	-	163,200	0.56	-
(iv) D Varalakshmi	44,770	1,400	46,170	0.16	3.13
(v) L Shritha	20,000	-	20,000	0.07	-
Sub-Total	**4,502,801**	**1,604,374**	**6,107,175**	**21.05**	**76.46**
Partly paid up shares					
(i) D. Lakshmipathy	1,525,000	(1,525,000)	-	-	(100.00)
Sub-Total	**1,525,000**	**(1,525,000)**	-	-	**(100.00)**
Grand Total	**6,027,801**	**79,374**	**6,107,175**	**21.05**	**1.32**

Name of the Promoter	As at September 30, 2020				
	Number of Shares at the beginning of the period	Movement during the period	Number of Shares at the end of the period	% of Total Shares	% of Change during the period
Fully paid up shares					
(i) D. Lakshmipathy	2,185,771	-	2,185,771	8.04	-
(ii) L Hema	2,089,060	-	2,089,060	7.69	-
(iii) R Deenadayalan	163,200	-	163,200	0.60	-
(iv) D Varalakshmi	44,770	-	44,770	0.16	-
(v) L Shritha	20,000	-	20,000	0.07	-
Sub-Total	**4,502,801**	-	**4,502,801**	**16.56**	-
Partly paid up shares					
(i) D. Lakshmipathy	1,525,000	-	1,525,000	5.61	-
Sub-Total	**1,525,000**	-	**1,525,000**	**5.61**	-
Grand Total	**6,027,801**	-	**6,027,801**	**22.17**	-

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

21 Equity share capital (Continued)

21.B Promoter Holdings (Continued)

Name of the Promoter	As at March 31, 2021				
	Number of Shares at the beginning of the year	Movement during the year	Number of Shares at the end of the year	% of Total Shares	% of Change during the Year
Fully paid up shares					
(i) D. Lakshmipathy	2,185,771	-	2,185,771	8.04	-
(ii) L Hema	2,089,060	-	2,089,060	7.69	-
(iii) R Deenadayalan	163,200	-	163,200	0.60	-
(iv) D Varalakshmi	44,770	-	44,770	0.16	-
(v) L Shritha	20,000	-	20,000	0.07	-
Sub-Total	**4,502,801**	-	**4,502,801**	**16.56**	-
Partly paid up shares					
(i) D. Lakshmipathy	1,525,000	-	1,525,000	5.61	-
Sub-Total	**1,525,000**	-	**1,525,000**	**5.61**	-
Grand Total	**6,027,801**	-	**6,027,801**	**22.17**	-

Name of the Promoter	As at March 31, 2020				
	Number of Shares at the beginning of the year	Movement during the year	Number of Shares at the end of the year	% of Total Shares	% of Change during the Year
Fully paid up shares					
(i) D. Lakshmipathy	2,287,551	(101,780)	2,185,771	8.04	(4.45)
(ii) L. Hema	2,083,060	6,000	2,089,060	7.69	0.29
(iii) R Deenadayalan	163,200	-	163,200	0.60	-
(iv) D. Varalakshmi	44,770	-	44,770	0.16	-
(v) L Shritha	20,000	-	20,000	0.07	-
Sub-Total	**4,598,581**	**(95,780)**	**4,502,801**	**16.56**	**(2.08)**
Partly paid up shares					
(i) D. Lakshmipathy	-	1,525,000	1,525,000	5.61	-
Sub-Total	-	**1,525,000**	**1,525,000**	**5.61**	-
Grand Total	**4,598,581**	**1,429,220**	**6,027,801**	**22.17**	**0.31**

Name of the Promoter	As at March 31, 2019				
	Number of Shares at the beginning of the year	Movement during the year	Number of Shares at the end of the year	% of Total Shares	% of Change during the Year
Fully paid up shares					
(i) D. Lakshmipathy	2,376,150	(88,599)	2,287,551	9.57	(3.73)
(ii) L. Hema	2,081,060	2,000	2,083,060	8.72	0.10
(iii) R Deenadayalan	163,200	-	163,200	0.68	-
(iv) D. Varalakshmi	44,770	-	44,770	0.19	-
(v) L Shritha	20,000	-	20,000	0.08	-
Grand Total	**4,685,180**	**(86,599)**	**4,598,581**	**19.24**	**(1.85)**

The determination / identification of promoters for the purpose of presentation under this disclosure has been done on the basis of information available with the Company which has been solely relied upon by the auditors.

Subsequent to the reporting period ended September 30, 2021, the Board of Directors of the Company, pursuant to their resolution dated October 21, 2021, have taken on record that D. Lakshmipathy, L. Hema, L Shritha, Matrix Partners India Investment Holdings II, LLC and SCI Investments V be identified as the promoters of the Company for the purposes of its proposed initial public offering of its equity shares and for all other purposes, regulatory, statutory or otherwise.

21.C Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at September 30, 2021		As at September 30, 2020	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	21.06	6,110,673	22.48
Matrix Partners India Investment Holdings II, LLC	4,100,999	14.13	4,100,999	15.09
D. Lakshmipathy	3,788,745	13.06	3,710,771	13.65
NHPEA Chocolate Holding B.V	-	-	3,598,051	13.24
Norwest Venture Partners X - Mauritius	2,974,806	10.25	2,569,650	9.45
SCI Investments V	2,569,650	8.86	2,569,650	9.45
L. Hema	2,089,060	7.20	2,089,060	7.69
Sirius II Pte. Ltd.	1,759,399	6.06	-	-

Name of shareholder	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Number of shares	% of total shares in class	Number of shares	% of total shares in class	Number of shares	% of total shares in class
TPG Asia VII SF Pte. Ltd.	6,110,673	22.47	6,110,673	22.53	3,111,933	13.02
Matrix Partners India Investment Holdings II, LLC	4,100,999	15.08	4,100,999	15.12	4,100,999	17.16
D. Lakshmipathy	3,710,771	13.65	3,710,771	13.68	2,287,551	9.57
NHPEA Chocolate Holding B.V	3,598,051	13.23	3,598,051	13.26	5,135,862	21.49
Norwest Venture Partners X - Mauritius	2,569,650	9.45	2,569,650	9.47	2,569,650	10.75
SCI Investments V	2,569,650	9.45	2,569,650	9.47	2,569,650	10.75
L. Hema	2,089,060	7.68	2,089,060	7.70	2,083,060	8.72

The above disclosures given in Note 21 with respect to number of shares are based on face value of INR 10. Subsequent to period end, the Company has approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. Also refer note 56.

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
22	**Other Equity**					
	Statutory reserve	1,804.17	1,086.18	1,804.17	1,086.18	562.28
	Share options outstanding account	364.82	43.05	179.53	42.83	49.03
	Securities premium	22,895.08	13,914.36	13,923.45	13,906.92	10,731.39
	General reserve	71.96	71.96	71.96	71.96	71.96
	Retained earnings	9,106.95	5,970.61	6,946.16	4,082.09	1,995.19
	Other comprehensive income	-	-	-	-	-
		34,242.98	**21,086.16**	**22,925.27**	**19,189.98**	**13,409.85**

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
i	**Statutory reserve**					
	Opening balance	1,804.17	1,086.18	1,086.18	562.28	248.96
	Amount transferred from surplus in the statement of profit and loss	-	-	717.99	523.90	313.32
	Closing balance	**1,804.17**	**1,086.18**	**1,804.17**	**1,086.18**	**562.28**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Nil (September 30, 2020: Nil, March 31, 2021: 717.99 million, March 31, 2020: INR 523.90 million, March 31, 2019: 313.32 million), out of the profit after tax for the year ended March 31, 2021 to Statutory Reserve. As described in note 51, Five-Star Housing Finance Private Limited, the wholly owned subsidiary amalgamated with the Company with appointed date under the aforesaid Scheme as April 1, 2019. The wholly owned subsidiary has surrendered its Certificate of Registration to carry on the business of housing finance institution to National Housing Bank (NHB) on June 5, 2020. The statutory reserve maintained by the wholly owned subsidiary under section 29C of the National Housing Bank Act, 1987 has been subsumed in the statutory reserve maintained by the Company. No appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
ii	**Share options outstanding account**					
	Opening balance	179.53	42.83	42.83	49.03	32.75
	Share based payment expense	206.21	7.48	150.94	16.80	26.78
	Less : Transfer to securities premium	20.92	7.26	14.24	23.00	10.50
	Closing balance	**364.82**	**43.05**	**179.53**	**42.83**	**49.03**

The Company has established equity-settled share based payment plans for certain categories of employees of the Company. Refer note 42 for further details of these plans.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
iii	**Securities premium**					
	Opening balance	13,923.45	13,906.92	13,906.92	10,731.39	4,625.67
	Premium on shares issued during the period/ year (including monies received for partly paid up shares)	8,988.64	7.44	16.53	3,175.53	6,155.87
	Less : Utilised during the year for share issue expenses	17.01	-	-	-	50.15
	Closing balance	**22,895.08**	**13,914.36**	**13,923.45**	**13,906.92**	**10,731.39**

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with provisions of Companies Act, 2013.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
iv	**General reserve**					
	Opening balance	71.96	71.96	71.96	71.96	71.96
	Amount transferred from surplus in the statement of profit and loss	-	-	-	-	-
	Closing balance	**71.96**	**71.96**	**71.96**	**71.96**	**71.96**

General reserve are free reserves which can be utilised for any purpose as may be required.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
v	**Retained earnings**					
	Opening balance	6,946.16	4,082.09	4,082.09	1,997.62	748.18
	Net Profit for the period/ year	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
	Less: Transfer to Statutory reserve	-	-	717.99	523.90	313.32
	Transfer from other comprehensive income	(14.68)	(2.81)	(7.88)	(11.14)	(3.81)
	Closing balance	**9,106.95**	**5,970.61**	**6,946.16**	**4,082.09**	**1,995.19**
	Transition to IND AS 116 (refer note 49.C)					2.43
	Opening balance for April 1, 2019					**1,997.62**

Retained earning is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
vi	**Other comprehensive income**					
	Opening balance	-	-	-	-	-
	Remeasurements of defined benefit asset/ (liability)	(14.68)	(2.81)	(7.88)	(11.14)	(3.81)
	Transferred to retained earnings	14.68	2.81	7.88	11.14	3.81
	Closing balance	-	-	-	-	-

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, if any.

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
23	**Interest income**					
	(On financial assets measured at amortised cost)					
	Interest on term loans	5,710.09	4,863.18	9,955.01	7,179.58	3,762.14
	Interest on deposits with banks / others	147.62	108.00	193.75	288.67	135.24
	Interest on government securities	5.95	-	-	-	-
	Total	**5,863.66**	**4,971.18**	**10,148.76**	**7,468.25**	**3,897.38**
24	**Fee income**					
	Legal and inspection fees	96.41	41.62	189.41	291.76	127.287
	Others charges	14.65	8.95	27.35	5.32	5.418
	Total	**111.06**	**50.57**	**216.76**	**297.08**	**132.705**
25	**Net gain on fair value changes**					
	Net gain on financial instruments at fair value through profit or loss (FVTPL)					
	On trading portfolio					
	-Mutual fund investments at FVTPL	132.21	21.20	131.90	101.82	59.00
		132.21	**21.20**	**131.90**	**101.82**	**59.00**
	Fair value changes					
	Realised	131.28	21.20	131.90	101.82	59.00
	Unrealised	0.93	-	-	-	-
		132.21	**21.20**	**131.90**	**101.82**	**59.00**
26	**Other income**					
	Net gain on derecognition of property, plant and equipment	-	-	-	-	0.01
	Recovery of bad debts	4.54	-	8.69	5.30	-
	Other non-operating income	0.92	1.84	6.44	1.02	0.77
		5.46	**1.84**	**15.13**	**6.32**	**0.78**
27	**Finance costs**					
	(On financial liabilities measured at amortised cost)					
	Interest on borrowings					
	- term loans from banks	442.34	445.48	885.93	554.61	266.81
	- cash credits and overdraft	0.91	0.09	0.93	1.56	0.40
	- term loans from others*	527.66	350.05	796.92	315.89	94.88
	Interest on debt securities	661.53	785.55	1,550.18	1,273.36	397.13
	Interest on lease liability	9.92	9.09	17.95	16.78	12.85
	Interest on current tax liability	-	-	-	7.15	-
		1,642.36	**1,590.26**	**3,251.91**	**2,169.35**	**772.07**

*Includes interest of INR 380.54 million (September 30, 2020 - INR 242.52 million, March 31, 2021 - INR 532.65 million, March 31, 2020 - INR 160.68 million, March 31, 2019 - Nil) pertaining to borrowings from securitisation arrangements.

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
28	**Fees expenses**					
	Amortisation of ancillary costs relating to borrowings	9.60	5.44	26.68	4.25	9.48
		9.60	**5.44**	**26.68**	**4.25**	**9.48**

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
29	**Impairment on financial instruments**					
	(On financial assets measured at amortised cost)					
	Impairment loss allowance on loans*	219.34	53.39	351.76	493.42	75.52
		219.34	**53.39**	**351.76**	**493.42**	**75.52**

* Includes write-off of INR 132.12 million (September 30, 2020 - INR 22.40 million, March 31, 2021 - INR 99.68 million, March 31, 2020 - INR 48.61 million, March 31, 2019 - INR 17.59 million)

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
30	**Employee benefits expenses**					
	Salaries, wages and bonus	807.97	644.55	1,337.61	1,127.23	679.88
	Contribution to provident and other funds	64.44	50.25	108.05	90.58	46.57
	Employee stock option expenses (Refer note 42)	206.21	7.48	150.94	16.80	26.78
	Staff welfare expenses	23.09	17.48	40.58	36.46	12.11
		1,101.71	**719.76**	**1,637.18**	**1,271.07**	**765.34**
31	**Depreciation and amortization**					
	Depreciation on property, plant and equipment (Refer note 12)	18.37	25.13	53.13	49.97	36.88
	Amortisation of intangible assets (Refer note 13)	4.77	2.33	5.28	6.88	5.06
	Depreciation on Right of use asset (Refer note 38)	30.52	27.00	55.44	43.83	31.87
		53.66	**54.46**	**113.85**	**100.68**	**73.81**
32	**Other expenses**					
	Rent	2.35	1.90	4.08	1.51	2.08
	Rates and taxes	2.40	6.18	11.13	10.43	19.72
	Electricity expenses	5.42	3.51	9.25	7.83	5.53
	Repairs and maintenance	14.37	11.35	25.99	20.33	18.75
	Communication costs	26.80	14.81	44.37	44.24	26.23
	Printing and stationery	11.33	10.39	23.83	34.30	19.95
	Advertisement and publicity	0.10	0.10	0.32	0.25	0.63
	Directors fees, allowances and expenses	2.79	0.63	1.44	1.36	1.11
	Auditor's fees and expenses (Refer note 32.1)	7.66	1.16	5.15	4.71	2.76
	Legal and professional charges	68.58	30.41	118.31	138.96	67.91
	Insurance	0.97	0.73	1.33	1.43	0.90
	Corporate social responsibility expenses (Refer note 32.2)	-	-	42.86	0.74	1.00
	Travel expenses	6.62	0.93	4.55	19.28	13.52
	Information technology expenses	41.22	23.97	56.84	39.42	22.53
	Loss on sale of property, plant and equipment	0.03	0.03	0.23	0.08	0.10
	Bank charges	7.90	7.05	14.08	12.21	4.75
	Customer referral expenses	0.18	-	0.16	2.59	2.53
	Miscellaneous expenses	2.92	0.95	2.85	2.02	2.60
		201.64	**114.10**	**366.77**	**341.69**	**212.60**
32.1	**Payments to auditors**					
	Statutory audit including limited review	0.87	0.87	4.14	3.82	2.21
	Tax audit	0.11	0.11	0.22	0.22	0.16
	Other services	6.54	-	0.55	0.52	0.33
	Reimbursement of expenses	0.14	0.18	0.24	0.15	0.06
		7.66	**1.16**	**5.15**	**4.71**	**2.76**

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
32.2	**Details of expenditure on corporate social responsibility ("CSR")**					
(a)	Amount required to be spent by the Company during the period/year**	34.79	21.43	42.86	21.63	8.68
(b)	Amount of expenditure incurred during the period/year	-	-	27.86	0.74	1.00
(c)	Shortfall at the end of the period/year	34.79	21.43	15.00	20.89	7.68
(d)	Total of previous years shortfall***	15.00	Not applicable	Not applicable	Not applicable	Not applicable
(e)	Reason for shortfall	Not applicable	Not applicable	*	*	*
(f)	Nature of CSR activities	Not applicable	Not applicable	Contribution to government relief funds and expended towards projects in the domain of education and others	Expended towards activities for public saftey	Contribution to state government relief funds
(g)	Details of related party transactions	Nil	Nil	Nil	Nil	Nil

* The reason for shortfall in CSR expenditure is on account of the fact that the management is in the process of identifying suitable projects and programme which can be identified, which would complement the businesses of the Company. Auditors have relied on the reasoning provided by the management.

** The amount to be spent by the Company for the financial year ending March 31, 2022 and March 31, 2021 aggregates to INR 69.58 million and INR 42.86 million respectively. The above disclosure for the period ended September 30, 2021 and September 30, 2020 has been considered on a pro-rata basis.

*** Against the shortfall of INR 15 million for the year ended March 31, 2021, the Company pursuant to the approval of the Board at its meeting held on March 22, 2021, has earmarked INR 15 million to be spent on an ongoing project towards welfare of education, under section 135 of the Companies Act, 2013.

	Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
33 A	**Income tax**					
	i. Current tax					
	In respect of current year	758.75	614.04	1,255.73	1,008.37	697.78
	In respect of prior years	-	3.68	3.68	(2.76)	-
		758.75	**617.72**	**1,259.41**	**1,005.61**	**697.78**
	ii. Deferred tax					
	Attributable to–					
	Origination and reversal of temporary differences	(50.14)	(1.67)	(84.95)	(132.11)	(80.88)
		(50.14)	**(1.67)**	**(84.95)**	**(132.11)**	(80.88)
	Tax expense (i)+(ii)	**708.61**	**616.05**	**1,174.46**	**873.50**	**616.90**
33 B	**Income tax recognized in other comprehensive income**					
	Re-measurements of the defined benefit plan	(19.62)	(3.76)	(10.53)	(14.88)	(5.36)
	Income tax relating to items that will not be reclassified to profit or loss	4.94	0.95	2.65	3.74	1.55
	Net of tax	**(14.68)**	**(2.81)**	**(7.88)**	**(11.14)**	**(3.81)**
33.1	**Reconciliation of total tax expense**					
	Profit before tax	2,884.08	2,507.38	4,764.40	3,493.01	2,181.04
	Applicable tax rate	25.17%	25.17%	25.17%	25.17%	29.12%
	Computed tax expense	**725.87**	**631.06**	**1,199.10**	**879.11**	**635.12**
	Tax effect of :					
	Permanent differences					
	Deduction u/s 80JJAA of the Income Tax Act, 1961	(16.73)	(15.73)	(36.26)	(24.49)	(16.89)
	Disallowance related to CSR expenditure	-	-	10.83	0.17	0.15
	Change in tax rate (refer note below)	-	-	-	19.44	0.60
	Others	(0.53)	0.72	0.79	(0.73)	(2.08)
	Income tax expense recognised in statement of profit and loss (Pertaining to current period/ year)	**708.61**	**616.05**	**1,174.46**	**873.50**	**616.90**
	Effective tax rate	24.57%	24.57%	24.65%	25.01%	28.28%

Note: The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961, as introduced by the Taxation laws (Amendment) Ordinance, 2019. Accordingly, the Company had recognised provision for income tax and remeasured its net deferred tax asset at concessional rate from the financial year 2019-2020 onwards.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

	Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
34	**Commitments**					
	Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for	0.87	1.47	0.60	1.47	0.40
35	**Contingent liabilities**					
	Claims against the Company not acknowledged as debt					
	- Income tax related matters (excluding penalties and interest)	0.67	0.67	0.67	0.67	0.67
	- Provident Fund (refer note below)					

In light of judgement of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advise received, the Company has aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability.

36 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year/period to such enterprise is Nil.

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year/ period					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year/period;	-	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year/ period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year/ period; and	-	-	-	-	-
The amount of further interest remaining due and payable even in the succeeding years/ periods, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-	-	-

Based on information received from the suppliers, the management has identified the enterprises which have provided services to the Company and which qualify under the definition of micro, medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act"). Such determination / identification for the purpose of presentation under this disclosure has been done on the basis of information received and available with the Company which has been solely relied upon by the auditors.

37 Deferred tax assets / (liability):

In relation to :	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Difference between written down value of fixed assets as per books of accounts and income tax	15.30	11.41	13.41	9.52	6.95
Employee Benefits	66.11	36.55	44.85	30.39	15.93
Preliminary expense	-	-	-	-	0.11
Impairment allowance	213.11	136.81	198.72	128.98	34.29
Unamortised processing fee income	167.62	149.08	167.90	166.40	103.04
Unamortised processing fee expenses	(39.72)	(51.10)	(57.33)	(54.51)	(13.87)
Recognition of lease liability and right to use asset	2.55	2.16	2.34	1.52	0.96
	424.97	**284.91**	**369.89**	**282.30**	**147.41**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
For the six months period ended September 30, 2021:				
Difference between written down value of fixed assets as per books of accounts and income tax	13.41	1.89	-	15.30
Employee Benefits	44.85	16.32	4.94	66.11
Impairment allowance	198.72	14.39	-	213.11
Unamortised processing fee income	167.90	(0.28)	-	167.62
Unamortised processing fee expenses	(57.33)	17.61	-	(39.72)
Recognition of lease liability and right to use asset	2.34	0.21	-	2.55
Total	**369.89**	**50.14**	**4.94**	**424.97**

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

37 Deferred tax assets / (liability) (Continued):

For the year ended March 31, 2021:	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	9.52	3.89	-	13.41
Employee Benefits	30.39	11.81	2.65	44.85
Impairment allowance	128.98	69.74	-	198.72
Unamortised processing fee income	166.40	1.50	-	167.90
Unamortised processing fee expenses	(54.51)	(2.82)	-	(57.33)
Recognition of lease liability and right to use asset	1.52	0.82	-	2.34
Total	**282.30**	**84.95**	**2.65**	**369.89**

For the six months period ended September 30, 2020:	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	9.52	1.89	-	11.41
Employee Benefits	30.39	5.21	0.95	36.55
Impairment allowance	128.98	7.83	-	136.81
Unamortised processing fee income	166.40	(17.32)	-	149.08
Unamortised processing fee expenses	(54.51)	3.41	-	(51.10)
Recognition of lease liability and right to use asset	1.52	0.64	-	2.16
Total	**282.30**	**1.67**	**0.95**	**284.91**

For the year ended March 31, 2020:	Opening Balance*	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	6.95	2.57	-	9.52
Employee Benefits	15.93	10.72	3.74	30.39
Preliminary expense	0.11	(0.11)	-	-
Impairment allowance	34.29	94.69	-	128.98
Unamortised processing fee income	103.04	63.36	-	166.40
Unamortised processing fee expenses	(13.87)	(40.64)	-	(54.51)
Recognition of lease liability and right to use asset	-	1.52	-	1.52
Total	**146.45**	**132.11**	**3.74**	**282.30**

*Opening balance is after reversing the effect of restatement adjustment on deferred tax upto March 31, 2019 which has not been carried as opening balance as at April 1, 2019 (Refer Note 49)

For the year ended March 31, 2019:	Opening Balance	Recognised in profit of loss	Recognised in other comprehensive income	Closing Balance
Difference between written down value of fixed assets as per books of accounts and income tax	3.27	3.68	-	6.95
Employee Benefits	5.08	9.30	1.55	15.93
Preliminary expenses	0.23	(0.12)	-	0.11
Impairment allowance	19.18	15.11	-	34.29
Unamortised processing fee income	45.23	57.81	-	103.04
Unamortised processing fee expenses	(8.01)	(5.86)	-	(13.87)
Recognition of lease liability and right to use asset	-	0.96	-	0.96
Total	**64.98**	**80.88**	**1.55**	**147.41**

38 Leases

i) Movement in carrying value of right of use assets

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	145.26	148.80	148.80	-	-
Right of use asset recognised on initial application of IND AS 116	-	-	-	110.47	96.90
Reclassification of prepaid rent as at April 1,2019	-	-	-	4.61	4.61
Additions during the year	53.64	25.17	68.33	88.41	54.17
Depreciation	(30.52)	(27.00)	(55.44)	(43.83)	(31.87)
Derecognition on termination of leases	(2.79)	-	(16.43)	(10.86)	(6.75)
Closing balance	**165.59**	**146.97**	**145.26**	**148.80**	**117.06**
Transition to IND AS 116 (refer note 49.C)					(117.06)
Opening balance for April 1, 2019					-

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

38 Leases (Continued)

ii) Movement in lease liabilities

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	152.94	155.53	155.53	-	-
Lease liabilities recognised on initial application of IND AS 116	-	-	-	116.24	99.65
Additions during the year	54.59	24.99	68.21	87.15	54.16
Interest on lease liabilities	9.92	9.09	17.95	16.78	12.85
Rent payments	(37.25)	(33.24)	(68.08)	(53.12)	(37.70)
Derecognition on termination of leases	(3.46)	-	(20.67)	(11.52)	(7.34)
Closing balance	**176.74**	**156.37**	**152.94**	**155.53**	**121.62**
Transition to IND AS 116 (refer note 49.C)					'(121.62)
Opening balance for April 1, 2019					-

iii) Amounts recognised in statement of profit and loss

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent expense on short term leases	2.35	1.90	4.08	1.51	2.08
Interest on lease liabilities	9.92	9.09	17.95	16.78	12.85
Depreciation on Right of use asset	30.52	27.00	55.44	43.83	31.87
Gain recognised on derecognition of leases	(0.67)	-	(4.23)	(0.66)	(0.59)
Rent concession related to COVID-19	-	(1.67)	(1.91)	-	-

iv) Future lease commitments

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Future undiscounted lease payments to which leases is not yet commenced	9.63	38.46	88.28	38.59	36.46

v) Cash flows

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Total cash outflow for leases	39.60	35.14	72.16	54.63	39.78

vi) Maturity analysis of undiscounted lease liabilities

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Not later than one year	72.49	63.09	60.84	63.68	42.27
Later than one year and not later than five years	128.15	110.84	115.60	115.35	97.14
Later than five years	14.02	16.20	12.81	16.18	10.26

39 Earnings per share

Particulars	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Weighted Average Number of Equity Shares in calculation of basic earnings per share	273,257,226	255,948,480	256,181,767	253,733,970	227,316,770
Dilution on account of ESOP and partly-paid up shares	3,927,894	5,880,080	7,667,340	6,404,630	5,144,920
Weighted Average Number of Equity Shares in calculation of diluted earnings per share	277,185,120	261,828,560	263,849,107	260,138,600	232,461,690
Basic earnings per share	7.96	7.39	14.01	10.32	6.88
Diluted earnings per share	7.85	7.22	13.61	10.07	6.73

The Board of Directors at their meeting held on September 8, 2021 approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. The same was approved by the members at the Extra-Ordinary General Meeting held on October 8, 2021. In compliance with IND AS - 33, Earnings Per Share, the disclosure of basic and diluted earnings per share for all the periods presented has been arrived at after giving effect to the above sub-division.

40 Segment Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is primarily engaged in providing loans for business purposes, house renovation / extension purposes and other mortgage purposes. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these Restated Financial Information relates to small business loans and loans for house renovations / extensions etc.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per Ind AS 108 Operating Segments.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

42 Share Based Payments

A Description of schemes

The decision to introduce Five-Star Associate Stock Option Scheme, 2015 (hereinafter called "FIVE-STAR ASOP, 2015") was taken by the Board of Directors at the meeting held on September 18, 2015 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on April 12, 2016. The total options issuable under the plan are upto 563,000 options.

Later, the Board of Directors issued another scheme, named Five-Star Associate Stock Option Scheme, 2018 (hereinafter called "FIVE-STAR ASOP, 2018") at their meeting held on February 28, 2018 and was approved by the shareholders of the Company at the Extra Ordinary General Meeting held on March 26, 2018. The total options issuable under the plan are upto 500,000 options.
Nomination and Remuneration Committee constituted by the Board of Directors of the Company administers the plans. Under these plans, the participants are granted options which vest as per the schedule provided in the Grant Letter given to each of the participants. The time period for exercise of these options is defined in the Scheme document.

i Reconciliation of outstanding share options

	As at September 30, 2021		As at September 30, 2020	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of period	569.88	469,300	121.63	160,150
Exercised during the period	130.00	51,000	13.15	53,400
Granted during the period	1,039.71	69,000	674.40	1,000
Outstanding as at end of period	682.45	487,300	180.52	107,750
Exercisable at the end of the period	**285.54**	**700**	**130.00**	**34,850**

	As at March 31, 2021		As at March 31, 2020		As at March 31, 2019	
	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Outstanding at beginning of year	121.63	160,150	50.03	330,600	46.22	362,000
Forfeited during the year	-	-	85.00	1,000	-	-
Exercised during the year	46.31	62,850	12.19	178,450	61.15	43,900
Granted during the year	674.40	372,000	674.40	9,000	130.00	6,500
Outstanding as at end of year	569.88	469,300	121.63	160,150	50.03	324,600
Exercisable at the end of the year	**130.00**	**48,000**	**101.93**	**42,750**	**21.75**	**116,400**

The weighted average share price at the date of exercise of options exercised during the period ended September 30, 2021 is INR 3,518 per share (September 30, 2020 : INR 1,466.24 per share, March 31, 2021 : INR 1,501.23 per share, March 31, 2020 : INR 2,122.87 per share, March 31, 2019 : INR 1,326.89 per share)

For the options outstanding at the end of the year/ period:

	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Weighted average remaining contractual life (in years)	6.51	5.26	6.61	5.43	6.2
Range of exercise prices (INR)	130-1,320.72	130-674.40	10-674.40	10-674.40	10-130

ii Expense recognised in the statement of profit and loss

	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Total expense	206.21	7.48	150.94	16.80	26.78

iii Measurement of fair values

The fair value of options have been estimated on the dates of each grant using the Black Scholes model. As the Company is unlisted, the expected price volatility is based on historical volatility (based on the remaining life of the options) in share prices of a listed proxy. The various inputs considered in the pricing model for the stock options granted by the Company during the year are as follows:

	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Share price on Grant date (INR)	3,518.00	1,466.24	1,466.24-2,187.24	2,128.91	698.00
Weighted average share price (INR)	3,518.00	1,466.24	1,466.24-2,187.24	2,128.91	698.00
Exercise price (INR)	674.4 -1320.72	674.4	674.4	674.4	130.00
Fair value of options at grant date (INR)	2,480.05-3,039.39	932.13-1053.16	932.13-1,755.59	1,591.82 - 1,716.24	595.47 - 620.03
Expected volatility	37.67%-45.45%	34.42% - 37.82%	34.42% - 38.28%	31.06% - 33.56%	29.28% - 30.89%
Option term	3.54-7.54 Years	3.54-7.54 Years	3.54-7.54 years	3.54-7.54 years	3.54-7.54 years
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk free interest rate	5.30%-5.40%	5.30%-5.40%	5.30%-5.40%	6.25%	6.70% - 6.75%

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

43 Related party disclosures

a Name of the related parties and nature of relationship:

Key Management Personnel :
D. Lakshmipathy, Chairman and Managing Director
K.Rangarajan, Chief Executive Officer (from May 22, 2018)
G. Srikanth, Chief Financial Officer upto May 31, 2021 and Chief - Strategy and Finance from June 1, 2021
Roopa Sampath Kumar, Chief Financial Officer (from June 1, 2021)
B. Shalini, Company Secretary

Director and relative of Key Management Personnel / Director
L. Hema, Wife of Mr. D. Lakshmipathy
R. Deenadayalan, Father of Mr. D. Lakshmipathy
B Sudha, Sister of Mr. D. Lakshmipathy
R Anand, Independent Director
Bhama Krishnamurthy, Independent Director
B. Haribabu, Independent Director
A. Ramanathan, Independent Director
T.T. Srinivasaraghavan, Independent Director (August 25, 2021).
L.R. Ravi Prasad, Non-executive Director
V. Thirulokchand, Non-executive Director
Kalpana Iyer, Independent Director (upto April 30, 2018)
R. Bhuvaneswari, Wife of Mr. L.R Ravi Prasad
L.R.Deepak Krishna, Son of Mr. L.R Ravi Prasad
L.R.Venkatesh, Son of Mr. L.R. Ravi Prasad
H. Srinivasan, Son of Mr.B. Hari Babu

Entities with substantial interest over the company
TPG Asia VII SF Pte. Ltd.(from 29 August 2019)
M/s.NHPEA Chocolate Holding B.V. (upto 29 August 2019)
Matrix Partners India Investment Holdings II, LLC (upto August 3, 2018)

b Key management personnel (KMP) compensation	**For the six months period ended September 30, 2021**	**For the six months period ended September 30, 2020**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Short-term employee benefits					
D. Lakshmipathy	31.34	25.13	50.19	50.33	34.42
K.Rangarajan	11.44	8.82	19.22	17.66	13.73
G.Srikanth	6.52	5.05	11.19	10.11	8.50
Roopa Sampath Kumar	2.84	-	-	-	-
B.Shalini	0.54	0.35	0.82	0.75	0.50
Post employment benefits					
D. Lakshmipathy	0.01	0.01	0.02	0.02	0.02
K.Rangarajan	0.01	0.01	0.02	0.02	0.02
G.Srikanth	0.01	0.01	0.02	0.02	0.02
Roopa Sampath Kumar	0.01	-	-	-	-
B.Shalini	0.01	0.01	0.02	0.02	0.02
Share based payments					
K.Rangarajan	138.50	-	96.96	1.09	4.42
G.Srikanth	39.88	-	32.83	0.34	1.38
Roopa Sampath Kumar	5.84	-	-	-	-
B.Shalini	0.74	-	-	-	-
Directors sitting fees and commission					
R Anand	0.45	0.30	0.62	0.55	0.46
Bhama Krishnamurthy	0.45	0.30	0.62	0.53	0.44
B. Haribabu	0.41	0.24	0.50	0.51	0.37
A. Ramanathan	0.49	0.27	0.56	0.54	0.43
L.R Ravi Prasad	0.41	0.19	0.45	0.48	0.37
V. Thirulokchand	0.25	0.23	0.45	0.45	0.37
Kalpana Iyer	-	-	-	-	0.02
T.T. Srinivasaraghavan	0.10	-	-	-	-

Managerial remuneration above does not include gratuity and compensated absences, since the same are provided on actuarial basis for the company as a whole and the amount attributable to the key managerial personnel cannot be ascertained separately.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

43 Related party disclosures (Continued)

c Details of related party transactions

Nature of transaction	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense					
L. Hema	-	-	-	-	0.00
B. Sudha	-	-	-	-	0.01
K. Boopathi	-	-	-	-	0.03
R.Bhuvaneshwari	-	-	-	0.00**	0.01
L.R.Deepak Krishna	-	-	-	0.03	0.39
L.R. Ravi Prasad	-	-	-	0.00**	0.04
L.R. Venkatesh	-	-	-	0.02	0.31
Issue of equity shares*					
TPG Asia VII SF Pte. Ltd.	-	-	-	13.32	-
NHPEA Chocolate Holding B.V.	-	-	-	-	6.66
D. Lakshmipathy	3.00	-	-	1.53	-
K.Rangarajan	-	-	-	0.06	-
G. Srikanth	-	-	-	0.05	-
Receipt of pending call money of partly paid up shares					
D. Lakshmipathy	13.73	-	-	-	-
K.Rangarajan	0.58	-	-	-	-
G. Srikanth	0.40	-	-	-	-
Receipt of share premium*					
TPG Asia VII SF Pte. Ltd.	-	-	-	3,136.68	-
NHPEA Chocolate Holding B.V.	-	-	-	-	873.34
D. Lakshmipathy	3,568.18	-	-	13.73	-
K.Rangarajan	81.82	-	-	0.58	-
G. Srikanth	55.58	-	-	0.40	-

* excludes shares issued pursuant to Employee stock options

Nature of transaction	For the six months period ended September 30, 2021	For the six months period ended September 30, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Loans repaid					
L. Hema	-	-	-	-	0.01
B. Sudha	-	-	-	-	0.10
K. Boopathi	-	-	-	-	0.45
R.Bhuvaneshwari	-	-	-	0.12	-
L.R.Deepak Krishna	-	-	-	3.43	-
L.R. Ravi Prasad	-	-	-	0.30	-
L.R. Venkatesh	-	-	-	2.72	-
H. Srinivasan	-	-	-	-	0.03
Year end balances : Borrowings					
R.Bhuvaneshwari	-	-	-	-	0.12
L.R.Deepak Krishna	-	-	-	-	3.43
L.R. Ravi Prasad	-	-	-	-	0.30
L.R. Venkatesh	-	-	-	-	2.72
Year end balances (payable) : Others					
D. Lakshmipathy	13.18	8.75	10.68	10.02	8.01
K.Rangarajan	4.27	2.88	3.36	3.36	2.88
G. Srikanth	1.71	0.92	1.14	1.07	0.98
Roopa Sampath Kumar	0.76	-	-	-	-
R Anand	0.20	0.15	0.28	0.27	0.20
Bhama Krishnamurthy	0.20	0.15	0.28	0.27	0.20
B. Haribabu	0.20	0.15	0.28	0.27	0.20
A. Ramanathan	0.20	0.15	0.28	0.27	0.20
L.R Ravi Prasad	0.20	0.15	0.28	0.27	0.20
V. Thirulokchand	0.20	0.15	0.28	0.27	0.20
T.T. Srinivasaraghavan	0.20	-	-	-	-

** Absolute value is less than INR 1 lakh

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

44 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reporting period.

Capital management

The primary capital management objective is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years with regard to capital management. However, they are under constant review by the Board.

i Net Debt to Equity Ratio

Consistent with the others in industry, the company monitors the capital on the basis of gearing ratio (Net debt divided by equity). Under the terms of the major borrowing facilities, the company is required to maintain the gearing ratio in line with the RBI guidelines or in a slightly more conservative manner. The actual gearing stipulated differs between the various lending agreements. The company has complied with this covenant through out the year.

	As at September 30, 2020	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85
Debt	28,542.54	30,653.47	34,251.97	23,636.93	9,600.29
Cash and Cash equivalents	8,497.55	7,606.39	12,671.83	2,897.79	2,196.57
Net Debt	20,044.99	23,047.08	21,580.14	20,739.14	7,403.72
Net Debt to Equity Ratio	**0.58**	**1.08**	**0.93**	**1.07**	**0.54**

ii Regulatory capital

The company has to mandatorily comply with the capital adequacy requirements stipulated by Reserve Bank of India from time.to time. Capital adequacy ratio or capital-to-risk weighted assets ratio (CRAR) is computed by dividing company's Tier I and Tier II capital by risk weighted assets.

Tier I capital comprised of share capital, share premium, retained earnings including current year profit and Tier II capital comprises of provision on standard assets. Risk weighted assets represents the weighted sum of company's credit exposures based on their risk.

	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Tier I Capital	30,904.84	19,415.32	19,669.00	18,477.74	13,454.04
Tier II Capital	-	-	-	-	126.22
Total Capital	**30,904.84**	**19,415.32**	**19,669.00**	**18,477.74**	**13,580.26**
CRAR%	80.51	58.44	58.86	52.94	64.09
CRAR - Tier I Capital%	80.51	58.44	58.86	52.94	63.49
CRAR - Tier II Capital%	-	-	-	-	0.60
Amount of subordinated debt raised as Tier-II capital	-	-	-	-	-
Amount raised by issue of perpetual debt instruments	-	-	-	-	-

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against stage 1 assets. Credit enhancement relating to securitisation has been adjusted against Tier I and Tier II capital in accordance with RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. Tier 1 and Tier II capital has been reported on the basis of Ind AS financial information.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

45 Fair Value Measurement

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2021 were as follows:

	Carrying amount			
Particulars	**Amortised cost**	**Fair value through profit or loss**	**Other financial liabilities**	**Total carrying value**
Financial assets:				
Cash and cash equivalents	8,497.55	-	-	8,497.55
Bank balances other than cash and cash equivalents	4,659.40	-	-	4,659.40
Loans	46,443.67	-	-	46,443.67
Investments	2,802.37	434.42	-	3,236.79
Other financial assets	48.62	-	-	48.62
Total	**62,451.61**	**434.42**	-	**62,886.03**
Financial liabilities:				
Trade payables	81.84	-	-	81.84
Debt securities	12,145.93	-	-	12,145.93
Borrowings (Other than debt securities)	16,396.61	-	-	16,396.61
Other financial liabilities	-	-	192.32	192.32
Total	**28,624.38**	-	**192.32**	**28,816.70**

The carrying value and fair value of financial instruments by categories as of September 30, 2020 were as follows:

	Carrying amount			
Particulars	**Amortised cost**	**Fair value through profit or loss**	**Other financial liabilities**	**Total carrying value**
Financial assets:				
Cash and cash equivalents	7,606.39	-	-	7,606.39
Bank balances other than cash and cash equivalents	5,402.76	-	-	5,402.76
Loans	38,635.87	-	-	38,635.87
Investments	-	250.60	-	250.60
Other financial assets	49.78	-	-	49.78
Total	**51,694.80**	**250.60**	-	**51,945.40**
Financial liabilities:				
Trade payables	63.59	-	-	63.59
Debt securities	15,042.16	-	-	15,042.16
Borrowings (Other than debt securities)	15,611.31	-	-	15,611.31
Other financial liabilities	-	-	162.47	162.47
Total	**30,717.06**	-	**162.47**	**30,879.53**

The carrying value and fair value of financial instruments by categories as of March 31, 2021 were as follows:

	Carrying amount			
Particulars	**Amortised cost**	**Fair value through profit or loss**	**Other financial liabilities**	**Total carrying value**
Financial assets:				
Cash and cash equivalents	12,671.83	-	-	12,671.83
Bank balances other than cash and cash equivalents	885.40	-	-	885.40
Loans	43,587.49	-	-	43,587.49
Other financial assets	47.43	-	-	47.43
Total	**57,192.15**	-	-	**57,192.15**
Financial liabilities:				
Trade payables	86.72	-	-	86.72
Debt securities	13,037.86	-	-	13,037.86
Borrowings (Other than debt securities)	21,214.11	-	-	21,214.11
Other financial liabilities	-	-	171.69	171.69
Total	**34,338.69**	-	**171.69**	**34,510.38**

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

45 Fair Value Measurement (Continued)

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2020 were as follows:

Particulars	Carrying amount			
	Amortised cost	**Fair value through profit or loss**	**Other financial liabilities**	**Total carrying value**
Financial assets:				
Cash and cash equivalents	2,897.79	-	-	2,897.79
Bank balances other than cash and cash equivalents	1,613.49	-	-	1,613.49
Loans	38,308.04	-	-	38,308.04
Other financial assets	52.47	-	-	52.47
Total	**42,871.79**	-	-	**42,871.79**
Financial liabilities:				
Trade payables	66.24	-	-	66.24
Debt securities	10,788.64	-	-	10,788.64
Borrowings (Other than debt securities)	12,848.29	-	-	12,848.29
Other financial liabilities	-	-	156.81	156.81
Total	**23,703.17**	-	**156.81**	**23,859.98**

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Carrying amount			
	Amortised cost	**Fair value through profit or loss**	**Other financial liabilities**	**Total carrying value**
Financial assets:				
Cash and cash equivalents	2,196.57	-	-	2,196.57
Bank balances other than cash and cash equivalents	0.69	-	-	0.69
Loans	20,958.64	-	-	20,958.64
Other financial assets	28.59	-	-	28.59
Total	**23,184.49**	-	-	**23,184.49**
Financial liabilities:				
Trade payables	66.24	-	-	66.24
Debt securities	10,788.64	-	-	10,788.64
Borrowings (Other than debt securities)	12,848.29	-	-	12,848.29
Other financial liabilities	-	-	156.81	156.81
Total	**23,703.17**	-	**156.81**	**23,859.98**

Note:
For all of the Company's assets and liabilities which are not carried at fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

46 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled

Particulars	As at September 30, 2021			As at September 30, 2020			As at March 31, 2021			As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS															
Financial assets															
Cash and cash equivalents	8,497.55	-	8,497.55	7,606.39	-	7,606.39	12,671.83	-	12,671.83	2,897.79	-	2,897.79	2,196.57	-	2,196.57
Bank balances other than cash and cash equivalents	3,791.46	867.94	4,659.40	4,844.30	558.46	5,402.76	0.40	885.00	885.40	1,365.87	247.62	1,613.49	0.69	-	0.69
Loans	8,649.12	37,794.55	46,443.67	5,227.24	33,408.63	38,635.87	6,721.67	36,865.82	43,587.49	4,109.29	34,198.75	38,308.04	2,852.63	18,106.01	20,958.64
Investments	1,643.87	1,592.92	3,236.79	250.60	-	250.60			-			-	-	-	-
Other financial assets	21.44	27.18	48.62	20.16	29.62	49.78	18.57	28.86	47.43	20.15	32.32	52.47	28.59	-	28.59
	22,603.44	**40,282.59**	**62,886.03**	**17,948.69**	**33,996.71**	**51,945.40**	**19,412.47**	**37,779.68**	**57,192.15**	**8,393.10**	**34,478.69**	**42,871.79**	**5,078.48**	**18,106.01**	**23,184.49**
Non-financial assets															
Current tax assets (net)	132.89	-	132.89	45.00	-	45.00	79.58	-	79.58	43.55	-	43.55	36.00	-	36.00
Deferred tax assets (net)	-	424.97	424.97	-	284.91	284.91	-	369.89	369.89	-	282.30	282.30	-	147.41	147.41
Investment property	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36	-	0.36	0.36
Property, plant and equipment	-	83.34	83.34	-	95.23	95.23	-	84.56	84.56	-	110.61	110.61	-	74.44	74.44
Right of use asset	-	165.59	165.59	-	146.97	146.97	-	145.26	145.26	-	148.80	148.80	-	117.06	117.06
Other intangible assets	-	15.45	15.45	-	20.37	20.37	-	19.03	19.03	-	19.28	19.28	-	20.18	20.18
Other non-financial assets	36.59	0.53	37.12	34.91	0.64	35.55	40.85	4.43	45.28	47.57	7.28	54.85	29.31	2.45	31.76
	169.48	**690.24**	**859.72**	**79.91**	**548.48**	**628.39**	**120.43**	**623.53**	**743.96**	**91.12**	**568.63**	**659.75**	**65.31**	**361.90**	**427.21**
Total assets	**22,772.92**	**40,972.83**	**63,745.75**	**18,028.60**	**34,545.19**	**52,573.79**	**19,532.90**	**38,403.21**	**57,936.11**	**8,484.22**	**35,047.32**	**43,531.54**	**5,143.79**	**18,467.91**	**23,611.70**
LIABILITIES AND EQUITY															
Financial liabilities															
Payables															
Trade payables															
total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	66.80	15.04	81.84	47.36	16.23	63.59	74.69	12.03	86.72	66.24	-	66.24	29.27	-	29.27
Debt securities	5,042.13	7,103.80	12,145.93	8,592.90	6,449.26	15,042.16	3,354.90	9,682.96	13,037.86	2,424.57	8,364.07	10,788.64	461.22	3,873.85	4,335.07
Borrowings (other than debt securities)	6,205.46	10,191.15	16,396.61	5,424.18	10,187.13	15,611.31	7,103.16	14,110.95	21,214.11	3,897.04	8,951.25	12,848.29	1,916.49	3,348.73	5,265.22
Other financial liabilities	75.23	117.09	192.32	58.44	104.03	162.47	67.93	103.76	171.69	52.01	104.80	156.81	122.30	-	122.30
	11,389.62	**17,427.08**	**28,816.70**	**14,122.88**	**16,756.65**	**30,879.53**	**10,600.68**	**23,909.70**	**34,510.38**	**6,439.86**	**17,420.12**	**23,859.98**	**2,529.28**	**7,222.58**	**9,751.86**
Non-financial liabilities															
Current tax liabilities (net)	-	-	-	72.28	-	72.28	-	-	-	7.48	-	7.48	16.22	-	16.22
Provisions	44.14	49.15	93.29	49.17	36.18	85.35	15.03	56.95	71.98	11.42	46.34	57.76	36.16	1.47	37.63
Other non-financial liabilities	302.64	-	302.64	194.11	-	194.11	172.03	-	172.03	160.52	-	160.52	157.14	-	157.14
	346.78	**49.15**	**395.93**	**315.56**	**36.18**	**351.74**	**187.06**	**56.95**	**244.01**	**179.42**	**46.34**	**225.76**	**209.52**	**1.47**	**210.99**
Total liabilities	**11,736.40**	**17,476.23**	**29,212.63**	**14,438.44**	**16,792.83**	**31,231.27**	**10,787.74**	**23,966.65**	**34,754.39**	**6,619.28**	**17,466.46**	**24,085.74**	**2,738.80**	**7,224.05**	**9,962.85**
Total equity			34,533.12			21,342.52			23,181.72			19,445.80			13,648.85

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

47 Financial risk management objectives and policies

The Company's principal financial liabilities majorly comprise of borrowings from banks, debentures and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, investments, inter-corporate deposits, cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, as listed below apart from various operating and business risks.

Market risk;
Credit risk; and
Liquidity risk
This note explains the sources of risks arising from financial instruments which the entity is exposed to and how the Company manages the risk.

Risk management framework

The Company's board of directors and risk management committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors and risk management committee along with the top management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations 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.

(i) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices which will affect the Companies income or the value of holdings of financial instruments. The company does not have exposure to currency risk and security price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

Interest rate risk

Interest rate risk primarily arises from borrowings with variable rates. The company's borrowings are carried at amortised cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The interest rate profile of the Company's interest bearing financial instruments is as follows:

	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Fixed rate instruments					
Financial assets	59,021 79	50,130 98	53,956 25	41,507 91	21,061 08
Financial liabilities	20,188 98	21,642 87	25,238 26	16,858.66	6,403 87
	79,210 77	71,773 85	79,194 51	58,366 57	27,464 95
Variable rate instruments					
Financial assets	-	-	-	-	-
Financial liabilities	8,353 56	9,010 60	9,013 71	6,778 27	3,196 43
	8,353 56	9,010 60	9,013 71	6,778 27	3,196 43

Cash flow sensitivity analysis for variable-rate instruments:

	Profit / loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
September 30, 2021				
Variable-rate instruments	(46.63)	46 63	(34 90)	34 90
Cash flow sensitivity (net)	(46.63)	46 63	(34 90)	34 90
September 30, 2020				
Variable-rate instruments	(44 18)	44 18	(33 06)	33 06
Cash flow sensitivity (net)	(44 18)	44 18	(33 06)	33 06
March 31, 2021				
Variable-rate instruments	(73 23)	73 23	(54 80)	54 80
Cash flow sensitivity (net)	(73 23)	73 23	(54 80)	54 80
March 31, 2020				
Variable-rate instruments	(42 72)	42 72	(31 97)	31 97
Cash flow sensitivity (net)	(42 72)	42 72	(31 97)	31 97
March 31, 2019				
Variable-rate instruments	(22 17)	22 17	(15 93)	15 93
Cash flow sensitivity (net)	(22 17)	22 17	(15 93)	15 93

(ii) Credit risk

Loans and advances

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. The company has Credit policy approved by the Board of Directors, which is subject to annual review. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors. The Company is also exposed to credit risk from inter-corporate deposits. The credit worthiness of such counter-parties are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

47 Financial risk management objectives and policies (Continued)

Impairment assessment - Expected credit loss ("ECL"):

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments. The Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components.

a. Marginal probability of default ("MPD")
b. Loss given default ("LGD")
c. Exposure at default ("EAD")
d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Model was used to forecast the PD term structure over lifetime of loans. As per given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. The Company has worked out on PD based on the last six years historical data.

Marginal probability:

The PDs derived from the model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

The probability of default was calculated for 3 scenarios: best , worst and base. This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Staging of loans:

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the loan has remained overdue for a period greater than 90 days.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the loan becomes less than or equal to 90 days past due on its contractual obligations. Such cured loans are classified as Stage 1 or 2 depending upon the days past due after such cure has taken place.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Company's internal rating and PD estimation process

The Company's independent Credit Risk Department operates its internal rating models, in which customers are rated from Low to High using internal grades. The models incorporate both qualitative and quantitative information in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of models.

Loss given default

The credit risk assessment is based on a standardised loss given default (LGD) assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

The Company segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the Ind AS 109 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group.

Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI) Ind AS 109 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Life-time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers the credit risk to be directly proportional to the delinquency status i.e. days past due of the loan under consideration. No further adjustments are made in the PD.

When estimating ECLs on a collective basis for a group of similar assets the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

47 Financial risk management objectives and policies (Continued)

Grouping financial assets measured on a collective basis
The Company calculates ECL on a collective basis for all asset classes.
The Company combines these exposure into smaller homogeneous portfolios, based on the characteristics of the loans, as described below:

- Geographic location
- Loan type (Till March 31, 2021)
- Ticket size

ECL computation:
Conditional ECL at DPD pool level was computed with the following method:
Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarised below:

	Provisions	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Stage 1	12 month provision	0.43%	1.16%	0.33%	0.48%	0.15%
Stage 2	Life time provision	8.91%	12.63%	13.04%	8.70%	4.58%
Stage 3	Life time provision	17.82%	21.12%	17.97%	17.70%	23.14%

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Analysis of changes in the gross carrying amount of term loans and the corresponding ECL allowances:

Particulars	As at September 30, 2021				As at September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**38,959.51**	**5,042.37**	**451.93**	**44,453.81**	**34,323.23**	**4,066.79**	**532.26**	**38,922.28**
Asset derecognised or repaid (excluding write-off)	(1,886.11)	(297.57)	(14.92)	(2,198.60)	(1,080.10)	(183.29)	(22.59)	(1,285.98)
Assets partially repaid	(2,066.04)	(142.57)	-	(2,208.61)	(940.64)	43.11	-	(897.53)
Roll forwards to higher stages	(4,545.56)	(326.14)	-	(4,871.70)	(68.22)	(6.74)	-	(74.96)
Roll forward from lower stages	-	4,519.08	352.62	4,871.70	-	64.94	10.02	74.96
Roll back from higher stages	1,288.63	13.46	-	1,302.09	3,226.10	5.79	-	3,231.89
Roll back to lower stages	-	(1,280.70)	(21.39)	(1,302.09)	-	(3,217.96)	(13.93)	(3,231.89)
Amount written off	-	-	(132.12)	(132.12)	-	-	(22.40)	(22.40)
New assets originated/ incremental accretions	6,451.72	(4.44)	31.15	6,478.43	2,537.80	7.76	19.17	2,564.73
Gross carrying amount closing balance	**38,202.15**	**7,523.49**	**667.27**	**46,392.91**	**37,998.17**	**780.40**	**502.53**	**39,281.10**

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**34,323.23**	**4,066.79**	**532.26**	**38,922.28**	**18,788.04**	**2,153.30**	**186.72**	**21,128.06**
Asset derecognised or repaid (excluding write-off)	(3,098.08)	(422.94)	(46.31)	(3,567.33)	(1,795.66)	(345.55)	(21.96)	(2,163.17)
Assets partially repaid	(2,756.40)	(30.05)	-	(2,786.45)	(1,674.81)	(391.12)	(32.11)	(2,098.04)
Roll forwards to higher stages	(3,128.09)	(70.05)	-	(3,198.14)	(2,768.33)	(309.63)	-	(3,077.96)
Roll forward from lower stages	-	3,090.22	107.92	3,198.14	-	2,640.95	437.01	3,077.96
Roll back from higher stages	1,771.48	64.80	-	1,836.28	224.12	4.85	-	228.97
Roll back to lower stages	-	(1,759.73)	(76.55)	(1,836.28)	-	(221.88)	(7.09)	(228.97)
Amount written off	-	-	(99.68)	(99.68)	-	-	(48.61)	(48.61)
New assets originated/ incremental accretions	11,847.37	103.33	34.29	11,984.99	21,549.87	535.87	18.30	22,104.04
Gross carrying amount closing balance	**38,959.51**	**5,042.37**	**451.93**	**44,453.81**	**34,323.23**	**4,066.79**	**532.26**	**38,922.28**

Particulars	As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**8,595.51**	**1,302.10**	**176.12**	**10,073.73**
Asset derecognised or repaid (excluding write-off)	(1,084.30)	(234.99)	(17.67)	(1,336.96)
Assets partially repaid	(789.63)	(227.11)	-	(1,016.74)
Roll forwards to higher stages	(1,145.38)	(60.80)	-	(1,206.18)
Roll forward from lower stages	-	1,128.59	77.59	1,206.18
Roll back from higher stages	-	(189.84)	(32.76)	(222.60)
Roll back to lower stages	199.32	23.28	-	222.60
Amount written off	-	-	(17.59)	(17.59)
New assets originated/ incremental accretions	13,012.52	412.07	1.03	13,425.62
Gross carrying amount closing balance	**18,788.04**	**2,153.30**	**186.72**	**21,128.06**

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

47 Financial risk management objectives and policies (Continued)

Reconciliation of ECL balance is given below:

Particulars	As at September 30, 2021				As at September 30, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**127.65**	657.48	81.19	866.32	166.14	353.89	94.21	614.24
Addition during the period	41 71	52 51	172 76	266 98	280 58	-	36 80	317 38
Reversal / Utilization/write off during the period	(5 56)	(39 37)	(135 04)	(179 97)	(6 20)	(255 31)	(24 88)	(286 39)
Closing provision of ECL	**163.80**	**670.62**	**118.91**	**953.33**	**440.52**	**98.58**	**106.13**	**645.23**

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	166.14	353.89	94.21	614.24	27.66	98.56	**43.20**	**169.42**
Addition during the year	7 52	337 31	91 06	435 89	144 93	287 59	104 61	537 13
Reversal / Utilization/write off during the year	(46 01)	(33 72)	(104 08)	(183 81)	(6 45)	(32 26)	(53 60)	(92 31)
Closing provision of ECL	**127.65**	**657.48**	**81.19**	**866.32**	**166.14**	**353.89**	**94.21**	**614.24**

Particulars	As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**20.89**	53.97	**36.58**	**111.44**
Addition during the year	10.00	54.59	14 43	79 02
Reversal / Utilization/write off during the year	(3 23)	(10.00)	(7 81)	(21 04)
Closing provision of ECL	**27.66**	**98.56**	**43.20**	**169.42**

Modified financial assets

During the period April to September 2021, the Company has restructured 2700 loan accounts amounting to INR 850 53 million in accordance with the Resolution framework 2 0 for Covid-19 related stress issued by RBI vide circular RBI/2021-22/31/DOR STR REC 11/21 04 048/2021-22 dated May 5, 2021 The Company has stressed the exposure at default and probability of default on these assets and has recognized an expected credit loss on such term loans. The net carrying amount of modified financial assets as at September 30, 2021 is INR 689 33 million (Gross carrying amount of INR 838 29 million , netted of with impairment allowance of INR 148 96 million) Also refer note 52

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 6 Summary of significant accounting policies ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low ECL is calculated based on the following components

The following tables outline the impact of multiple scenarios on the allowance based on macro-economic factors considered:

ECL Scenario	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Best case	940 60	556 36	858 42	537 27	137 86
Base case	951 96	600 56	865 47	580 94	164 29
Worst case	964 14	660 19	873 00	639 72	201 80

Analysis of credit concentration risks

The Company's concentrations of risk are managed by counterparty and geography The maximum credit exposure to any individual client or counterparty as of September 30, 2021 was INR 8 37 millions (September 30, 2020 - INR 6 34 million, March 31, 2021 : INR 6 33 million, March 31, 2020: INR 7 18 million, March 31, 2019: INR 10 78 million)

The following table shows the risk concentration of loan portfolio by geography

Geography	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Tamil Nadu	18,569 16	16,784 15	18,229 05	16,458 55	10,092 50
Karnataka	3,439 82	2,721 89	3,219 25	2,594 63	1,135 43
Andhra Pradesh	13,218 24	10,742 17	12,509 64	10,790 35	6,227 83
Telangana	8,645 30	7,355 47	8,167 83	7,441 49	3,440 26
Others	2,520 39	1,677 42	2,328 04	1,637 26	232 04
	46,392.91	**39,281.10**	**44,453.81**	**38,922.28**	**21,128.06**

Cash and bank balances

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk

Investments

Investments comprises of mutual funds and government securities in accordance with the investment policy Government securities have sovereign rating and mutual fund investments are made with counterparties with low credit risk The credit worthiness is of these counterparties are evaluated on an ongoing basis

Other financial assets

This balance is primarily constituted by security deposits and advance to employees The Company does not expect any losses from non-performance by these counter-parties

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset The Company is bound to comply with the Asset Liability Management guidelines issued by Reserve Bank of India The company has Asset Liability Management policy approved by the board and has constituted Asset Liability Committee to oversee the liquidity risk management function of the company 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, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

The Company's principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from operations

The Company believes that the working capital is sufficient to meet its current requirements Accordingly, no liquidity risk is perceived In addition, the Company maintains the following undrawn borrowing facilities

	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Cash credit facilities	242 08	214 40	200 34	230 00	183 69
Others	2,900 00	250 00	-	5,500 00	5,700 00
Total	**3,142.08**	**464.40**	**200.34**	**5,730.00**	**5,883.69**

The cash credit facilities may be overdrawn anytime and may be terminated ay time without notice

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

47 Financial risk management objectives and policies (Continued)

Exposure to liquidity risk

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at September 30, 2021

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	12,145.93	5,042.13	6,692.79	411.01	-
Borrowings (Other than Debt Securities)	16,396.61	6,205.46	5,363.41	4,827.74	-
Trade payables	81.84	66.80	5.01	10.03	-
Other financial liabilities	192.32	75.23	46.81	58.24	12.04
Total	**28,816.70**	**11,389.62**	**12,108.02**	**5,307.02**	**12.04**
Financial Assets					
Cash and cash equivalents	8,497.55	8,497.55	-	-	-
Bank Balances other than cash and cash equivalents	4,659.40	3,791.46	146.00	721.94	-
Loans	46,443.67	8,649.12	7,359.91	24,214.52	6,220.12
Investments	3,236.79	1,643.87	216.74	1,376.18	-
Other Financial assets	48.62	21.44	7.63	16.32	3.23
Total	**62,886.03**	**22,603.44**	**7,730.28**	**26,328.96**	**6,223.35**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at September 30, 2020:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	15,042.16	8,592.90	2,248.46	4,163.30	37.50
Borrowings (Other than Debt Securities)	15,611.31	5,424.18	4,258.56	5,928.57	-
Trade payables	63.59	47.36	4.20	12.03	-
Other financial liabilities	162.47	58.44	41.74	49.03	13.26
Total	**30,879.53**	**14,122.88**	**6,552.96**	**10,152.93**	**50.76**
Financial Assets					
Cash and cash equivalents	7,606.39	7,606.39	-	-	-
Bank Balances other than cash and cash equivalents	5,402.76	4,844.30	39.05	287.84	231.57
Loans	38,635.87	5,227.24	5,624.45	19,656.00	8,128.18
Investments	250.60	250.60	-	-	-
Other Financial assets	49.78	20.16	8.19	16.61	4.82
Total	**51,945.40**	**17,948.69**	**5,671.69**	**19,960.45**	**8,364.57**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2021

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	13,037.86	3,354.90	5,297.31	4,348.15	37.50
Borrowings (Other than Debt Securities)	21,214.11	7,103.16	6,206.49	7,904.46	-
Trade payables	86.72	74.69	5.01	7.02	-
Other financial liabilities	171.69	67.93	38.01	55.40	10.35
Total	**34,510.38**	**10,600.68**	**11,546.82**	**12,315.03**	**47.85**
Financial Assets					
Cash and cash equivalents	12,671.83	12,671.83	-	-	-
Bank Balances other than cash and cash equivalents	885.40	0.40	78.75	583.87	222.38
Loans	43,587.49	6,721.67	6,695.85	22,871.00	7,298.97
Other Financial assets	47.43	18.57	9.84	15.73	3.29
Total	**57,192.15**	**19,412.47**	**6,784.44**	**23,470.60**	**7,524.64**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2020:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	10,788.64	2,424.57	6,602.73	1,761.34	-
Borrowings (Other than Debt Securities)	12,848.29	3,897.04	3,664.11	5,087.44	199.70
Trade payables	66.24	66.24	-	-	-
Other financial liabilities	156.81	52.01	40.91	50.99	12.90
Total	**23,859.98**	**6,439.86**	**10,307.75**	**6,899.77**	**212.60**
Financial Assets					
Cash and cash equivalents	2,897.79	2,897.79	-	-	-
Bank Balances other than cash and cash equivalents	1,613.49	1,365.87	-	171.95	75.67
Loans	38,308.04	4,109.29	5,662.13	20,094.69	8,441.93
Other Financial assets	52.47	20.15	8.29	20.39	3.64
Total	**42,871.79**	**8,393.10**	**5,670.42**	**20,287.03**	**8,521.24**

The table below provides details regarding the contractual maturities of financial liabilities and assets including interest as at March 31, 2019:

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
Financial Liabilities					
Debt Securities	4,335.07	461.22	1,079.61	2,794.24	-
Borrowings (Other than Debt Securities)	5,265.22	1,916.49	1,696.60	1,643.25	8.88
Trade payables	29.27	29.27	-	-	-
Other financial liabilities	122.30	35.04	34.88	44.04	8.34
Total	**9,751.86**	**2,442.02**	**2,811.09**	**4,481.53**	**17.22**
Financial Assets					
Cash and cash equivalents	2,196.57	2,196.57	-	-	-
Bank Balances other than cash and cash equivalents	0.69	0.69	-	-	-
Loans	20,958.64	2,852.63	3,239.15	10,214.34	4,652.52
Other Financial assets	28.59	28.59	-	-	-
Total	**23,184.49**	**5,078.48**	**3,239.15**	**10,214.34**	**4,652.52**

(All amounts are in Indian Rupees in millions, except share data and stated otherwise)

48 Analytical ratios

a) Liquidity Coverage Ratio (LCR)

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all non-deposit taking NBFCs with asset size more than INR 5,000 crores are required to maintain Liquidity Coverage Ratio (LCR) from December 1, 2020, with the minimum LCR to be 30%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

Particulars	High Quality Liquid Assets ("HQLA")	Net cash outflows	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
Quarter ended September 30, 2021	1,581.65	846.40	187%	162%	15%	-
Quarter ended September 30, 2020	4,746.60	882.23	538%	130%	315%	Increase on account of higher cash and bank balances due to lower disbursements during the intervening period.
Quarter ended March 31, 2021	1,518.58	937.86	162%	538%	-70%	Reduction in cash and bank balances on account of higher disbursement of loans during the intervening period.
Quarter ended March 31, 2020	1,093.75	843.59	130%	75%	72%	Increase on account of equity infusion during the year.
Quarter ended March 31, 2019	875.99	1,164.20	75%	33%	56%	Increase on account of equity infusion during the year.

Notes:

1 The average weighted and unweighted amounts considered for computation of net cash outflows are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
2 Prior to introduction of LCR framework, the Company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines.
3 Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4 The above details is based on the data available with the Company, which has been relied upon by the auditors.

Qualitative information:

1 The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.
2 LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days
3 HQLAs comprise of cash on hand, investment in government securities and demand deposits with Scheduled Commercial Banks.
4 Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).
5 The expected cash inflows for the quarter ended September 30, 2020 are after considering the moratorium extended to the customers (also refer Note 52).Mutual funds and callable fixed deposits maturing within 30 days are considered in expected cash inflows.
6 The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management Committee (ALCO) oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.
7 The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. There is no currency mismatch in the LCR. The above is periodically monitored by ALCO.

b) Capital adequacy ratios

Particulars	Tier I Capital/ Tier II Capital/ Total Capital	Risk-weighted assets	Current period	Previous reporting period	Variance	Reasons for variance (if above 25%)
As at September 30, 2021						
CRAR	30,904.84	38,388.59	80.51%	58.86%	37%	Increase on account of equity infusion during the intervening period
CRAR - Tier I Capital	30,904.84	38,388.59	80.51%	58.86%		
CRAR - Tier II Capital	-	-	-	-		
As at September 30, 2020						
CRAR	19,415.32	33,221.97	58.44%	52.94%	10%	-
CRAR - Tier I Capital	19,415.32	33,221.97	58.44%	52.94%		
CRAR - Tier II Capital	-	-	-	-		
As at March 31, 2021						
CRAR	19,669.00	33,416.35	58.86%	58.44%	1%	-
CRAR - Tier I Capital	19,669.00	33,416.35	58.86%	58.44%		
CRAR - Tier II Capital	-	-	-	-		
As at March 31, 2020						
CRAR	18,477.74	34,901.50	52.94%	64.09%	-17%	-
CRAR - Tier I Capital	18,477.74	34,901.50	52.94%	63.49%		
CRAR - Tier II Capital	-	-	-	0.60%		
As at March 31, 2019						
CRAR	13,580.26	21,191.15	64.09%	59.10%	8%	-
CRAR - Tier I Capital	13,454.04	21,191.15	63.49%	58.38%		
CRAR - Tier II Capital	126.22	21,191.15	0.60%	0.72%		

(All amounts are in Indian Rupees in millions, except share data and as stated otherwise)

49.A Reconciliation of total equity as per audited financial statements with total equity as per restated financial information:

Summarised below are the restatement adjustments made to the total equity as per the audited financial statements of the Company for the period/year ended September 30, 2021, September 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 and their consequential impact on the equity of the Company:

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total equity (as per audited financial statements)	34,533.12	21,342.52	23,181.72	19,445.80	13,651.28
Adjustments due to prior period items / other adjustments					
Adjustments on account of adoption of Ind AS 116	-	-	-	-	(3.40)
Tax impact on the above	-	-	-	-	0.97
Total equity (as per restated financial information)	34,533.12	21,342.52	23,181.72	19,445.80	13,648.85

49.B Reconciliation of total comprehensive income as per audited financial statements with total comprehensive income as per restated financial information

Summarised below are the restatement adjustments made to total comprehensive income as per the audited financial statements of the Company for the six months periods ended September 30, 2021, September 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019.

Particulars	As at September 30, 2021	As at September 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A. Total comprehensive income as per audited financial statements	2,160.79	1,888.52	3,582.06	2,608.37	1,562.76
B. Adjustments:					
Material restatement adjustments:	-	-	-	-	-
(i) Audit qualifications					
Total	**2,160.79**	**1,888.52**	**3,582.06**	**2,608.37**	**1,562.76**
(ii) Adjustments due to prior period items / other adjustments					
Adjustments on account of adoption of Ind AS 116					
Rent expenses	-	-	-	-	40.73
Depreciation on ROU asset	-	-	-	-	(31.87)
Interest on lease liability	-	-	-	-	(12.85)
Gain on de-recognition of leases	-	-	-	-	0.59
Total	-	-	-	-	**(3.40)**
(iii) Deferred tax impact on adjustments in (i) and (ii), as applicable					
Deferred tax impact on restatement adjustments					0.97
Total	-	-	-	-	**0.97**
C. Total impact of adjustments (i+ii+iii)	-	-	-	-	**(2.43)**
D. Total comprehensive income as per Restated Financial Information (A+C)	**2,160.79**	**1,888.52**	**3,582.06**	**2,608.37**	**1,560.33**

49.C Reconciliation of other equity as at March 31, 2019 as per restated financial information with opening equity balance as at April 1, 2019 (date of transition to Ind AS 116)

Particulars	As at March 31, 2020
Other equity	
Balance as at March 31, 2019 as per restated financial information	13,409.85
Add: Adjustment on account of transition to Ind AS 116 (Refer explanation below)	(3.40)
Less: Deferred tax on above (Refer explanation below)	0.97
Balance as on April 1, 2019 as per audited financial statements for year ended March 31, 2020	13,412.28

Explanation: Cumulative effect of restatement adjustment on total equity upto March 31, 2019 relating to Ind AS 116 has not been carried forward to total equity balance as at April 1, 2019 (date of transition to Ind AS 116) as per the Guidance Note.

49.D I. Adjustments for audit qualification: None

II. Other adjustments:

Adjustments on account of adoption of Ind AS 116 : Leases

a. Recognition of lease liability
Effective April 1, 2019, the Company adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount 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 immediately before the date of initial application. The Company adopted Ind AS 116 following modified retrospective method in accordance with the policy mentioned in Note 3.14 to the restated financial information.

For the purpose of preparation of restated financial statements, management has evaluated the impact of change in accounting policies due to adoption of Ind AS 116 as at April 1, 2018 and for the year ended March 31, 2019 following modified retrospective method. Impact of adoption of Ind AS 116 has been adjusted for the purpose of these restated financial information.

b. Tax impact of the adjustments
Tax impact (including deferred tax related) on adjustments relating to retrospective application of Ind AS 116 - "Leases" have been adjusted in the respective years.

III. Material regroupings

In the month of October 2019, Guidance note on Division III - Schedule III to the Companies Act, 2013 was issued by the ICAI of which was applicable to the Company for preparation and presentation of its financial statements for the year ended March 31, 2020. Upon adoption, the said guidance note did not impact recognition and measurement principles followed for preparation of the financial statements. However, it does not have significant impact on presentation and disclosures to be made in the financial statements. It may be noted that in preparing and presenting the audited Restated Financial Information for the year ended March 31, 2020, the Company had reclassified the comparative figures for the financial year ended March 31, 2019 in accordance with the requirements of the aforesaid Guidance note.

Schedule III has been further amended vide the Government Notification dated March 24, 2021 to include certain additional presentation and disclosures requirements and changes some existing requirements. These changes need to be applied in preparation of financial statements for the financial year commencing on or after April 1, 2021. Accordingly this Restated Financial Information has been prepared based on the above requirement.

IV. Emphasis of matter in the Auditors' report and other remarks / comments in the Companies (Auditor's Report) Order 2016 ('CARO') on the financial statements, which do not require any corrective adjustments in the restated financial information, are as follows:

As at and for the year ended March 31, 2019

Clause vii (b) CARO:

According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax (Appeals)

As at and for the year ended March 31, 2020

Emphasis of matter paragraph in the Auditors' report

The auditors' report has drawn attention to the extent to which the COVID - 19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Clause vii (b) CARO:

According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax (Appeals)

Emphasis of matter paragraph in the Auditors' report on the internal financial controls with reference to the financial statements

The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

As at and for the year ended March 31, 2021

Emphasis of matter paragraph in the Auditors' report

The Auditors' report has drawn attention to the extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

Clause vii (b) CARO:

According to the information and explanations given to us, there are no dues of income-tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute except the following:

Name of the statute	Nature of dues	Amount - INR in millions	Period to which amount relates	Forum where the dispute is pending
Income-Tax Act, 1961	Income-Tax	0.67	2006-2007	Commissioner of Income-tax (Appeals)
Income-Tax Act, 1961	Income-Tax	3.37	2018-2019	Commissioner of Income-tax (Appeals)

Emphasis of matter paragraph in the Auditors' report on the internal financial controls with reference to the financial statements

The auditors' report has drawn attention to extent to which the COVID-19 pandemic will have impact on the Company's internal financial controls with reference to the financial statements is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

As at and for the six months period ended 30 September 2021 and 30 September 2020

Emphasis of matter paragraph in the Auditors' report

The auditors' report has drawn attention to extent to which the ongoing COVID-19 pandemic will have impact on the Company's financial performance including the Company's estimates of impairment of loans, are dependent on future developments, the severity and duration of the pandemic, which are highly uncertain.

Our opinion is not modified in respect of the above matter.

50 Disclosure of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these Restated Financial Information since the requirement does not pertain to period relating to Restated Financial Information.

51 Amalgamation with Five-Star Housing Finance Private Limited - wholly owned subsidiary

During the year ended March 31, 2020, the Company vide its board meeting dated August 29, 2019 had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary - Five-Star Housing Finance Private Limited, which was in the business of providing long term housing finance, with the Company and their respective shareholders under sections 233 of the Act and other applicable provisions of the Act. The appointed date under the aforesaid Scheme is April 1, 2019. This scheme has been approved by the regulatory authorities. As required by the IND AS 103 - Business Combinations, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. Further, in accordance with Ind AS 103 - Business Combinations, financial statements had been restated from April 1, 2018. Hence, the effect of the scheme has been accounted in the books of accounts of the Company in accordance with the scheme and the accounting standards.

52 Impact of Covid-19 on the Company

As at and for the period ended September 30, 2021:

The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of COVID-19 on the economy would also be dependent upon on future developments including various measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve Bank of India (RBI) guidelines related to "Covid-19 Regulatory Package" dated 27 March 2020 and subsequent guidelines on equated monthly installments ("EMI") moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium to its customers based on the eligibility for EMIs falling due between 1 April 2020 to 31 August 2020.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 23, 2020 and August 6, 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company had granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board.

During the current period, the RBI issued guidelines with regard to "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated May 5, 2021. In accordance with this guidelines dated May 5, 2021 and Board approved policy, the Company offered restructuring plan to eligible customers i.e., moratorium period upto six months.

Based on an assessment by the Company, the above COVID-19 – Regulatory Package and Resolution Framework - 2.0 has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit has been granted, the staging of those accounts as at September 30, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package and Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses. The Company has stressed the exposure at default and probability of default on these assets and has recognized an expected credit loss on such term loans.

Estimates and associated judgments / assumptions applied in preparation of these finanical statements including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the period ended September 30, 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 953 million as at 30 September 2021 (as at March 31, 2021 - INR 866 million) including an additional impairment provision amounting to INR 219 million (including write offs of INR 132 million) during the current half-year (half year ended September 30, 2020 - INR 53 million (including write offs of INR 22 million)). The Company believes that it has considered all the possible impact of the currently known events arising out of the COVID-19 pandemic in the preparation of these Restated Financial Information. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have a corresponding impact on the financial position. The Company will continue to monitor any material changes to the future economic conditions.

As at and for the period ended September 30, 2020:

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy continues to be uncertain and would also be dependent upon on future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19 – Regulatory Package and guidelines issued thereto, the Company has granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit have been granted, the staging of those accounts as at September 30, 2020 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

Further no additional borrower accounts have been declared as non-performing assets which were not declared as non-performing till August 31, 2020, in view of the Supreme Court interim order dated September 3, 2020 in the case of Public Interest Litigation by Gajendra Sharma Vs Union of India & ANR. The Company has made the provision on such borrower accounts, as per the requirement of Ind AS.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial statements for the year ended March 31, 2020, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the period ended September 30, 2020. In addition to the indicators available during the moratorium period, the company has also used potential'stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 645 million as at September 30, 2020 including an additional impairment provision amounting to INR 53 million during the current period. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

52 Impact of Covid-19 on the Company (Continued)

As at and for the year ended March 31, 2021:

The outbreak of COVID-19 pandemic and consequent regional lockdowns has severely impacted various activities across the country. The extent of impact of second wave of COVID-19 on the economy would also be dependent upon on future developments including measures taken by the Government, Regulator, responses of businesses and consumers to the pandemic. Therefore, the impact on the Company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company has offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. Further, the Company offered resolution plans to its customers pursuant to RBI's guideline 'Resolution framework for Covid-19 related stress' dated August 6, 2020.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020, April 17, 2020, May 23, 2020 and August 6, 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company has granted moratorium up-to five months on the payment of instalments falling due between April 1, 2020 and August 31, 2020 to all eligible borrowers on a suo-moto basis based on the Company's policy approved by its Board. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts where moratorium benefit have been granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance and expected future cash inflows / outflows are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to these early indicators, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic in the measurement of impairment loss allowance for the year ended March 31, 2021. In addition to the indicators available, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 866.31 millions as at March 31, 2021 (As at March 31, 2020 - INR 614 millions) including an additional impairment provision amounting to INR 352 millions (including write offs of INR 100 millions) during the current year (Year ended March 31, 2020 - INR 493 millions (including write offs of INR 47 millions). The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements. However, the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

As at and for the year ended March 31, 2020:

The outbreak of COVID-19 pandemic and consequent lockdown has severely impacted various activities across the country. The impact of COVID-19 on the economy is uncertain and would also be dependent upon future developments including various measures taken by the Government, Regulator, responses of businesses, consumers etc. Hence, the extent to which COVID-19 pandemic will impact the company's business, cash flows and financial statements, is dependent on such future developments, which are highly uncertain.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company has granted moratorium up-to two months on the payment of installments falling due between April 1, 2020 and May 31, 2020 to all eligible borrowers on a suo-moto basis. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit risk as per Ind AS 109. The Company continues to recognise interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria

Estimates and associated judgments / assumptions applied in preparation of these financial statements including determining the impairment loss allowance are based on a combination of historical experience and emerging / forward looking indicators resulting from the pandemic. In addition to the early indicators available during the moratorium period, the Company has also used potential stress on probability of default and exposure at default on the expected credit losses on loans and accordingly recognized an expected credit loss on loans of INR 493 millions including an additional impairment provision amounting to INR 270 millions during the year. Further, the disclosure in these financial statements are made after considering the moratorium benefits and estimated cash inflows and outflows which are based on the current understanding / arrangement with its customers / lenders. The Company believes that it has considered all the possible impact of the currently known events arising out of COVID-19 pandemic in the preparation of financial statements including financial resources, profitability, liquidity position and internal financial controls. However, since the impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position in future. The Company will continue to monitor any material changes to the future economic conditions.

53 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The listed debentures are secured by exclusive charge on identified book debts. Additionally, certain listed debentures are also backed by a pari passu charge on an immoveable property of the Company.

54 For the six months period ended September 30, 2020, the Company had complied with the interim order granted by the Honorable Supreme Court of India dated September 3, 2020 Public Interest Litigation (PIL) by Gajendra Sharma Vs Union of India (UOI) & ANR to not declare additional accounts as non-performing assets (NPA) post August 31, 2020 which were not declared as NPA as of August 31, 2020. The interim order stood vacated on March 23, 2021 in the matter of Small Scale Industrial Manufacturers Associations vs UOI & Others. In accordance with the order and the instructions in paragraph 5 of the RBI circular dated April 7, 2021 issued in this connection, the Company has complied with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms. The Company has made the provision on such borrower accounts, as per the requirement of Ind AS.

55 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company had implemented the Scheme in accordance with the requirements of the notification and credited to the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

56 Events after the reporting period

Ind AS 10 Events after the Reporting Period, requires an entity to evaluate information available after the balance sheet date to determine if such information constitutes an adjusting event, which would require an adjustment to the financial statements, or an on-adjusting event, which would only require disclosure.

As at and for the period ended September 30, 2021:
The Board of Directors at their meeting held on September 8, 2021 approved the sub-division of each equity share of face value of INR 10 each fully paid up into 10 equity shares of face value of INR 1 each fully paid up. The same was approved by the members at the Extra-Ordinary General Meeting held on October 8, 2021. In compliance with IND AS - 33, Earnings Per Share, the disclosure of basic and diluted earnings per share for all the periods presented has been arrived at after giving effect to the above sub-division.

As at and for the period ended March 31, 2021:
a) In accordance with instructions in RBI circular dated April 7, 2021, all lending institutions shall put in place a Board approved policy and refund / adjust the 'interest on interest' charged to borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the Company has put in place a Board approved policy on "Refund/Adjustment of Interest on Interest charged during the Moratorium Period" and accordingly estimated the said amount based on guidance provided by Indian Banks Association (IBA) on April 19, 2021 and reversed the income to the extent of INR 85 million during the current financial year.

b) During the month of April 2021, the Company made preferential allotment of 14,71,771 fully paid-up equity shares at a price of INR 10 each at a premium of INR 3,508.71 per share pursuant to approval by the Board of Directors at its meeting held on March 22, 2021 which was followed by the approval of shareholders in the Extraordinary General Meeting held on April 22, 2021.

57 Previous period / year figures

Prior period / year figures have been reclassified / regrouped wherever necessary to conform to the current period's classification / disclosure.

As per our report of even date
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

K Raghuram
Partner
Membership No: 211171

Place : Chennai
Date : November 8, 2021

For and on behalf of the Board of Directors of
Five-Star Business Finance Limited
CIN : U65991TN1984PLC010844

D Lakshmipathy
Chairman and Managing Director
DIN: 01723269

R Anand
Director
DIN: 00243485

Roopa Sampath Kumar
Chief Financial Officer

K Rangarajan
Chief Executive Officer

B Shalini
Company Secretary
ACS: A51334

Place : Chennai
Date : November 8, 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	As at and for the six months ended September 30, 2021	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Basic earnings per equity share (in ₹)	7.96	14.01	10.32	6.88
Diluted earnings per equity share (in ₹)	7.85	13.61	10.07	6.73
Return on average net worth (%)	14.53%	16.85%	15.35%	15.11%
Net asset value per share (in ₹)	119.02	85.26	71.68	57.11
EBITDA (in ₹ million)	4,580.10	8,130.16	5,763.04	3,026.92

Notes: *The ratios have been computed as under:*

(i) Basic and diluted earnings/ (loss) per share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). This is not annualised for the six months ended September 30, 2021.

(ii) Return on average net worth %: Profit after tax for the period/year from restated audited financial statement divided by the simple average of monthly total Net Worth of the Company as of the last day of the month starting from the last month of the previous Financial Year and ending with the last month of the current Financial Year.

(iii) Net worth is equivalent to Total Equity, and is the sum of Equity share capital and Other equity as contained in our Restated Financial Information.

(iv) Net assets value per share (in ₹): Net asset value per share is calculated by dividing net worth by number of equity shares outstanding at the end of the relevant period. This is computed after giving effect to the subdivision of each equity share of face value of INR 10, each fully paid up into 10 equity shares of face value INR 1, each fully paid up.

(v) EBITDA = EBITDA stands for Aggregate of profit after tax from continuing operations from restated audited financial statement before tax expense, finance cost and depreciation and amortisation for the year/period.

(vi) Accounting and other ratios are derived from the Restated Financial Information.

The reconciliation to EBITDA and EBITDA Margin is as follows:

Particulars	As at and for the six months ended September 30, 2021	As at and for the six months ended September 30, 2020	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Profit for the period/year (A)	2,175.47	1,891.33	3,589.94	2,619.51	1,564.14
Add: tax expenses (B)	708.61	616.05	1,174.46	873.50	616.90
Add: Depreciation and amortisation expense (C)	53.66	54.46	113.85	100.68	73.81
Add: Finance costs (D)	1,642.36	1,590.26	3,251.91	2,169.35	772.07
EBITDA (E = A+ B + C+D)	4,580.10	4,152.10	8,130.16	5,763.04	3,026.92
Revenue from operations (F)	6,106.93	5,042.95	10,497.42	7,867.15	4,089.08
EBITDA Margin (G = E/F)	75.00%	82.33%	77.45%	73.25%	74.02%

The above ratios have been computed on the basis of the Restated Financial Statements for six months ended September 30, 2021 and September 30, 2020 and financial year ending March 31, 2021, March 31, 2020, and March 31, 2019.

In accordance with the SEBI ICDR Regulations, the audited financial statements of our Company for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 (collectively, the "**Audited Financial Statements**") are available on our website at https://fivestargroup.in/investors/.

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 months ended September 30, 2021 and September 30, 2020 and financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, and as reported in the Restated Financial Information, see "*Financial Statements – Financial Statements – Note 43: - Notes to Restated Financial Information – Related Party Disclosures*" on page 290.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Restated Financial Information, comprising our restated financial statements as of and for the six months ended September 30, 2021 and 2020 and the financial years ended March 31, 2021, 2020 and 2019, including the related annexures. These restated financial statements are prepared in accordance with Ind AS and restated as per Chapter III of the Companies Act and the SEBI ICDR Regulations. Ind AS differs in certain material respects with IFRS and U.S. GAAP. See "Risk Factors – External Risk Factors – Significant differences exist between Indian Accounting Standards and other accounting principles, such as Indian Generally Accepted Accounting Principles, United States Generally Accepted Accounting Principles and International Financial Reporting Standards, which may be material to investors' assessments of our financial condition, results of operations and cash flows" on page 45.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 20 and 21, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. Such non-GAAP financial measures should be read together with the nearest GAAP measure. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Financial Data – Non-GAAP financial measures and certain other statistical information" on page 17, and "Risk Factors – Internal Risk Factors – We have included certain non-GAAP financial measures and other selected statistical information related to our operations in this Draft Red Herring Prospectus. Such non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and may not be comparable with financial or statistical information of similar nomenclature computed and presented by other companies" on page 39.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report, which has been exclusively commissioned and paid for by the Company only for the purposes of confirming our understanding of the industry in connection with the Offer. For further details and risks in relation to commissioned reports, see "Risk Factors – Internal Risk Factors – We have referred to the data derived from industry reports commissioned and paid for by our Company from CRISIL Limited, exclusively for the purpose of the Offer" beginning on page 39.

Overview

We are a NBFC-ND-SI providing secured business loans to micro-entrepreneurs and self-employed individuals, each of whom are largely excluded by traditional financing institutions. We are headquartered in Chennai, Tamil Nadu with a strong presence in south India and all of our loans are secured by our borrowers' property, predominantly being SORP.

Over 95% of our loan portfolio comprises loans from between ₹0.1 million to ₹1.0 million in principal amount, with an ATS of ₹0.27 million, ₹0.26 million, ₹0.31 million and ₹0.34 million in the six months ended September 30, 2021 and the Financial Years 2021, 2020 and 2019, respectively. During the six months ended September 30, 2021 and the Financial Years 2021, 2020, 2019, we have provided loans to more than 185,000 customers in total. We had an active loan base of 192,270 and 176,467 as of September 30, 2021 and March 31, 2021, respectively. Our AUM has grown to ₹46,392.91 million as of September 30, 2021 (₹44,453.81 million as of March 31, 2021), from ₹4,935.88 million as of March 31, 2017, at a CAGR of 65% between financial year 2017 and six months ended September 30, 2021. Our profit for the period/year for the six months ended September 30, 2021 and for the Financial Years 2021, 2020 and 2019 was ₹2,175.47 million, ₹3,589.94 million, ₹2,619.51 million and ₹1,564.14 million, respectively, and our Net Worth for the same period/years then ended was ₹34,533.12 million, ₹23,181.72 million, ₹19,445.80 million and ₹13,648.85 million, respectively.

We have developed a business model that is predicated on arriving at an appropriate risk framework, with the optimal installment to income ratio to ensure that our customers have the necessary means to repay the loan after meeting their regular obligations and other event-based capital requirements. We primarily offer our customers small loans for business purposes which accounted for ₹29,099.02 million (62.72% of our AUM), ₹27,934.54 million (62.84% of our AUM), ₹24,477.65 million (62.89% of our AUM) and ₹13,011.67 million (61.58% of our AUM), as of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019; as well as loans for asset creation such as home renovation or improvement, or for meeting expenses for significant economic events such as marriage, healthcare and education, which accounted for ₹17,293.89 million (37.28% of our AUM), ₹16,519.27 million (37.16% of our AUM), ₹14,444.64 million (37.11% of our AUM) and ₹8,116.39 million (38.42% of our AUM), as of the same dates. Our growth is primarily volume led through increasing our customer base while keeping the ATS stable, and we expect this to continue. The interest rates on our loans depend on the underlying tenor (which ranges from two to seven years), with approximately 95% of the loans sanctioned being between the interest rate range of 24% - 26% and between the tenure range of five to seven years. 100% of our leads for customers are sourced in-house without any use of direct selling agents to source leads for us; further, all of our loans are fully secured with more than 95% of the collateral being SORP at the time the loan application is approved.

We had an extensive network of 268 branches as of September 30, 2021, spread across approximately 126 districts, eight states and one union territory, with Tamil Nadu, Andhra Pradesh, Telangana and Karnataka being our key states. Such key states collectively accounted for approximately 85% of our branch network by number, as of September 30, 2021. We started our operations in Chennai, Tamil Nadu and have increased the scale of our operations through growth in number of branches by adopting a calibrated strategy of contiguous expansion across geographies where there is substantial demand for our offering. Such contiguous expansion is underpinned by utilizing neighboring branches to evaluate local credit environments combined with our focus on hiring local staff with an understanding of the catchment area, strong local personal and professional networks and the market. As of September 30, 2021 approximately 95% of our branches were located in cities and towns with populations up to one million.

We secure financing from diversified sources of capital, including term loans; proceeds from loans securitized; proceeds from the issuance of NCDs; issuances of principal protected market linked debentures; and proceeds from loans assigned from banks, financial institutions, mutual funds, and other domestic and international development financial institutions, as applicable to meet our capital requirements. As of September 30, 2021 and March 31, 2021, our Total Borrowings were ₹28,542.54 million and ₹34,251.97 million, respectively. Our Average Cost of Borrowings was 11.06% as of March 31, 2019, 12.07% as of March 31, 2020, 11.48% as of March 31, 2021 and 10.63% as of September 30, 2021. As of September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, the weighted average residual tenure of our outstanding borrowings, was 29.39, 34.23, 37.44 and 37.47 months, respectively. Further, our long-term ratings from ICRA and CARE is A+ (a significant improvement from BBB- in Financial Year 2015), our short-term borrowings are rated A1+ by ICRA and CARE.

As of September 30, 2021, we had a total of 4,306 employees. We have a strong, experienced and dedicated management team, including KMP. Further, our board of directors is comprised of a balanced team of qualified and experienced independent directors, who have extensive knowledge and understanding of the financial services and banking industries. We are backed by marquee institutional investors such as TPG Capital, Sequoia Capital, Matrix Partners, Norwest Venture Partners, KKR and TVS Capital Funds Limited.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of important factors including:

Availability of Cost Effective Sources of Capital

The availability of cost-effective sources of capital affects our results of operations. We have historically secured financing through the use of term loans, securitization transactions; proceeds from the issuance of NCDs; and issuance of principal protected market linked debentures; from banks, financial institutions, mutual funds and other domestic and foreign financial and development finance institutions. See "*Selected Statistical Information – Sources of Capital*" on page 235. As of September 30, 2021 and March 31, 2021, 2020 and 2019, our Total Borrowings were ₹28,542.54 million, ₹34,251.97 million, ₹23,636.93 million and ₹9,600.29 million, respectively, and our Average Cost of Borrowings was 10.63%, 11.48%, 12.07% and 11.06%, respectively. Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our sources of capital are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for financing. The availability for financing as well as the overall cost of funds depends on many external factors, including developments in the Indian economy and its credit markets and, in particular, 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 and available credit limits. See " – *Credit Ratings*" on page 176 as well as *"Risk Factors – Internal Risk Factors – We require substantial capital for our business and any disruption in our sources of capital could have an adverse effect on our business, results of operations and financial condition."* on page 24.

Our Borrowing Rates, Lending Rates and Volume

Borrowing Rates and Lending Rates

Our results of operations depend primarily on our net interest income, which is the difference between our interest income and our finance costs. Any change in interest rates on our borrowings would affect our finance costs on our floating interest-bearing liabilities as well as our NII and NIM. Our finance costs represented 50.9%, 56.6%, 49.5% and 40.4% of our total expenses for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, respectively. Similarly, any change in interest rates that we charge our customers would affect our interest income as well as our NII and NIM. Our interest income constitutes the largest component of our revenue from operations. For the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, interest income represented 95.9%, 96.5%, 94.9% and 95.30% of our total revenue from operations, respectively. Our NII, which represents interest income less adjusted finance costs (represented by the aggregate of finance costs and fee expenses as per Restated Financial Information reduced by interest on lease liabilities and interest on current tax liability) for the relevant period/year, was ₹3,885.67 million, ₹6,390.95 million, ₹4,791.70 million and ₹ 2,862.67 million for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, respectively; while our NIM, which represents our NII for a period to the average total assets for the period, represented as a percentage, was 16.97%, 16.00%, 16.69% and 19.05% for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, respectively.

Interest rates that we charge our customers can depend upon a number of factors that are, in part, within our control, which can include our overall business strategy, our expenses related to a particular loan type, the volume of loans (where the greater the number of expected loans may result in us setting a smaller interest rate, and vice versa), as well as promotions that we may be running at any given time.

Further, interest rates that we charge customers as well as interest on our borrowings, are sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India and domestic and international economic conditions. Moreover, interest rates in India are typically correlated with the inflation rate, as the inflation rate increases, the RBI has historically sought to raise interest rates. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a decline in our NII and NIM. Some of our customers may also prepay their loans to take advantage of a declining interest rate environment. Similarly, an increase in interest rates could result in our floating rate borrowing costs going up, without a corresponding increase in interest income since the company's lending is completely on fixed-rate basis, and this would have an impact on our NII and NIM. A sudden or sharp rise in rates could also cause a decline in the market value of our investments. Accordingly, our results of operations are thus affected by changes in interest rates and our ability to re-price our interest-earning assets accordingly. See *"Risk Factors – Internal Risk Factors - We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income ("NII") to vary and consequently affect our profitability."* on page 27 and "- *Quantitative and Qualitative Disclosures about Market Risks - Interest Rate Risks*" on page 334.

Loan Volume

Due to us charging interest rates on per loan basis, the volume of loans that we approve and disburse is a primary driver of our revenue. Our disbursements were ₹6,864.90 million (25,680 disbursements), ₹12,450.54 million (48,111 disbursements), ₹24,086.69 million (76,634 disbursements) and ₹14,814.62 million (43,988 disbursements) for the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, respectively. The volume of loans we approve and disburse depend upon a number of factors that are, in part, within our control, which can include the number of and availability of branches, field officers and credit officers, our decisions regarding target customer market and ticket size limits, our marketing efforts and customer care initiatives, and the extent to which our customer touch points represent our brand in a positive manner.

The volume of loans we approve and disburse also depend upon a number of external factors, which can include general macro-economic conditions, government initiatives regarding financial inclusion, changes in general lending activity and competition.

Credit Quality and Provisioning

Our ability to manage the credit quality of our loans, which we measure in part through Stage 3 assets, is a key driver of our results of operations. Our total loan portfolio has grown in the last few years, and we anticipate that the size of our loan portfolio will continue to grow in the future as we pursue our expansion strategy. We classify Stage 3 assets based on their DPD and in accordance with Indian Accounting Standards (Ind-AS). Defaults by our customers for a period of more than 90 days result in such loans being classified as "Stage 3 assets" (in accordance with Ind-AS). In addition to classifying loans that are 90+ DPD as "Stage 3 assets" we also refer to such loans as Non-performing Assets ("NPA"). Provisions on such assets are made in accordance with the Expected Credit Loss estimates in accordance with Ind-As. We rely on our comprehensive credit assessment, robust risk management and collections framework to maintain a high-quality loan portfolio and the provisions made in accordance with the ECL model are typically higher than the provisions made in accordance with RBI Master Directions, if those were applicable to us. We consider a financial instrument as defaulted and consider it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the asset becomes 90+ DPD on its contractual payments. For further details, see "– *Statement of Certain Significant Accounting Policies - Financial Instruments - Impairment of financial assets"* below.

In addition, on account of our recent growth, a significant portion of our loan portfolio is relatively new and was disbursed during the last 36 months. We also lend for tenures of up to 7 years, and believe that the risk of delinquency in such longer tenure loans typically emerges 18 to 24 months from disbursement. As the number of our loans that fall into Stage 3 increases, the credit quality of our loan portfolio decreases.

The following table illustrates our Stage 3 assets for the periods indicated (in accordance with Ind-AS):

Metric	As of			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
Stage 3 AUM (*₹ in million*) (1)	667.27	451.93	532.26	186.72
Stage 3 AUM / AUM (%) (2)	1.44%	1.02%	1.37%	0.88%
Stage 3 AUM (Net) (*₹ in million*) (3)	548.36	370.74	438.05	143.52
Stage 3 AUM (Net) / AUM (Net) *(%)* (4)	1.19%	0.84%	1.13%	0.68%

Notes:

(1) *Also referred to as "Gross NPA", which represents Stage 3 assets under Gross Term Loans. Refer Note 6 and 47 to the Restated Financial Information. Closing balance of AUM which are overdue for more than 90 days as of the last day of the relevant period. Also referred to as Stage 3 AUM.*
(2) *Also referred to as "Gross NPA to AUM, which represents the Gross NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period, represented as a percentage.*
(3) *Also referred to as "Net NPA", which represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) against these loans as of the last day of relevant reporting period. Also referred to as Stage 3 AUM (Net).*
(4) *Also referred to as "Net NPA to AUM (Net), which represents the Net NPA as of the last day or the relevant day or period to the AUM as of the last day of the relevant period reduced by Expected Credit Loss on Stage 3 assets, represented as a percentage.*

Further, since we provide secured loans where the primary collateral is typically land and building, our loan portfolio is exposed to events affecting the real estate sector. A decline in real estate prices, and in turn in the value of the collateral could affect our ability to recover amounts owed to us upon foreclosure. See "*Risk Factors – Internal Risk Factors - Our inability to recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition*" on page 28.

Competition in Our Industry

The small business finance industry in India is highly competitive. The factors on which we compete include loan approval rates, interest rates charged for loans, turnaround times and customer relationships. Competitive pressures can impact the performance of all aspects of our business and financial performance.

We face competition from other NBFCs as well as scheduled commercial banks. In addition to NBFCs and banks, we face competition from unorganized small market participants who are prevalent in semi-urban, urban and rural geographies, local money lenders in urban areas, and small finance banks which are also focused on lending to low and middle income segments and micro, small and medium enterprises and unorganized money-lenders. We may also see the entrance of new competitors. In addition, if we are unable to access funds at an effective cost that is comparable to, or lower than our competitors, or expand our reach and build our brand, we may lose existing as well as potential customers to competition, resulting in a decline in our market share.

Our competitors may have more resources, a wider branch and distribution network, access to cheaper capital, superior technology and may develop a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of affiliated group companies or other banks. Competition is also increasing as a result of interest rate deregulation and other liberalization measures. We expect competition to intensify in the future. See "*Our Business – Description of our Business – Competition*" on page 182.

General Economic Conditions in India

Our results of operations are affected by the general economic conditions prevalent in India. Overall economic growth and an increase in GDP are likely to result in an increase in incomes and spending of small business owners and self-employed individuals in India, which may lead to an increase in demand for loans. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Several factors beyond our control, such as developments in the Indian economy including the regulatory landscape and domestic employment levels, conditions in the world economy, pandemics such as COVID-19, fluctuations in interest rates, movements in global commodity markets and exchange rates could have either a positive or an adverse impact on the quality of our loan portfolio. Any trends or events, which have a significant impact on the economic situation in India could have an adverse impact on our business.

COVID-19 Pandemic

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" and curfew orders, focusing on vaccination and restricting the types of businesses that may continue to operate, among other measures. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- it led to a closure of all our offices and branches for the full month of April 2020 and partial month of May 2020 and we moved to a work-from-home model for those months; we resumed operations at our offices and branches in a staggered manner by September 2020 in compliance with the lockdown restrictions and central and state government guidelines and were able to resume physical operations at all branches by September 2020 for the balance of the Financial Year 2021; since April 2021, a resurgence in the number of COVID-19 cases has resulted in a partial closure of, or other operational issues at our offices and branches;

- 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 and in line with our Board approved policy, we granted a five-month moratorium to all customers who were less than or equal to 90 days-past-due ("DPD") as of March 31, 2020, in respect of instalments falling due between April 1, 2020 and August 31, 2020; the RBI also clarified that for all standard accounts as on February 29, 2020, moratorium period will be excluded from DPD calculation for the purpose of asset classification under the IRAC norms; the moratorium was granted by us to 141,251 loans with a principal outstanding as of March 31, 2020 of ₹ 38,387.5 million;

- it caused a decline in general economic and business activity, which resulted in a reduction in our disbursements from ₹24,086.69 million for the Financial Year 2020 to ₹12,450.54 million for the Financial Year 2021. In addition, during the months of March, April and May of 2020, our collection efficiency was 84.86%, 50.95% and 73.19%, respectively (collection efficiency for April and May 2020 computed assuming monthly instalment dues for all borrowers despite the grant of moratorium by us to all our customers who were standard as at March 31, 2020);

- to support MSMEs, the Government of India announced an ECLGS under which banks and NBFCs were allowed to extend incremental credit of up to 20% of the loans outstanding of MSMEs as on February 29, 2020, subject to these accounts not being delinquent as on February 29, 2020. Such incremental credit was fully guaranteed by the government. This scheme was amended to enhance the limits under the scheme and to include additional sectors under the ambit of the scheme. Our borrowers preferred moratorium on instalment dues over incremental credit to endure their temporary cash flow issues and as such we chose to grant moratorium benefit to all our customers who were "standard" as of March 31, 2020. We have not provided any incremental credit under ECLGS to any of our borrowers;

- the RBI, pursuant to its circular dated August 6, 2020, had also allowed a one-time restructuring of loans impacted by COVID-19 to help lenders and customers reschedule repayment of instalments based on customers' present income and restoration of income in subsequent months; the restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers; these restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule; We have not granted any restructuring of loans to any of our customers as part of this restructuring plan;

- by way of a circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package', RBI advised that all lending institutions are required to put in place a board-approved policy to refund / adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above judgement; the above reliefs shall be applicable to all borrowers, including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed; further, lending institutions shall disclose the aggregate amount to be refunded/adjusted in respect of their borrowers based on the above reliefs in their financial statements for the year ending March 31, 2021;

- by way of circulars date May 5, 2021 on 'Resolution Framework 2.0 – Resolution of COVID-19 related stress of Individuals and Small Businesses' (the "May 5 Circular"), RBI has advised that banks and NBFCs can restructure loans up to ₹250 million under the resolution framework 2.0. Individuals and Small Businesses' with a 'standard asset' classification as of March 31, 2021, could approach the lenders to help ease the parameters of repayment provided, inter alia, that the borrower's account was not restructured in terms of the circulars DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020; DOR. No.BP.BC. 34/21.04.048/ 2019-20 dated February 11, 2020; or DBR.No.BP.BC. 18/21.04.048/ 2018-19 dated January 1, 2019 (collectively, the "Restructuring Circulars"); upon implementation of the restructuring plan, lenders are required to maintain a provision of 10% of the residual debt of the borrower. The last day for the invocation of the resolution process was September 30, 2021. Thereafter, the resolution plan will be implemented within 90 days; further, through a circular dated June 4, 2021, the RBI enhanced the above limit of ₹250 million to ₹500 million, provided that the borrower's account was not restructured in terms of the May 5 Circular or the Restructuring Circulars;

- with the onset of the "second wave" of COVID-19 during the first quarter of Financial Year 2022, we experienced an adverse impact on our business and collections operations with our disbursals during the first quarter of Financial Year 2022 reducing to ₹3,331.60 million compared to ₹6,618.81 million during the fourth quarter of Financial Year 2021. As such, during the first half of Financial Year 2022, in line with our Board approved policy, we restructured 1.87% of our loan portfolio, computed as the AUM of restructured loans as of March 31, 2021 as a percentage of the total AUM as of March 31, 2021 (2,655 borrowers in the first quarter of Financial Year 2022. We restructured such loans based on borrowers requesting assistance and also based on us contacting certain borrowers that showed early signs of overdues. Restructuring was provided in the form of moratorium for all dues falling between April 1, 2021 and September 30, 2021. For the first quarter of Financial Year 2022, our average monthly collection efficiency dropped to 89.33% (calculated using instalment dues for non-restructured loans only) and our Gross NPA and Net NPA increased during the same period from 1.02% and 0.83%, respectively as of March 31, 2021, to 1.68% and 1.33%, respectively as of June 30, 2021. Further, during the months of August and September 2021 put together (where no dues were receivable on the restructured accounts, owing to moratorium), we have recorded approximately 82% of borrowers whose loans were restructured during the first quarter of Financial Year 2022, making at least one EMI payment;

- the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our ability to service our debt obligations and comply with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness;

- inherent challenges to productivity, connectivity and oversight due to an increase in number of individuals working from home;

- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;

- uncertainty regarding the conditions that must be satisfied before government authorities completely lift "stay-at-home" orders and further imposition of such orders as a result of the resurgence of COVID-19 since April 2021;

- potential negative impact on the health and safety of our personnel, particularly because a number of them were and could in future be afflicted by COVID-19, and

- our Statutory Auditors have included an emphasis of matter in their auditor's report on the financial statements for the six months ended September 30, 2021 and the Financial Years 2021 and 2020 in this regard.

Our inability to access debt and equity capital on acceptable terms, or at all, and a further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating may affect our access to capital and other sources of capital necessary to fund our operations or address maturing liabilities on a timely basis. For instance, COVID-19 had an impact on our ability to procure capital from banks and financial institutions putting all of our borrowing proposals on hold and resulting in a reduction in our liquidity position.

While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time. The impact of COVID-19 pandemic, including the anticipated "third wave", on our operations and financial metrics, will depend on the future developments, which are highly uncertain and cannot be predicted, including (i) any new information as to the scope, severity, and duration of the pandemic or the efficacy of vaccines; (ii) any actions taken by governments, the RBI and other authorities, businesses and individuals in response to the pandemic; (iii) the effect on customer demand, and their ability to repay the principal amount or interest, for our products; (iv) disruptions or restrictions on the ability to work and travel of our employees, customers and partners; (v) volatility in foreign exchange rates, interest rates and availability of adequate liquidity in the financial system; (vi) any extended period of remote work arrangements; and (vii) strain on our business counterparties' continuity plans, and resultant operational risk, and therefore, our prior financial results are not necessarily indicative of results to be expected for future periods. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in the "*Risk Factors*" section.

Government Policy and Regulations

Our results of operations and continued growth depend on government policies and regulations. We are affected by a number of regulations promulgated by the RBI that regulate, among other things, limits on borrowings, investments and interest rates, asset classification and provisioning for standard and non-standard assets, norms for creation of special reserves as well as minimum capital adequacy requirements. For example, Further, under Ind AS, we compute impairment allowance based on the expected credit loss model. For further details, see "- *Statement of Certain Significant Accounting Policies - Financial*

Instruments - Impairment of financial assets" below.

The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any change in the regulatory framework affecting NBFCs, and in particular those requiring us to maintain certain financial ratios, placement restrictions on accessing funds, among others, would affect our results of operations and growth.

See "*Risk Factors – Internal Risk Factors - The Indian small business finance industry is extensively regulated by the RBI and any changes in laws and regulations applicable to NBFCs such as us could have an adverse effect on our business."* on page 30.

Statement of Certain Significant Accounting Policies

Use of estimates and judgements

The preparation of the financial information in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial information and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial information in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial information.

Revenue Recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

We recognise revenue from contracts with customers based on a five step model as set out in Ind AS 115

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which we expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, we allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which we expect to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) we satisfy a performance obligation.

Effective Interest Rate ("EIR") Method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any fees and costs that are an integral part of the EIR. We recognise interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

We calculate interest income by applying EIR to the gross carrying amount of financial assets. When a financial asset becomes credit impaired and is, therefore, regarded as "stage 3", we continue to calculate interest income on the gross carrying amount of the financial asset.

Dividend Income

Dividend income is recognised when our right to receive the payment is established and it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

Other Interest Income

Other interest income is recognised on a time proportionate basis.

Fee Income

Fees income such as legal inspection charges, cheque bounce charges are recognised on point in time basis.

Others

Delayed interest and other operating income are recognized as income upon certainty of receipt. Profit / loss on sale of investments is recognised at the time of sale or redemption and is computed based on First in First out method. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

Financial Instrument - Initial Recognition

Date of Recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when we become a party to the contractual provisions of the instrument.

Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss ("FVTPL"), transaction costs are added to, or subtracted from this amount.

Measurement Categories of Financial Assets and Liabilities

We classify all of our financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either Amortised cost, FVOCI, or FVTPL

Financial Assets

Business Model Assessment

We determine our business model at the level that best reflects how we manage groups of financial assets to achieve our business objective. Our business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to our key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of our assessment.

SPPI Test

As a second step of our classification process, we assess the contractual terms of financial assets to identify whether they meet SPPI test. "Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, we apply judgement and consider relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows based on the existing business model:

- Financial assets carried at amortised cost (AC)

  A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Financial assets at fair value through profit or loss (FVTPL)

  A financial asset which is not classified as measured at amortised cost/ FVOCI are measured at FVTPL.

Financial Liabilities

Initial Recognition and Measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

Subsequent Measurement

Financial liabilities are carried at amortized cost using the effective interest method.

Reclassification of Financial Assets and Liabilities

We do not reclassify our financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which we acquire, dispose of, or terminate a business line. Financial liabilities are never reclassified. We did not reclassify any of our significant financial assets or liabilities in the year ended March 31, 2021 and March 31, 2020.

Derecognition of Financial Assets and Liabilities

Derecognition of Financial Assets due to Substantial Modification of Terms and Conditions

We derecognise a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

Derecognition of Financial Assets other than due to Substantial Modification

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which we neither transfer nor retain substantially all of the risks and rewards of ownership and we do not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

Impairment of Financial Assets

Overview of ECL Principles

In accordance with Ind AS 109, we use ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss ("FVTPL"). When estimating LTECLs for undrawn loan commitments, we estimate the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, we catagorise our loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1

When loans are first recognised, we recognise an allowance based on 12 months ECL. Stage 1 loans include those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2

When a loan has shown a significant increase in credit risk since origination, we record an allowance for the life time ECL. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3

Loans considered credit impaired are the loans which are past due for more than 90 days. We record an allowance for lifetime ECL.

Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD: Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD: Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. We have calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. We calculate the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2

When a loan has shown a significant increase in credit risk since origination, we record an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired, we recognise the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Forward Looking Information

In our ECL models, we rely on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

Write-offs

Financial assets are written off when there is a significant doubt on recoverability in the medium term. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit and loss.

Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, we have taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 financial instruments: those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that we have access to at the measurement date. We consider markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- Level 2 financial instruments: those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- Level 3 financial instruments: those that include one or more unobservable input that is significant to the measurement as whole.

Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency of ours, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to us.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method, and is generally recognised in the statement of profit and loss.

We follow estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment are as follows:

Asset category	**Estimated Useful Life**
Vehicles	8 years
Furniture and fittings	10 years
Office equipment	5 years
Computers and accessories	3 years
Servers	6 years

Leasehold improvements are depreciated over the remaining period of lease or estimated useful life of the assets, whichever is lower. Depreciation on additions (disposals) is provided on a pro-rata basis (i.e. from (up to) the date on which asset is ready for use (disposed of)).

Intangible Assets

Recognition and Measurement

Intangible assets including those acquired by us are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	**Estimated Useful Life**
Computer softwares	5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Employee Benefits

Post-Employment Benefits

Defined Contribution Plan

Our contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Our net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for us, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan (the asset ceiling), if any. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. We determine the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service (past service cost or past service gain) or the gain or loss on curtailment is recognised immediately in profit or loss. We recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other Long-Term Employee Benefits

Compensated Absences

The employees can carry forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. We record an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under: (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.

Stock Based Compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised when we have a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, we determine the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

Contingent Liabilities

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control. Contingent assets are neither recognised nor disclosed in the financial information.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for: leases of low value assets; and leases with a duration of 12 months or less.

At the commencement date of the lease, we recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

We recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless we are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

We determine the lease term as the initial period agreed in the lease agreement, together with both periods covered by an option to extend the lease if we are reasonably certain to exercise that option; and periods covered by an option to terminate the lease if we are reasonably certain not to exercise that option. In assessing whether we are reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, we consider all relevant facts and circumstances that create an economic incentive for us to exercise the option to extend the lease, or not to exercise the option to terminate the lease. We revise the lease term if there is a change in the initial period agreed in the lease agreement.

Income Tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that we are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, we recognise a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which we expect, at the reporting date, to recover or settle the carrying amount of our assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Segment Reporting - Identification of Segments

An operating segment is a component of our Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by our chief operating decision maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108 Operating Segments, the CODM evaluates our performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

Earnings per Share

We report basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit / loss after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit / loss after tax attributable to the equity shareholders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from our regular revenue generating, financing and investing activities are segregated. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions.

Impairment of Non-Financial Assets

We determine periodically whether there is any indication of impairment of the carrying amount of our non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Standards issued but not yet effective

Ministry of Corporate Affairs ("**MCA**") notifies new standard or amendments to the existing standards under Companies

(Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Restated Financial Information is required to be disclosed.

Our Results of Operations

The following table sets forth select financial data from our restated statement of profit and loss for the six months ended September 30, 2021 and 2020, the components of which are also expressed as a percentage of total income for such periods:

	For the six months ended September 30,			
	2021		2020	
	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income
Revenue from operations:				
Interest income	5,863.66	95.93%	4,971.18	98.54%
Fee income	111.06	1.82%	50.57	1.00%
Net gain on fair value changes	132.21	2.16%	21.20	0.42%
Total revenue from operations	**6,106.93**	**99.91%**	**5,042.95**	**99.96%**
Other Income	5.46	0.09%	1.84	0.04%
Total Income	**6,112.39**	**100.00%**	**5,044.79**	**100.00%**
Expenses:				
Finance costs	1,642.36	26.87%	1,590.26	31.52%
Fees expenses	9.60	0.16%	5.44	0.11%
Impairment on financial instruments	219.34	3.59%	53.39	1.06%
Employee benefits expenses	1,101.71	18.02%	719.76	14.27%
Depreciation and amortisation	53.66	0.88%	54.46	1.08%
Other expenses	201.64	3.30%	114.10	2.26%
Total Expenses	**3,228.31**	**52.82%**	**2,537.41**	**50.30%**
Profit before tax	**2,884.08**	**47.18%**	**2,507.38**	**49.70%**
Tax Expense:				
Current tax	758.75	12.41%	617.72	12.24%
Deferred tax (net)	(50.14)	(0.82%)	(1.67)	(0.03%)
Total tax expense	708.61	11.59%	616.05	12.21%
Profit for the period	**2,175.47**	**35.59%**	**1,891.33**	**37.49%**

The following table sets forth select financial data from our restated statement of profit and loss for the financial years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

	For the financial year					
	2021		2020		2019	
	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income
Revenue from operations:						
Interest income	10,148.76	96.54%	7,468.25	94.85%	3,897.38	95.29%
Fee income	216.76	2.06%	297.08	3.77%	132.70	3.24%
Net gain on fair value changes	131.90	1.25%	101.82	1.29%	59.00	1.44%
Total revenue from operations	**10,497.42**	**99.86%**	**7,867.15**	**99.92%**	**4,089.08**	**99.98%**
Other Income	15.13	0.14%	6.32	0.08%	0.78	0.02%
Total Income	**10,512.55**	**100.00%**	**7,873.47**	**100.00%**	**4,089.86**	**100.00%**
Expenses:						
Finance costs	3,251.91	30.93%	2,169.35	27.55%	772.07	18.88%
Fees expenses	26.68	0.25%	4.25	0.05%	9.48	0.23%
Impairment on financial instruments	351.76	3.35%	493.42	6.27%	75.52	1.85%
Employee benefits expenses	1,637.18	15.57%	1,271.07	16.14%	765.34	18.71%
Depreciation and amortisation	113.85	1.08%	100.68	1.28%	73.81	1.80%
Other expenses	366.77	3.49%	341.69	4.34%	212.60	5.20%
Total Expenses	**5,748.15**	**54.68%**	**4,380.46**	**55.64%**	**1,908.82**	**46.67%**
Profit before tax	**4,764.40**	**45.32%**	**3,493.01**	**44.36%**	**2,181.04**	**53.33%**
Tax Expense:						
Current tax	1,259.41	11.98%	1,005.61	12.77%	697.78	17.06%
Deferred tax (net)	(84.95)	(0.81)%	(132.11)	(1.68)%	(80.88)	(1.98)%
Total tax expense	1,174.46	11.17%	873.50	11.09%	616.90	15.08%

	For the financial year					
	2021		2020		2019	
	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income	(₹ in million)	% of Total Income
Profit for the year	**3,589.94**	**34.15%**	**2,619.51**	**33.27%**	**1,564.14**	**38.24%**

Six months ended September 30, 2021 compared to six months ended September 30, 2020

Our results of operations for the six months ended September 30, 2021 were particularly driven by the second wave of the COVID-19 pandemic and subsequent lockdowns enforced throughout the country by government authorities, which impacted our business and collections activity. Similarly, for the corresponding six-month period ended September 30, 2020, the results of operations were particularly driven by first wave of the COVID-19 pandemic and subsequent nation-wide lockdowns between April and May 2020.

Total Income

Our total income increased by 21.2% to ₹ 6,112.39 million for the six months ended September 30, 2021 from ₹ 5,044.79 million for the six months ended September 30, 2020, primarily due to an increase in total revenue from operations.

Total revenue from operations. Our total revenue from operations increased by 21.1% to ₹ 6,106.93 million for the six months ended September 30, 2021 from ₹ 5,042.95 million for the six months ended September 30, 2020, primarily due to increase in interest income to ₹ 5,863.66 million for the six months ended September 30, 2021 from ₹ 4,971.18 million for the six months ended September 30, 2020. The increase in interest income was primarily due to an increase in interest on term loans to ₹ 5,710.09 million for the six months ended September 30, 2021 from ₹ 4,863.18 million for the six months ended September 30, 2020, which in turn increased due to growth in our AUM which increased by 18.10% to ₹46,392.91 million for the six months ended September 30, 2021 from ₹39,281.10 million for the six months ended September 30, 2020.

Other income. Our other income increased to ₹ 5.46 million for the six months ended September 30, 2021 from ₹ 1.84 million for the six months ended September 30, 2020 primarily on account of the recovery of bad debts amounting to ₹ 4.54 million for the six months ended September 30, 2021, which was nil for the six months ended September 30, 2020.

Expenses

Finance costs. Our finance cost increased by 3.3% to ₹ 1,642.36 million for the six months ended September 30, 2021 from ₹ 1,590.26 million for the six months ended September 30, 2020, primarily due to an increase in interest on borrowings -term loans from others to ₹ 527.66 million for the six months ended September 30, 2021 from ₹ 350.05 million for the six months ended September 30, 2020, a decrease in interest on borrowings (term loans from banks) to ₹ 442.34 million for the six months ended September 30, 2021 from ₹ 445.48 million for the six months ended September 30, 2020, each of which increased as a result of an increase in the Average Total Borrowings in principal amount outstanding due to the growth in our AUM (net of Impairment loss allowance) necessitating the requirement for capital. Such increase was partially offset by a decrease in interest on debt securities to ₹ 661.53 million for the six months ended September 30, 2021 from ₹ 785.55 million for the six months ended September 30, 2020.

Fees expenses. Fees expenses increased by 76.5% to ₹ 9.60 million for the six months ended September 30, 2021 from ₹ 5.44 million for the six months ended September 30, 2020, due to an increase in borrowings and consequently an increase in amortisation of ancillary costs relating to such borrowings.

Impairment on financial instruments. Impairment on financial instruments increased to ₹ 219.34 million for the six months ended September 30, 2021 from ₹ 53.39 million for the six months ended September 30, 2020, due to an increase in impairment loss allowance on loans, as we recognised a higher provision for ECLs in the six months ended September 30, 2021, in connection with the the "second wave" of the COVID-19 pandemic and the impact it could have on our loan portfolio as compared to the provision for ECLs during the six months ended September 30, 2020.

Employee benefits expenses. Employee benefits expenses increased by 53.1% to ₹ 1,101.71 million for the six months ended September 30, 2021 from ₹ 719.76 million for the six months ended September 30, 2020, primarily due to increase in employee stock option expenses on the options granted to employees for the six months ended September 30, 2021 to ₹ 206.21 million from ₹ 7.48 million for the six months ended September 30, 2020, and an increase in salaries, wages and bonus to ₹ 807.97 million for the six months ended September 30, 2021 from ₹ 644.55 million for the six months ended September 30, 2020, as a result of increased headcount and current year salary increases.

Depreciation and amortisation. Our depreciation and amortisation expense decreased by 1.5% to ₹ 53.66 million for the six months ended September 30, 2021 from ₹ 54.46 million for the six months ended September 30, 2020.

Other expenses. Our other expenses increased by 76.7% to ₹ 201.64 million for the six months ended September 30, 2021 from

₹ 114.10 million for the six months ended September 30, 2020, primarily due to an increase in legal and professional charges for the six months ended September 30, 2021 to ₹ 68.58 million from ₹ 30.41 million for the six months ended September 30, 2020, an increase in communication costs to ₹ 26.80 million for the six months ended September 30, 2021 from ₹ 14.81 million for the six months ended September 30, 2020, and an increase in information technology expenses to ₹ 41.22 million for the six months ended September 30, 2021 from ₹ 23.97 million for the six months ended September 30, 2020, all commensurate with the growth of our business.

Tax expense. Our tax expense increased by 15.0% to ₹ 708.61 million for the six months ended September 30, 2021 from ₹ 616.05 million for the six months ended September 30, 2020. For the six months ended September 30, 2021, we had a current tax expense of ₹ 758.75 million and a deferred tax (net) of ₹ 50.14 million. For the six months ended September 30, 2020, we had a current tax expense of ₹ 617.72 million and a deferred tax (net) of ₹ 1.67 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 24.57% for each of the six months ended September 30, 2021 and 2020.

Profit for the period. Our profit for the period increased by 15.0% to ₹ 2,175.47 million for the six months ended September 30, 2021 from ₹ 1,891.33 million for the six months ended September 30, 2020.

Financial Year 2021 compared to Financial Year 2020

Our results of operations for the financial year 2021 were particularly driven by the following factors:

- the COVID-19 pandemic and subsequent lockdown enforced in the country by government authorities, which significantly impacted our disbursements during the financial year 2021;
- an increase in our AUM which was due to improved disbursements during the second half of the financial year 2021; and
- increases in finance costs as a result of an increase in our Total Borrowings associated with the increase in AUM.

Total Income

Our total income increased by 33.5% to ₹ 10,512.55 million for the financial year 2021 from ₹ 7,873.47 million for the financial year 2020, primarily due to an increase in total revenue from operations.

Total revenue from operations. Our total revenue from operations increased by 33.4% to ₹ 10,497.42 million for the financial year 2021 from ₹ 7,867.15 million for the financial year 2020, primarily due to an increase in interest income to ₹ 10,148.76 million for the financial year 2021 from ₹ 7,468.25 million for the financial year 2020. The increase in interest income was primarily due to an increase in interest on term loans to ₹ 9,955.01 million for the financial year 2021 from ₹ 7,179.58 million for the financial year 2020, which in turn was due to growth in AUM which increased by 14.2% to ₹ 44,453.81 million as of March 31, 2021 from ₹38,922.28 million as of March 31, 2020.

Other income. Our other income increased to ₹ 15.13 million for the financial year 2021 from ₹ 6.32 million for the financial year 2020 primarily on account of an increase in recovery of bad debts to ₹ 8.69 million for the financial year 2021 from ₹ 5.30 million for the financial year 2020 and an increase in other non-operating income to ₹ 6.44 million for the financial year 2021 from ₹ 1.02 million for the financial year 2020.

Expenses

Finance costs. Our finance costs increased by 49.9% to ₹ 3,251.91 million for the financial year 2021 from ₹ 2,169.35 million for the financial year 2020, primarily due to an increase in interest on borrowings (term loans from banks) to ₹ 885.93 million for the financial year 2021 from ₹ 554.61 million for the financial year 2020, an increase in interest on borrowings (term loans from others) to ₹ 796.92 million for the financial year 2021 from ₹ 315.89 million for the financial year 2020, and an increase in interest on debt securities to ₹ 1,550.18 million for the financial year 2021 from ₹ 1,273.36 million for the financial year 2020, each of which increased as a result of an increase in the Average Total Borrowings in principal amount outstanding due to the growth in our AUM (net of ECLs) necessitating the requirement for capital.

Fees expenses. Fees expense increased to ₹ 26.68 million for the financial year 2021 from ₹ 4.25 million for the financial year 2020, due to an increase in borrowings and consequently an increase in amortisation of ancillary costs relating to such borrowings.

Impairment on financial instruments. Impairment on financial instruments decreased to ₹ 351.76 million for the financial year 2021 from ₹ 493.42 million for the financial year 2020, due to a decrease in impairment loss allowance on loans, as we recognised a higher provision for ECLs in the financial year 2020, during the onset of the COVID-19 pandemic and the potential impact it could have had on our loan portfolio.

Employee benefits expenses. Employee benefits expenses increased by 28.8% to ₹ 1,637.18 million for the financial year 2021 from ₹ 1,271.07 million for the financial year 2020, primarily due to an increase in salaries, wages and bonus to ₹ 1,337.61 million for the financial year 2021 from ₹ 1,127.23 million for the financial year 2020, partially offset by an increase in employee stock option expenses to ₹ 150.94 million for the financial year 2021 from ₹ 16.80 million for the financial year 2020. The increase in salaries, wages and bonus was primarily due to the annual salary increase given during the year along with an increase in employees to 3,938 as of March 31, 2021 from 3,734 employees as of March 31, 2020

Depreciation and amortisation. Our depreciation and amortisation expense increased by 13.1% to ₹ 113.85 million for the financial year 2021 from ₹ 100.68 million for the financial year 2020, primarily due to increases in the depreciation on property, plant and equipment, and increases in the depreciation on right of use asset.

Other expenses. Our other expenses increased by 7.3% to ₹ 366.77 million for the financial year 2021 from ₹ 341.69 million for the financial year 2020, primarily due to an increase in corporate social responsibility expenses to ₹ 42.86 million for the financial year 2021 from ₹ 0.74 million for the financial year 2020, and information technology expenses to ₹ 56.84 million for the financial year 2021 from ₹ 39.42 million for the financial year 2020.

Total tax expense. Our total tax expense increased to ₹ 1,174.46 million for the financial year 2021 from ₹ 873.50 million for the financial year 2020. For the financial year 2021, we had a current tax expense of ₹ 1,259.41 million and a deferred tax income of ₹ 84.95 million. For the financial year 2020, we had a current tax expense of ₹ 1,005.61 million and a deferred tax income of ₹ 132.11 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 24.65% and 25.01% for the financial years 2021 and 2020, respectively.

Profit for the year. Our profit for the year increased to ₹ 3,589.94 million for the financial year 2021 from ₹ 2,619.51 million for the financial year 2020.

Financial Year 2020 compared to Financial Year 2019

Our results of operations for the financial year 2020 were particularly driven by the following factors:

- an increase in our AUM which was due to increased disbursements from ₹ 14,821.87 million for financial year 2019 to ₹ 24,086.89 million for financial year 2020 which was a result of an increase in the number of branches from 173 as of March 31, 2019 to 252 as of March 31, 2020; and an increase in our employees from 1,971 as of March 31, 2019 to 3,734 as of March 31, 2020;

- increases in finance costs as a result of an increase in our Total Borrowings associated with the increase in AUM; and

- an increase in impairment on financial instruments from ₹ 75.52 million for financial year 2019 to ₹ 493.42 million for financial year 2020 due to our decision to recognize a higher ECL / provision on account of the onset of COVID-19 and the potential impact it may have on the loan portfolio.

Total Income

Our total income increased to ₹ 7,873.47 million for the financial year 2020 from ₹ 4,089.86 million for the financial year 2019, primarily due to an increase in total revenue from operations.

Total revenue from operations. Our total revenue from operations increased by 92.4% to ₹ 7,867.15 million for the financial year 2020 from ₹ 4,089.08 million for the financial year 2019, primarily due to an increase in interest income to ₹ 7,468.25 million for the financial year 2020 from ₹ 3,897.38 million for the financial year 2019. The increase in interest income was primarily due to an increase in interest on term loans to ₹ 7,179.58 million for the financial year 2020 from ₹ 3,762.14 million for the financial year 2019, which in turn was due to an increase in AUM (net of ECLs (i.e., Impairment loss allowance)) which increased by 83% to ₹38,308 million as of March 31, 2020 from ₹20,958.64 million as of March 31, 2019**.**

Other income. Our other income increased to ₹ 6.32 million for the financial year 2020 from ₹ 0.78 million for the financial year 2019 primarily on account of an increase in recovery of bad debts to ₹ 5.30 million for the financial year 2020 from nil recoveries for the financial year 2019.

Expenses

Finance costs. Our finance cost increased to ₹ 2,169.35 million for the financial year 2020 from ₹ 772.07 million for the financial year 2019, primarily due to an increase in interest on debt securities to ₹ 1,273.36 million for the financial year 2020 from ₹ 397.13 million for the financial year 2019, in increase in interest on borrowings (term loans from banks) to ₹ 554.61 million for the financial year 2020 from ₹ 266.81 million for the financial year 2019, and an increase in interest on borrowings (term loans from others) to ₹ 315.89 million for the financial year 2020 from ₹ 94.88 million for the financial year 2019, each of which increased as a result of an increase in Total Borrowings from ₹ 9,600.29 million as of March 31, 2019 to ₹ 23,636.93

million as of March 31, 2020.

Fees expenses. Fees expense decreased to ₹ 4.25 million for the financial year 2020 from ₹ 9.48 million for the financial year 2019 and consequently a decrease in amortisation of ancillary costs relating to borrowings.

Impairment on financial instruments. Impairment on financial instruments increased to ₹ 493.42 million for the financial year 2020 from ₹ 75.52 million for the financial year 2019, due to an increase in impairment loss allowance on loans, due to our decision to recognize a higher ECL / provision on account of the onset of COVID-19 and the potential impact it may have on the loan portfolio.

Employee benefits expenses. Employee benefits expenses increased by 66.1% to ₹ 1,271.07 million for the financial year 2020 from ₹ 765.34 million for the financial year 2019, primarily due to an increase in salaries, wages and bonus to ₹ 1,127.23 million for the financial year 2020 from ₹ 679.88 million for the financial year 2019. The increase in salaries, wages and bonus was due to an increase in employees to 3,734 as of March 31, 2020 from 1,971 employees as of March 31, 2019; specifically, an increase in Relationship Officers and Branch Managers, along with additional increases in Field Credit Officers and Operational Personnel/Cashiers, all of which increased due to our growing Branch network.

Depreciation and amortisation. Our depreciation and amortisation expense increased by 36.4% to ₹ 100.68 million for the financial year 2020 from ₹ 73.81 million for the financial year 2019, primarily due to increases in the depreciation on property, plant and equipment, and increases in the depreciation on right of use asset.

Other expenses. Our other expenses increased by 60.7% to ₹ 341.69 million for the financial year 2020 from ₹ 212.60 million for the financial year 2019, primarily due to an increase in legal and professional charges to ₹ 138.96 million for the financial year 2020 from ₹ 67.91 million for the financial year 2019, as a result of increased disbursals which in turn led to an increased requirement for legal opinions towards such loan disbursals.

Total tax expense. Our total tax expense increased to ₹ 873.50 million for the financial year 2020 from ₹ 616.90 million for the financial year 2019. For the financial year 2020, we had a current tax expense of ₹ 1,005.61 million and a deferred tax (net) of ₹ 132.11 million. For the financial year 2019, we had a current tax expense of ₹ 697.78 million and a deferred tax (net) of ₹ 80.88 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 25.01% and 28.28% for the financial years 2020 and 2019, respectively, on account of our decision to opt for the concessional rate of tax.

Profit for the year. Our profit for the year increased to ₹ 2,619.51 million for the financial year 2020 from ₹ 1,564.14 million for the financial year 2019.

Financial Position

Assets

The following table sets forth the principal components of our assets as of September 30, 2021 and March 31, 2021, 2020 and 2019:

(₹ in million)

	As of September 30, 2021	As of March 31,		
		2021	2020	2019
Financial Assets:				
Cash and cash equivalents	8,497.55	12,671.83	2,897.79	2,196.57
Bank balances other than cash and cash equivalents	4,659.40	885.40	1,613.49	0.69
Loans	46,443.67	43,587.49	38,308.04	20,958.64
Investments	3,236.79	-	-	-
Other financial assets	48.62	47.43	52.47	28.59
Total financial assets	**62,886.03**	**57,192.15**	**42,871.79**	**23,184.49**
Non-financial assets:				
Current tax assets (net)	132.89	79.58	43.55	36.00
Deferred tax assets (net)	424.97	369.89	282.30	147.41
Investment property	0.36	0.36	0.36	0.36
Property, plant and equipment	83.34	84.56	110.61	74.44
Right of use asset	165.59	145.26	148.80	117.06
Other intangible assets	15.45	19.03	19.28	20.18
Other non-financial assets	37.12	45.28	54.85	31.76
Total non-financial assets	**859.72**	**743.96**	**659.75**	**427.21**
Total Assets	**63,745.75**	**57,936.11**	**43,531.54**	**23,611.70**

As of September 30, 2021, we had total assets of ₹ 63,745.75 million, compared to ₹ 57,936.11 million as of March 31, 2021, compared to ₹ 43,531.54 million as of March 31, 2020 and ₹ 23,611.70 million as of March 31, 2019. The increase in our total assets was primarily on account of:

- a growth in our disbursals and loan portfolio which increased on account of branch and employee increases; and
- an increase in Cash and Cash equivalents, and Bank balances other than cash and cash equivalents, due to equity infusion and an increase in borrowings.

Financial Assets

Cash and Cash Equivalents

As of September 30, 2021, we had cash and cash equivalents of ₹ 8,497.55 million, compared to ₹ 12,671.83 million as of March 31, 2021, ₹ 2,897.79 million as of March 31, 2020 and ₹ 2,196.57 million as of March 31, 2019. Our cash and cash equivalents decreased between March 31, 2021 and September 30, 2021 primarily due to the deployment in more than three month maturity fixed deposit ; increased between March 31, 2020 and March 31, 2021 primarily due to increased borrowings; and increased between March 31, 2019 and March 31, 2020 primarily due to the onset of COVID-19 pandemic and the consequent reduction in our borrowings, especially during the month of March 2020, as well as the need to comply with our liquidity policy.

Bank Balances other than Cash and Cash Equivalents

As of September 30, 2021, we had bank balances other than cash and cash equivalents of ₹ 4,659.40 million, compared to ₹ 885.40 million as of March 31, 2021, ₹ 1,613.49 million as of March 31, 2020 and ₹ 0.69 million as of March 31, 2019. The increase between March 31, 2021 and September 30, 2021 was primarily due to the investment of funds in more than three month maturity fixed deposits. The decrease between March 31, 2020 and March 31, 2021 was primarily due to a decrease in more than three month maturity fixed deposits with bank. The increase between March 31, 2019 and March 31, 2020 was primarily due to an increase in fixed deposits with bank.

Loans

As of September 30, 2021, we had loans of ₹ 46,443.67 million, compared to ₹ 43,587.49 million as of March 31, 2021, ₹ 38,308.04 million as of March 31, 2020 and ₹ 20,958.64 million as of March 31, 2019. Our loans increased between March 31, 2021 and September 30, 2021 primarily on account of growth in our loan portfolio which increased on account of growth of our business resulting from branch and employee increases. Our loans increased between March 31, 2019 and March 31, 2021 as well primarily on account of growth in our loan portfolio which increased on account of growth of our business resulting from branch and employee increases.

Investments

As of September 30, 2021, we had investments of ₹ 3,236.79 million, compared to nil as of March 31, 2021, 2020 and 2019. Our investments as of September 30, 2021 consist of ₹ 2,802.37 million in investments in government securities and ₹ 434.42 million in investments in mutual funds.

Other Financial Assets

As of September 30, 2021, we had other financial assets of ₹ 48.62 million, compared to ₹ 47.43 million as of March 31, 2021, ₹ 52.47 million as of March 31, 2020 and ₹ 28.59 million as of March 31, 2019. The increase between March 31, 2021 and September 30, 2021 was primarily on account of an increase in security deposits. The decrease between March 31, 2020 and March 31, 2021 was primarily on account of a decrease in other receivables (comprising amounts recoverable from banks towards cancelled demand drafts.) The increase between March 31, 2019 and March 31, 2020 was primarily on account of increases in other receivables and increases in security deposits related to branches leased and amounts recoverable from banks towards cancelled demand drafts.

Deferred Tax Assets (net)

As of September 30, 2021, we had deferred tax assets of ₹ 424.97 million, compared to ₹ 369.89 million as of March 31, 2021, ₹ 282.30 million as of March 31, 2020 and ₹ 147.41 million as of March 31, 2019. The increase as of September 30, 2021 from March 31, 2021 was primarily on account of the deferred tax impact on impairment allowance.). The increase as of March 31, 2021 from March 31, 2020 was primarily due to increased impairment allowance and provisions towards employee benefits (gratuity/leave encashment/bonus), which carry differential treatment from a tax perspective. The increase as of March 31, 2020 from March 31, 2019 was primarily due to increased impairment allowance and provisions towards employee benefits (gratuity/leave encashment/bonus) and unamortised processing fees on borrowing/advances), which carry differential treatment from a tax perspective.

Property, Plant and Equipment

As of September 30, 2021, we had property, plant and equipment of ₹ 83.34 million, compared to ₹ 84.56 million as of March 31, 2021, ₹ 110.61 million as of March 31, 2020 and ₹ 74.44 million as of March 31, 2019. The decrease as of March 31, 2021 from March 31, 2020 was primarily due to reduced branch openings and consequently reduced additions of property, plant and equipment. The increase as of March 31, 2020 from March 31, 2019 was primarily due to the purchase of electronic equipment including computers.

Right of Use Asset

As of September 30, 2021, we had right of use assets of ₹ 165.59 million, compared to ₹ 145.26 million as of March 31, 2021, ₹ 148.80 million as of March 31, 2020 and ₹ 117.06 million as of March 31, 2019. The increase as of September 30, 2021 from March 31, 2020 was primarily on account of entering into additional leases in connection with opening new branches. The decrease as of March 31, 2021 from March 31, 2020 was primarily due to reduced branch openings on account of COVID-19. The increase as of March 31, 2020 from March 31, 2019 was primarily due to new branches being opened.

Liabilities

The following table sets forth the principal components of our liabilities as of September 30, 2021 and March 31, 2021, 2020 and 2019:

(₹ in million)

	As of September 30,	As of March 31,		
	2021	2021	2020	2019
	(₹ in million)			
Financial liabilities				
Trade payables				
total outstanding dues of micro and small enterprises	-	-	-	-
total outstanding dues of creditors other than micro and small enterprises	81.84	86.72	66.24	29.27
Debt securities	12,145.93	13,037.86	10,788.64	4,335.07
Borrowings (Other than debt securities)	16,396.61	21,214.11	12,848.29	5,265.22
Other financial liabilities	192.32	171.69	156.81	122.30
Total financial liabilities	**28,816.70**	**34,510.38**	**23,859.98**	**9,751.86**
Non-financial liabilities				
Current tax liabilities (Net)	-	-	7.48	16.22
Provisions	93.29	71.98	57.76	37.63
Other non-financial liabilities	302.64	172.03	160.52	157.14
Total non-financial liabilities	**395.93**	**244.01**	**225.76**	**210.99**
Total Liabilities	**29,212.63**	**34,754.39**	**24,085.74**	**9,962.85**

Debt Securities

As of September 30, 2021, we had debt securities of ₹ 12,145.93 million as compared to ₹ 13,037.86 as of March 31, 2021, ₹ 10,788.64 as of March 31, 2020 and ₹ 4,335.07 as of March 31, 2019. The decrease as of September 30, 2021 from March 31, 2021 was on account of premature redemption of NCD pursuant to the exercise of Call option by the Company. The increase as of March 31, 2021 from March 31, 2020 was on account of us participating in Governmental schemes such as the Targeted Long Term Repo Operations and Partial Credit Guarantee Schemes where the underlying borrowing was through issuance of debt securities. The increase as of March 31, 2020 from March 31, 2019 was on account of an increase in our borrowings through the issuance of debt securities.

Borrowings (Other than Debt Securities)

As of September 30, 2021, we had borrowings (other than debt securities) of ₹ 16,396.61 million, compared to ₹ 21,214.11 million as of March 31, 2021, ₹ 12,848.29 million as of March 31, 2020 and ₹ 5,265.22 million as of March 31, 2019. The decrease as of September 30, 2021 from March 31, 2021 was on account of prepayment of certain high cost loans and no incremental debt availed during this period. The increase across all other periods was on account of increases in our borrowings through term loans and issuance of Pass through Certificates / sale of loans through assignment transactions that formed part of the Partial Credit Guarantee Scheme.

Total Liabilities

As of September 30, 2021, we had total liabilities of ₹ 29,212.63 million, compared to ₹ 34,754.39 million as of March 31, 2021, ₹ 24,085.74 million as of March 31, 2020 and ₹ 9,962.85 million as of March 31, 2019. The decrease as of September 30, 2021 from March 31, 2021 was on account of a reduction in Total Borrowings. This increase across all other periods was primarily on account of an increase in our borrowings (other than debt securities) as well as debt securities consistent with the growth in our business, and specifically in connection with increased borrowing to support growth in our AUM.

Shareholders' Funds

As of September 30, 2021, our Total Equity (also referred to as Net Worth) was 34,533.12 million, representing 54.2% of our total assets. As of March 31, 2021, our Total Equity was ₹ 23,181.72 million, representing 40.0% of our total assets. As of March 31, 2020, our Total Equity was ₹ 19,445.80 million, representing 44.7% of our total assets. As of March 31, 2019, our Total Equity was ₹ 13,648.85 million, representing 57.8% of our total assets. The increase in our Total Equity between March 31, 2019 and September 30, 2021, was primarily due to a combination of equity infusions in June 2019, and between April and August 2021 and an increase in our retained earnings.

Liquidity and Capital Resources

We obtain long-term financing from a variety of sources including from term loans securitized and assigned, issuance of NCDs and principal protected market linked debentures from banks, mutual funds and other domestic and foreign financial and development finance institutions and loans from banks and other financial institutions to meet our capital requirements. For the six months ended September 30, 2021 and the financial years 2021, 2020 and 2019, we had fresh borrowings during the period/year of nil, ₹ 23,617.90 million, ₹ 17,816.63 million and ₹ 6,364.00 million, respectively. As of September 30, 2021, our Total Borrowings were ₹28,542.54 million.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements contain a number of covenants including financial covenants. For details, see "*Financial Indebtedness*" and "*Risk Factors – Internal Risk Factors – Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition"* on pages 338 and 25, respectively.

Cash Flows

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

(₹ in million)

	For the six months ended September 30,		**For the financial year**		
	2021	**2020**	**2021**	**2020**	**2019**
	(₹ in million)				
Net cash from / (used in) operating activities	466.51	1,742.87	(1,572.67)	(15,232.80)	(9,483.39)
Net cash from / (used in) investing activities	(7,746.95)	(3,924.06)	1,021.41	(1,319.34)	142.16
Net cash from financing activities	3,106.16	6,889.79	10,325.30	17,253.36	10,224.01
Net increase/(decrease) in cash and cash equivalents	**(4,174.28)**	**4,708.60**	**9,774.04**	**701.22**	**882.78**

Operating Activities

Net cash from operating activities was ₹ 466.51 million for the six months ended September 30, 2021. While our profit before tax was ₹ 2,884.08 million for the six months ended September 30, 2021, we had an operating cash outflow before working capital changes of ₹ 990.86 million, primarily due to interest on term loans of ₹ 5,710.09 million and profit on redemption of mutual funds of ₹ 132.21 million, which was partially offset by finance costs of ₹ 1,642.36 million. Our changes in working capital for the six months ended September 30, 2021 primarily consisted of an increase in term loans of ₹ 1,856.40 million on account of increased loan disbursals

Net cash from operating activities was ₹ 1,742.87 million for the six months ended September 30, 2020. While our profit before tax was ₹ 2,507.38 million for the six months ended September 30, 2020, we had an operating cash outflow before working capital changes of ₹ 779.38 million, primarily due to interest on term loans of ₹ 4,863.18 million, which was partially offset by finance costs of ₹ 1,590.26 million. Our changes in working capital for the six months ended September 30, 2020 primarily consisted of an increase in term loans of ₹ 401.58 million on account of increased loan disbursals.

Net cash used in operating activities was ₹ 1,572.67 million for the financial year 2021. While our profit before tax was ₹ 4,764.40 million for the financial year 2021, we had an operating cash outflow before working capital changes of ₹ 1,651.80

million, primarily due to interest on term loans of ₹ 9,955.01 million, which was partially offset by finance costs of ₹ 3,251.91 million. Our changes in working capital for the financial year 2021 primarily consisted of an increase in term loans of ₹ 5,597.21 million on account of increased loan disbursals.

Net cash used in operating activities was ₹ 15,232.80 million for the financial year 2020. While our profit before tax was ₹ 3,493.01 million for the financial year 2020, we had an operating cash outflow before working capital changes of ₹ 1,297.39 million, primarily due to interest on term loans of ₹ 7,179.58 million, which was partially offset by finance costs of ₹ 2,169.35 million. Our changes in working capital for the financial year 2020 primarily consisted of an increase in term loans of ₹ 17,688.98 million on account of increased loan disbursals.

Net cash used in operating activities was ₹ 9,483.39 million for the financial year 2019. While our net profit before tax was ₹ 2,181.04 million for the financial year 2019, we had an operating cash outflow before working capital changes of ₹ 827.65 million, primarily due to interest on loans of ₹ 3,762.14 million, which was partially offset by finance costs of ₹ 772.07 million. Our changes in working capital for the financial year 2019 primarily consisted of an increase in term loans of ₹ 10,906.35 million on account of increased loan disbursals.

Investing Activities

Net cash used in investing activities was ₹ 7,746.95 million for the six months ended September 30, 2021, primarily comprising investments in government securities of ₹ 2,796.42 million and movement in bank balances other than cash and cash equivalents of ₹ 3,713.94 million.

Net cash used in investing activities was ₹ 3,924.06 million for the six months ended September 30, 2020, primarily comprising movement in bank balances other than cash and cash equivalents of ₹ 3,752.92 million.

Net cash from investing activities was ₹ 1,021.41 million for the financial year 2021, primarily comprising movement in bank balances other than cash and cash equivalents of ₹ 743.97 million.

Net cash used in investing activities was ₹ 1,319.34 million for the financial year 2020, primarily comprising movement in bank balances other than cash and cash equivalents of ₹ 1,590.43 million.

Net cash from investing activities was ₹ 142.16 million for the financial year 2019, primarily comprising interest income on deposits with banks/others of ₹ 140.03 million, partially offset by purchase of fixed assets of ₹ 58.51 million.

Financing Activities

Net cash from financing activities was ₹ 3,106.16 million for the six months ended September 30, 2021, primarily comprising proceeds from securities premium (net off utilisation) of ₹ 8,950.72 million received in respect of equity issuance during the period, which was partially offset by repayments of borrowings (including processing fee) of ₹ 5,851.86 million.

Net cash from financing activities was ₹ 6,889.79 million for the six months ended September 30, 2020, primarily comprising fresh borrowings during the period of ₹ 10,315.31 million, which was partially offset by repayment of borrowings (including processing fee) of ₹ 3,402.12 million.

Net cash from financing activities was ₹ 10,325.30 million for the financial year 2021, primarily comprising fresh borrowings during the year of ₹ 23,617.90 million, which was partially offset by repayment of borrowings (including processing fee)of ₹ 13,245.25 million.

Net cash from financing activities was ₹ 17,253.36 million for the financial year 2020, primarily comprising fresh borrowings during the year of ₹ 17,816.63 million and proceeds from securities premium (net off utilisation) arising from issuance of equity shares of ₹ 3,152.53 million, which was partially offset by repayment of borrowings (including processing fee) of ₹ 3,695.02 million.

Net cash from financing activities was ₹ 10,224.01 million for the financial year 2019, primarily comprising fresh borrowings during the year of ₹ 6,364.00 million and from securities premium (net off utilisation) arising from issuance of equity sharesof ₹ 6,095.21 million, which was partially offset by repayment of borrowings (including processing fee) of ₹ 2,254.61 million.

Financial Indebtedness

As of September 30, 2021, our Total Borrowings were ₹28,542.54 million. For details, see "*Financial Indebtedness*" on page 338. The following table sets forth certain information relating to outstanding indebtedness as of September 30, 2021, and our repayment obligations in the periods indicated:

	As of September 30, 2021				
	Payment due by period				
	Total	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
Gross Borrowings (including debt securities) with original maturities of more than one year					
Secured	28,700.33	11,344.41	12,103.18	5,252.74	0.00
Unsecured	-	-	-	-	-
Total Gross Borrowings (including debt securities) with original maturities of more than one year	**28,700.33**	**11,344.41**	**12,103.18**	**5,252.74**	**0.00**
Gross Borrowings (including debt securities) with original maturities within one year					
Secured	-	-	-	-	-
Unsecured	-	-	-	-	-
Total Gross Borrowings (including debt securities) with original maturities within one year	-	-	-	-	-
Total Gross Borrowings (including debt securities)	**28,700.33**	**11,344.41**	**12,103.18**	**5,252.74**	**0.00**
Less: Unamortised processing fee	157.79	96.82	46.98	13.99	0.00
Total Borrowings	**28,542.54**	**11,247.59**	**12,056.20**	**5,238.75**	**0.00**

Capital Commitments

As of September 30, 2021, we had commitments – estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided for of ₹ 0.87 million.

Contingent Liabilities

As of September 30, 2021, we have contingent liabilities of ₹ 0.67 million, comprising income tax related matters (excluding penalties and interest).

In connection with the Provident Fund, in light of judgment of Honorable Supreme Court dated February 28, 2019 on the definition of "Basic Wages" under the Employees Provident Funds & Misc. Provisions Act, 1952 and based on the legal advice received, we have aligned the manner of computation of liability for Provident Fund effective the date of the order. There are significant uncertainties in determining the liability including, period of assessment, application for present and past employees and assessment of interest and penalties. The amount of the obligation therefore cannot be measured with sufficient reliability for past periods and hence disclosed as a contingent liability

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the six months ended September 30, 2021, we added tangible assets of property, plant and equipment of ₹ 17.22 million, primarily for furniture and fittings, office equipment, computers and accessories and other intangible assets of ₹ 1.19 million towards software. For the financial year 2021, we added tangible assets of property, plant and equipment of ₹ 27.41 million, primarily for furniture and fittings, office equipment, computer and accessories and other intangible assets of ₹ 5.03 million for software. For the financial year 2020, we added tangible assets of property, plant and equipment of ₹ 86.30 million, primarily for furniture and fittings, office equipment, computer and accessories and other intangible assets of ₹ 5.98 million for software. For the financial year 2019, we added tangible assets of property, plant and equipment of ₹ 66.45 million, primarily for furniture and fittings, office equipment, computer and accessories and lease hold improvements and other intangible assets of ₹ 7.14 million for software.

Capital to Risk-Weighted Assets Ratios ("CRAR")

The following table sets forth certain details of our CRAR in accordance with our restated Ind AS financial information, as of the dates indicated:

	As of				
	September 30, 2021	September 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
CRAR (%)	80.51	58.44	58.86	52.94	64.09
CRAR - Tier I capital (%)	80.51	58.44	58.86	52.94	63.49
CRAR - Tier II capital (%)	-	-	-	-	0.60

Credit Ratings

The following table sets forth our credit ratings as of the date of this Draft Red Herring Prospectus:

Rating Agency	Instrument	Credit Ratings
CARE Ratings	Bank loan rating	A+
	Non-Convertible debentures	A+
	Commercial Paper	A1+
ICRA Limited	Bank loan rating	A+
	Non-Convertible debentures	A+

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Financial Statements*" on page 243.

Quantitative and Qualitative Disclosures about Market Risk

Our risk management policies have been established to identify and analyze the risks faced by us, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities. Through our training and management standards and procedures, we aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Our risk management committee oversees how management monitors compliance with our risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by us.

In the course of our business, we are exposed to certain financial risks such as credit risk, liquidity risk, interest risk and price risk. For further information on such risks, see "*Financial Statements*" on page 243.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect our income or the value of our holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest Rate Risk

Interest rate risk primarily arises from borrowings with variable rates. Our borrowings are carried at amortized cost. The borrowings with fixed rates are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

As of September 30, 2021, we had ₹ 20,188.72 million, or 70.73% of our borrowings which were fixed interest bearing financial liabilities, while ₹ 8,353.56 million, or 29.27% of our borrowings were at variable interest bearing financial liabilities.

The following table sets forth the effect that a change of 100 basis points would have on our profit before tax:

(₹ in million)

	As of September 30, 2021	As of March 31,		
		2021	2020	2019
Cash flow sensitivity (net) pertaining to Variable-rate instruments				
Increase by 100 basis points	(46.63)	(73.23)	(42.72)	(22.17)
Decrease by 100 basis points	46.63	73.23	42.72	22.17

For further details, see "*Risk Factors – Internal Risk Factors – We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our NII to vary and consequently affect our profitability*" on page 27.

Credit Risk

Loans and advances

Credit risk is the risk of financial loss we incur if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from our loans advances and other financial assets. The carrying amount of financial assets represents the maximum credit exposure. We have credit policy approved by the Board, which is subject to annual review. We manage and control credit risk by setting limits on the amount of risk we are willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

We have established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including periodical collateral revisions, as defined in the Credit policy. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. The credit quality review process aims to allow us to assess the potential loss as a result of the risks to which we are exposed and take corrective actions.

The disclosure of maximum exposure to credit risk without taking into account any collateral held or other credit enhancements has not been provided for financial assets, as their carrying amount best represent the maximum exposure to credit risk. All the loans provided are secured against mortgage of land and/ or building. The fair value of the collateral is determined on the guidelines prescribed in the collateral management policy as approved by the Board of Directors.

For further details, see "*Risk Factors – Internal Risk Factors – The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition"* on page 24.

Impairment assessment - ECL

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of *Ind AS 109 - financial instruments*. Our impairment assessment and measurement approach is set out in our "*Financial Statements*" on page 243.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We are bound by the Asset Liability Management guidelines issued by RBI. We have Asset Liability Management policy approved by the Board and we have constituted Asset Liability Committee to oversee our liquidity risk management function. We manage liquidity risk by maintaining sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Our principal sources of liquidity are borrowings, cash and cash equivalents and the cash flow that is generated from our operations. The following table summarizes the maturity profile of the undiscounted cash flows of our financial liabilities as of September 30, 2021:

(₹ in million)

	Within 1 year	**1 – 2 years**	**2 – 5 years**	**More than 5 year**	**Carrying amount**
Debt securities	5,042.13	6,692.79	411.01	-	12,145.93
Borrowings (other than debt securities)	6,205.46	5,363.42	4827.74	-	16,396.61
Trade Payables	66.80	5.01	10.03	-	81.84
Other financial liabilities	75.23	46.81	58.24	12.04	192.32
Total	**11,389.62**	**12,108.02**	**5,307.02**	**12.04**	**28,816.70**

For further details, see "*Risk Factors – Internal Risk Factors – We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability"* on page 28.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting our Results of Operations*" above and the uncertainties described in

"*Risk Factors*" on page 21. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 156 and 309, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 156, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of Business

Our business is not seasonal in nature.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 156, 106 and 21, respectively for further information on our industry and competition.

Recent Accounting Pronouncements

As of the date of this Draft Red Herring Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

Significant developments subsequent to September 30, 2021

Except as disclosed above, and in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements 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 material liabilities within the next 12 months.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at September 30, 2021, derived from our Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 309, 243, and 21, respectively.

(₹ in million)

Particulars	Pre-Offer (as at September 30, 2021)	Post Offer*
Total borrowings[(1)] (A)	28,542.54	[●]
Total Equity		
Equity share capital[#]	290.14	[●]
Other equity[#]	34,242.98	[●]
Total Equity (B)	34,533.12	[●]
Total borrowings[(1)]/Total equity (A)/(B)	0.83	[●]

** 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.*

[#] These terms carry the same meaning as per Schedule III of the Companies Act.

Note: *The amounts disclosed above are sourced from or derived from information contained within our Restated Financial Information.*

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

FINANCIAL INDEBTEDNESS

As of September 30, 2021, we had outstanding indebtedness, i.e. Total Borrowings, aggregating to ₹28,542.54 million. Set forth below is a brief summary of such indebtedness:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount as on September 30, 2021
Debt Securities		
NCDs	11,800.00	12,145.93
Borrowings (other than Debt Securities)		
Fund based facilities		
Term Loans from Banks	13,560.00	7,610.22
Term Loans from NBFCs	3,392.00	2,167.16
Overdraft Facilities	30.10	Nil
Cash Credit	232.00	Nil
Securitization	12,276.93	6,619.23
Non-fund based facilities	Nil	Nil
Total indebtedness i.e Total Borrowings	**41,291.03**	**28,542.54**

* *As certified by R P S V & Co., Independent Chartered Accountant, pursuant to their certificate dated November 9, 2021*

Key terms of our borrowings:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us in relation to our indebtedness.

1. ***Purpose:*** The facilities were availed for onward lending and ongoing business requirements of the Company including refinance of existing debt.

2. ***Interest:*** The interest rate for the borrowings availed from banks typically ranges from 7.51% to 10.90% per annum for term loans, 8.50% to 11% per annum for cash credit, and 7.25% to 9.75% per annum for overdraft facilities. Some term loans from banks carry floating interest rates which are over and above, *inter alia*, the current external benchmark lending rate of the bank, 12 month average of one year T-Bill, and six months or one year marginal cost of fund based lending rate plus spread. The interest rate for term loans availed from NBFCs typically ranges from 9.9% to 11.75% per annum. Some term loans from NBFCs carry floating interest rates which are over and above, *inter alia*, long term reference rate of the lender, and marginal cost of fund based lending rate plus spread. The interest rate for NCDs typically ranges from 8.65% to 12.75% per annum, and the interest rate for securitization facilities typically ranges from 8.65% to 11% per annum.

3. ***Penalty:*** Penal interest rates ranging from 2% to 24% per annum have been stipulated on the occurrence of certain events such as payment related delay, default, drawings over limit, etc.

4. ***Tenor:*** The tenor of facilities availed by us ranges from 12 months to nine years.

5. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to create security primarily by way of hypothecation, on our Company's receivables, both present and future. Further, personal guarantee of one of our Individual Promoters, Lakshmipathy Deenadayalan has been provided for some of our borrowings. In terms of the NCDs, in addition to hypothecation of Company's receivables, we have also provided collateral security in form of cash collateral and *pari passu* charge on an immovable property of the Company. There may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

6. ***Prepayment:*** We have the option to prepay the lenders, subject to payment of prepayment charges at such rate as may be stipulated by the lenders which typically ranges from 2% to 5% or, in some cases, linked to a percentage per annum on the residual tenor of the facility. Further, some loans may be prepaid without any prepayment charges subject to the fulfilment of conditions, including by providing prior notice to the lender. In relation to the NCDs, the Company may be required to redeem the NCDs prior to the expiry of redemption period in accordance with the terms contained in the DTDs and other transaction documents.

7. ***Re-payment:*** We are required to repay the amounts in such instalments as per the repayment schedule stipulated in the relevant loan documentation. However, some facilities do require us to pay in lump sum. The repayment for most term loans availed from the banks and NBFCs typically ranges from 12 months to five years. Further, the redemption period for the NCDs is typically between 15 to 108 months.

8. ***Events of Default:*** Borrowing arrangements entered into by our Company prescribe events of default, including among others:

a) Failure or inability to pay amount on due dates;

b) Failure to pay accrued interest;

c) Any notice in relation to actual or threatened liquidation, dissolution, bankruptcy or insolvency of our Company;

d) Change of general nature of the business, without prior permission of the lender;

e) Cessation of business;

f) Cancellation of NBFC license by the RBI;

g) Non-compliance with the ownership and management control covenants;

h) Incorrect or false information;

i) Utilisation of proceeds for purposes other than the sanctioned purpose;

j) Failure to create and perfect security within stipulated time;

k) Cross defaults across other borrowings of our Company;

l) Breach of any terms and conditions, including financial covenants in the loan documents; and

m) Any other event or circumstance that has a material adverse effect on the lender.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company.

9. ***Consequences of occurrence of events of default:*** In terms of the loan documents, the following, among others, are the consequences of occurrence of events of default, whereby the lenders may:

a) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;

b) Recover entire dues payable;

c) Enforcement of security interest without any notice;

d) Cancel the undrawn commitment of the facility;

e) Convert outstanding obligations under the facility into equity capital or other securities of our Company; and

f) Appoint a nominee director/observer on the Board of Directors of our Company.

10. ***Negative Covenants:*** The loans availed by us contain restrictive covenants which require prior written consent of the lender, or prior intimation to be made to the lender, for certain specified events or corporate actions, including:

a) Change in capital structure of our Company;

b) Transfer of shares by the promoter(s) of the Company, such that their shareholding falls below a certain threshold on a fully diluted basis;

c) Change in the ownership, management or control of our Company;

d) Change in the general nature of the business of our Company or implement any scheme of expansion;

e) Enter into any scheme of merger, de-merger, amalgamation, or do a buyback;

f) Winding up, liquidation or taking any steps for voluntary liquidation or dissolution;

g) Creation of security interest on the assets of our Company, except as permitted by the lender;

h) Opening of accounts with other banks (apart from the relevant lender);

i) Change in the constitutional documents of our Company; and

j) Disposal of assets other than those permitted by the lender.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

For the purpose of the Offer, our Company has obtained the necessary consent, from the lenders of our Company as required under the relevant loan documents for undertaking activities relating to the Offer including consequent actions, such as change in the capital structure, change in management control, change in the composition of the Board, amendments to the constructive documents, of our Company.

Set out below are the details of non-convertible bonds issued by our Company which are listed on the debt segment of the BSE:

ISIN	Scrip Code	Status	Number of Debenture Holders	Name of Debenture Trustee	Outstanding Amount as on September 30, 2021 (in ₹ million)	Maturity
INE128S07317	957795	Listed	1	Catalyst Trusteeship Limited	50	March 28, 2023
INE128S07325	957917	Listed	3	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07333	957958	Listed	21	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07341	958034	Listed	23	Catalyst Trusteeship Limited	650	March 28, 2023
INE128S07366	958754	Listed	203	Catalyst Trusteeship Limited	300	April 11, 2024
INE128S07416	958957	Listed	1	Catalyst Trusteeship Limited	1,250	August 28, 2025
INE128S07424	959493	Listed	1	Catalyst Trusteeship Limited	150	May 13, 2026
INE128S07432	959536	Listed	1	Catalyst Trusteeship Limited	150	May 28, 2023
INE128S07440	959602	Listed	1	Catalyst Trusteeship Limited	250	June 12, 2023
INE128S07457	959695	Listed	3	Catalyst Trusteeship Limited	1,150	April 21, 2023
INE128S07465	959708	Listed	1	Catalyst Trusteeship Limited	500	January 03, 2022
INE128S07473	959833	Listed	2	Catalyst Trusteeship Limited	1,000	January 31, 2022
INE128S07481	959953	Listed	2	Catalyst Trusteeship Limited	500	February 20, 2022
INE128S07499	960002	Listed	20	Catalyst Trusteeship Limited	250	February 22, 2023
INE128S07507	960080	Listed	1	Catalyst Trusteeship Limited	700	September 30, 2029
INE128S07515	960231	Listed	1	Catalyst Trusteeship Limited	250	May 19, 2022
INE128S07523	960329	Listed	1	Catalyst Trusteeship Limited	200	June 15, 2023
INE128S07531	960328	Listed	1	Catalyst Trusteeship Limited	200	March 15, 2022
INE128S07549	960340	Listed	149	Catalyst Trusteeship Limited	750	December 16, 2027
INE128S07556	960342	Listed	106	Catalyst Trusteeship Limited	500	December 16, 2027
INE128S07564	960446	Listed	155	Catalyst Trusteeship Limited	1,500	April 30, 2023

For further details of financial and other covenants required to be complied with in relation to our borrowings, see "*Risk Factors – Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition*" on page 25 and "*Risk Factors – We require certain* *statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations*” on page 35.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there is no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claim related to direct and indirect taxes (in a consolidated manner); and (iv) pending litigation as determined to be material as per the materiality policy adopted pursuant to the Board resolution dated November 8, 2021 in each case involving our Company, its Promoters and Directors (collectively, the "**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 action.*

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 the Board resolution dated November 8, 2021.

All outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary actions including any penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including any outstanding actions and tax matters (direct or indirect), would be considered 'material' if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of profit after tax of our Company as per the latest audited annual Restated Financial Statements; or (ii) where monetary liability is not quantifiable or any other outstanding litigations, the outcome of any such pending proceedings may have a material bearing on the business, operations, performance, prospects or reputation of our Company.

It is clarified that for the above purposes, pre-litigation notices received by Relevant Parties from third parties (excluding such notices issued by any statutory/ regulatory/ governmental/ taxation authorities)shall, unless otherwise decided by the Board not be considered as material until such time that the Relevant Parties are not impleaded as a defendant in the litigation proceedings before any judicial forum.

Except as stated in this section, there are no material outstanding dues to creditors of our Company. For this purpose, our Board has pursuant to the Board resolution dated November 8, 2021 considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor of our Company having a monetary value which exceeds 5 % of the trade payables of our Company as of September 30, 2021 shall be considered as 'material'. Accordingly, as on September 30, 2021, any outstanding dues exceeding ₹ 4.10 million have been considered as material outstanding dues for the purposes of disclosure in this section.

For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with our Company regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as amended, read with the rules and notification thereunder.

Litigation involving our Company

Litigation against our Company

Material Civil Litigation

Nil

Criminal Litigation

Nil

Actions Taken by Regulatory and Statutory Authorities

Nil

Litigation by our Company

Material Civil Litigation

Nil

Criminal Litigation

Our Company has filed four cases before various judicial forums for alleged violation of section 138 of Negotiable Instruments Act, 1881, as amended for recovery of amounts due to our Company for which cheques have been issued in favour of our Company by our debtors have been dishonoured. The aggregate monetary value involved in all these matters is ₹ 1.25 million.

Litigation involving our Promoters

Litigation against our Promoters

Nil

Litigation by our Promoters

Nil

Litigation involving our Directors

Litigation against our Directors

Nil

Litigation by our Directors

Nil

Litigation involving our Group Companies

Nil

Tax Proceedings

Except as disclosed below, there are no claims related to direct and indirect taxes involving our Company, Directors and Promoters.

Nature of case	Number of cases	Amount involved (in ₹ million)
Proceedings involving the Company		
Direct Tax	2	4.04
Indirect Tax	Nil	Nil
Proceedings involving the Director		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Proceedings involving the Promoters		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

Outstanding dues to Creditors

As of September 30, 2021, our Company has 21 creditors, and the aggregate outstanding dues to these creditors by our Company are ₹ 9.55 million. Further, our Company owes no amount to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

In accordance with the policy of materiality for identification of material outstanding dues to creditors considered and adopted by our Board pursuant to the Board resolution dated November 8, 2021, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer documents if the amounts due to such creditor exceed 5% of the total trade payables of the Company as of September 30, 2021, which is ₹4.10 million i.e., creditors of our Company to whom our Company owes an amount exceeding ₹4.10 million have been considered material. As of September 30, 2021, there is one material creditor to whom our Company owes an aggregate amount of ₹ 6.54 million.

Details of outstanding dues owed to material creditors, MSMEs and other creditors as of September 30, 2021 are set out below:

Types of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, Small and Medium Enterprises	-	0.00
Material Creditors	1	6.54
Other Creditors	20	3.01
Total	21	9.55

The details pertaining to outstanding dues towards our material creditors are available on the website of our Company at https://fivestargroup.in/investors/.

It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.fivestargroup.in, would be doing so at their own risk.

Material Developments

Other than as stated in the section titled "*Management's Discussion and Analysis Of Financial Condition And Results Of Operations*" on page 309, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals, licenses, registrations, and permits issued by relevant governmental and regulatory authorities under various rules and regulations. Set out below is an indicative list of all material approvals, licenses, registrations, and permits obtained by our Company, which are necessary for undertaking our business. In view of such material approvals, our Company can undertake the Offer and its current business activities as disclosed in this Draft Red Herring Prospectus. In addition, certain of our key approvals, licenses, registrations, and permits may expire periodically in the ordinary course and applications for renewal of such expired approvals are submitted in accordance with applicable requirements and procedures, as necessary.

For further details in connection with the applicable regulatory and legal framework within which we operate, see "Key Regulations and Policies" beginning on page 184.

I. Material approvals in relation to the Offer

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" beginning on page 348.

II. Material approvals in relation to our Company

(a). Material approvals obtained by our Company

We require various approvals to carry on our business in India. We have received the following material Government and other approvals pertaining to our business:

A. Material approvals in relation to our incorporation

1. Certificate of incorporation dated May 7, 1984 issued to our Company, under the name 'Five-Star Business Credits Private Limited' by the RoC.

2. Certificate of incorporation dated October 3, 1988 issued by the RoC, consequent upon change from 'Five-Star Business Credits Private Limited' to 'Five-Star Business Credits Limited', pursuant to conversion to a public limited company.

3. Fresh certificate of incorporation dated May 13, 2016 issued by the RoC, consequent upon change from 'Five-Star Business Credits Limited' to 'Five-Star Business Finance Limited'.

4. Our Company has been allotted a corporate identity number U65991TN1984PLC010844.

For further details in relation to incorporation of our Company, see "*History and Certain Corporate Matters*" beginning on page 196.

B. Material approvals in relation to our business

The material approvals in relation to the establishments and business operations of our Company issued by authorities of the respective jurisdictions in which our establishments and business operations are located are set forth below:

1. Certificate of registration dated May 29, 1998 granted by the RBI bearing registration number 07.00286, to our Company under the former name 'Five-Star Business Credits Limited', pursuant to which our Company is allowed to carry on the business of a non-banking financial institution, subject to the conditions mentioned therein.

2. Certificate of registration dated December 3, 2002 granted by the RBI bearing registration number B-07.00286 to our Company under the former name 'Five-Star Business Credits Limited', pursuant to which our Company is allowed to carry on the business of non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.

3. Fresh certificate of registration dated June 9, 2016 granted by the RBI bearing registration number B-07.00286, pursuant to a change of name of our Company from 'Five-Star Business Credits Limited' to 'Five-Star Business Finance Limited' under which our Company is allowed to carry on the business of non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.

4. Legal Entity Identifier registration number 335800SDB5FANSP25Z85from Legal Entity Identifier India Limited.

5. Registration for information utility services from National e-Governance Services Limited dated January 14, 2020, bearing registration number AAACF0419M.

6. Registration with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("**CERSAI**") for registration of security interest dated June 16, 2016.

7. Registration with the CERSAI Central KYC Registration dated February 1, 2019 bearing registration number IN3102.

C. Tax related approvals of our Company

1. Our PAN is AAACF0419M.

2. Our tax deduction account number is CHEF00079C.

3. GST registration numbers of our Company, as per the state where our business operations are spread, are as follows:

State	Registration Number
Andhra Pradesh	37AAACF0419M2ZN
Chhattisgarh	22AAACF0419M1ZZ
Karnataka	29AAACF0419M1ZL
Maharashtra	27AAACF0419M1ZP
Madhya Pradesh	23AAACF0419M1ZX
Puducherry	34AAACF0419M1ZU
Tamil Nadu	33AAACF0419M1ZW
Telangana	36AAACF0419M1ZQ
Uttar Pradesh	09AAACF0419M1ZN

4. Our Company has branches in Andhra Pradesh, Chhattisgarh, Karnataka, Maharashtra, Madhya Pradesh, Puducherry, Tamil Nadu, Telangana, and Uttar Pradesh falling under the respective professional tax legislations. Accordingly, our Company has obtained the necessary licenses and approvals from the appropriate regulatory and governing authorities in relation to such tax laws or is proposing to file an application for obtaining necessary approvals.

5. Our Company has obtained registration under the Chennai City Municipal Corporation Act, 1919, for payment of company tax.

D. Labour and commercial approvals

1. We are required to obtain a certificate of establishment issued by the labour departments of the respective state governments where the Registered and Corporate Office and branches of our Company are located under the provisions of the relevant state specific legislations on shops and establishments. We have obtained the relevant shops and establishment registrations under the applicable provisions of the shops and establishments legislations of the relevant state for our Registered Office and branches in India. Certain approvals may have lapsed in their normal course and we have either made applications to the appropriate authorities for renewal of such licenses/approvals or are in the process of making such applications.

2. Registration no. TNMAS0026805000 issued by the Employees' Provident Fund Organisation, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

3. Registrations issued by the Employees' State Insurance Corporation, India under the Employees State Insurance Act, 1948, for the states where our business operations are spread.

E. Intellectual Property Registrations

<u>**Trademarks**</u>

As on the date of this Draft Red Herring Prospectus, our Company has registered a trademark in India as disclosed below.

Sr. No.	Description	Class	Trademark Number	Date of Registration

1.	FIVE STAR Business Finance Limited	36	3374659	September 28, 2016

(b). **Material approvals to be obtained by our Company**

Material approvals or renewals applied for but not received

Nil

Material approvals expired and not applied for renewal

Nil

Material approvals required but not applied for or obtained

Nil

For risks associated with our intellectual property please see, "*Risk Factors - We may be unable to protect our brand names and other intellectual property rights which are critical to our business*" on page 37. Further, for risks associated with statutory and regulatory approvals please see, "*Risk Factors - We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations*" on page 35.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by our Board of Directors pursuant to the resolution passed at their meeting dated September 8, 2021 and November 8, 2021 and by our Shareholders pursuant to the special resolution passed at their extraordinary general meeting dated October 8, 2021. Further, our Board has taken on record the Offer for Sale by the Selling Shareholders pursuant to its resolution dated November 8, 2021. This Draft Red Herring Prospectus has been approved pursuant to a resolution passed by the Board on November 8, 2021 and by the IPO Committee on November 9, 2021.

Each of the Selling Shareholders have, severally and not jointly, confirmed and approved its participation in the Offer for Sale in relation to its portion of Offered Shares. For details, see "*The Offer*" on page 48.

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.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, members of our Promoter Group, Directors, persons in control of our Company and the persons in control of the Corporate 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 SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters, Selling Shareholders or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Each Selling Shareholder, severally and not jointly, confirms that they have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI, any other governmental authority or any securities market regulator in any other jurisdiction or any other authority/court.

None of our Company, our Promoters or our Directors have been declared as fraudulent borrowers by RBI in terms of the RBI circular dated July 1, 2016.

Directors associated with the Securities Market

None of our Directors are associated with securities market related business, in any manner and there have been no actions initiated by SEBI against our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoters, members of our Promoter Group and the Selling Shareholders severally and not jointly, confirm that it is in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has had net tangible assets of at least ₹30.00 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each).

- Our Company has an average operating profit of at least ₹150.00 million, calculated on a restated and consolidated 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 ₹10.00 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Company has not changed its name in the last one year.

Our Company's average operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at, and for the last three Financial Years are set forth below:

As derived from the Restated Financial Information

(*₹ in million*)

Particulars	As of and for the Financial Year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Net Tangible Assets(1), as restated	23,017.43	19,277.72	13,511.61
Operating Profit(2), as restated	4,764.40	3,493.01	2,181.04
Net Worth(3), as restated	23,181.72	19,445.80	13,648.85

Notes:

(1) Net Tangible Assets, as restated, mean the sum of all net assets of the Issuer and excluding intangible assets, each on restated basis and as defined in Indian Accounting Standard 38 and Right-of-use assets as per Indian Accounting Standard 116 – Leases.

(2) Restated Operating Profit has been calculated as restated net profit before tax each on a restated basis.

(3) Restated Net Worth has been defined as the aggregate of share capital and other equity each on restated basis.

Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, our Promoters, members of our Promoter Group, the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as a promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters, or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Promoters or Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except employee stock options granted pursuant to the ASOP, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company along with Registrar to the Offer has entered into tripartite agreements each dated October 1, 2021 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in the dematerialised form;

(viii) We have made an application to one or more stock exchanges to seek an in-principle approval for listing of its specified securities on such stock exchanges and has chosen one of them as the designated stock exchange, in terms of Schedule XIX

(ix) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and

(x) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING

LEAD MANAGERS, ICICI SECURITIES LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, (TOGETHER, THE "BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THE RESPECTIVE PORTION OF THE EQUITY SHARES BEING OFFERED BY THEM IN THE OFFER FOR SALE, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 9, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Directors and BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website www.fivestargroup.in, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement, and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, the Selling Shareholders, their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders, their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer from the Selling Shareholders

The Selling Shareholders accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.fivestargroup.in, or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

Each of the Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its proportion of the Offered Shares.

None among the Selling Shareholders 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-compliance 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 each of the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only. This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

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

We intend to rely on an exception from the definition of investment company under the U.S. Investment Company Act of 1940, as amended, in connection with this Offer.

Disclaimer Clause of RBI

The Company is having a valid certificate of registration dated June 9, 2016 issued by the Reserve Bank of India under Section 45 IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinion expressed by the Company and for the repayment of deposits/discharge of liabilities by the Company.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

The Equity Shares Allotted through the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, legal counsel to the Company and the Selling Shareholders as to Indian Law, legal counsel to the BRLMs as to Indian Law, International legal counsel to the BRLMs, Bankers to our Company, the BRLMs, Registrar to the Offer, CRISIL Limited, and consents in writing of the Syndicate Members, Escrow Collection Bank(s)/Refund Bank(s)/ Public Offer Account/ Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

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

Our Company has received written consent dated November 9, 2021 from B S R & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated November 8, 2021 on our Restated Financial Information; and (ii) their report dated November 9, 2021 on the statement of possible special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Our Company has received written consent dated November 9, 2021 from R P S V & Co., Chartered Accountants, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group company or associate entities during the last three years

Other than as disclosed in "*Capital Structure*" on page 62, our Company has not made any capital issues during the three years preceding the date of this Draft Red Herring Prospectus.

Our Company does not have any listed group company.

As of the date of this Draft Red Herring Prospectus, our Company does not have any subsidiaries or associate entity.

Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public offering of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company

Our Company does not have any subsidiaries and our Corporate Promoters are not listed.

Price information of past issues handled by the BRLMs

1) ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Shyam Metalics and Energy Limited	9,087.97	306.00(1)	24-Jun-21	380.00	+40.95%,[+0.42%]	+22.65%,[+11.22%]	NA*
2	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%,[-0.43%]	+40.02%,[+12.89%]	NA*
3	G R Infraprojects Limited	9,623.34	837.00(2)	19-Jul-21	1,715.85	+90.82%,[+5.47%]	+138.85%,[+16.42%]	NA*
4	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	29-July-21	2,111.85	+92.54%,[+5.87%]	+136.37%,[+15.78%]	NA*
5	Nuvoco Vistas Corporation Limited	50,000.00	570.00	23-Aug-21	485.00	-5.91%,[+6.46%]	NA*	NA*
6	Chemplast Sanmar Limited	38,500.00	541.00	24-Aug-21	550.00	+2.06%,[+5.55%]	NA*	NA*
7	Aptus Value Housing Finance India Limited	27,800.52	353.00	24-Aug-21	333.00	-2.82%,[+5.55%]	NA*	NA*
8	Vijaya Diagnostic Centre Limited	18,944.31	531.00(3)	14-Sept-21	540.00	+5.41%,[+4.50%]	NA*	NA*
9	Sansera Engineering Limited	12,825.20	744.00(4)	24-Sept-21	811.50	+0.35%,[+1.47%]	NA*	NA*
10	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	11-Oct-21	715.00	-11.36%,[+0.55%]	NA*	NA*

**Data not available.*

(1) *Discount of Rs. 15 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 306.00 per equity share.*
(2) *Discount of Rs. 42 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 837.00 per equity share.*
(3) *Discount of Rs. 52 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 531.00 per equity share.*
(4) *Discount of Rs. 36 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 744.00 per equity share.*

2. Summary statement of price information of past issues handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	11	2,29,665.67	-	-	3	2	3	3	-	-	-	1	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	1	3	5	3	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

** This data covers issues up to YTD*

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) Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss Financial Services Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Vijaya Diagnostic Centre Limited	18,942.56	531.00*	September 14, 2021	540.00	5.41% [4.50%]	Not Applicable	Not Applicable
2	Aptus Value Housing Finance India Limited	27,800.52	353.00	August 24, 2021	333.00	-2.82% [5.55%]	Not Applicable	Not Applicable
3	Devyani International Limited	18,380.00	90.00	August 16, 2021	140.90	32.83% [4.93%]	Not Applicable	Not Applicable
4	Powergrid Infrastructure Investment Trust	77,349.91	100.00	May 14, 2021	104.00	14.00% [7.64%]	22.04% [10.93%]	21.83% [22.94%]
5	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	146.32% [27.71%]
6	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	115.34% [8.08%]
7	Indigo Paints Limited^	11,691.24	1,490.00^	February 2, 2021	2,607.50	75.72% [4.08%]	55.40% [-0.11%]	74.84% [7.61%]
8	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.5% [7.41%]	135.08% [10.86%]	168.25% [16.53%]
9	Equitas Small Finance Bank Limited	5,176.00	33.00	November 2, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	68.18% [25.38%]
10	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	45.79% [24.34%]

Source: www.nseindia.com

^ *Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*
* *Vijaya Diagnostic Centre Limited - A discount of ₹ 52 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹531 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 issues handled by Edelweiss Financial Services Limited

Fiscal Year*	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	5	1,67,472.99	-	-	1	-	2	2	-	-	-	1	-	1
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	5	1	-
2019-20	3	23,208.49	-	-	-	-	1	2	-	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 2021-22- 5 issues have been completed of which 2 issue has completed 180 calendar days.*

3) Kotak Mahindra Capital Company Limited

1. Price information of past issues handled by Kotak Mahindra Capital Company Limited

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Aditya Birla Sun Life AMC Limited	27,682.56	712	October 11, 2021	715.00	-	-	-
2.	Vijaya Diagnostic Centre Limited	18,942.56	531[1]	September 14, 2021	540.00	+5.41%, [+4.50%]	-	-
3.	Aptus Value Housing Finance India Limited	27,800.52	353	August 24, 2021	333.00	-2.82%, [+5.55%]	-	-
4.	Cartrade Tech Limited	29,985.13	1,618	August 20, 2021	1,599.80	-10.31%, [+6.90%]	-	-
5.	Devyani International Limited	18,380.00	90	August 16, 2021	140.90	+32.83%, [+4.93%]	-	-
6.	Glenmark Life Sciences Limited	15,136.00	720	August 6, 2021	750.00	-6.40%, [+6.68%]	-12.85%, [+9.80%]	-
7.	Zomato Limited	93,750.00	76	July 23, 2021	116.00	+83.29%, [+3.75%]	+81.45%, [+15.20%]	-

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
8.	Clean Science and Technology Limited	15,466.22	900	July 19, 2021	1,755.00	+66.33%, [+5.47%]	+138.53%, [+16.42%]	-
9.	G R Infraprojects Limited	9,623.34	837[2]	July 19, 2021	1,715.85	+90.82%, [+5.47%]	+138.85%, [+16.42%]	-
10.	Krishna Institute of Medical Sciences Limited	21,437.44	825[3]	June 28, 2021	1,009.00	+48.10%, [-0.43%]	+48.35%, [+12.89%]	-

Source: www.nseindia.com

Notes:

1. *In Vijaya Diagnostic Centre Limited, the issue price to eligible employees was ₹ 479 after a discount of ₹ 52 per equity share*
2. *In G R Infraprojects Limited, the issue price to eligible employees was ₹ 795 after a discount of ₹ 42 per equity share*
3. *In Krishna Institute of Medical Sciences Limited, the issue price to eligible employees was ₹ 785 after a discount of ₹ 40 per equity share*
4. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
5. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
6. *Restricted to last 10 equity initial public issues.*

2. Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	12	358,203.77	-	-	3	3	4	1	-	-	-	1	-	-
2020-21	6	140,143.77	-	-	1	2	1	2	-	-	-	4	1	1
2019-20	4	136,362.82	-	1	-	-	1	2	-	-	1	-	1	2

The information is as on the date of this Draft Red Herring Prospectus.
The information for each of the financial years is based on issues listed during such financial year.

4) Nomura Financial Advisory and Securities (India) Private Limited

1. Price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Sansera Engineering	12,829.78	744.00	September 24, 2021	811.50	+0.35% [+1.47%]	Not applicable	Not applicable

2	CarTrade Tech Limited	29,985.13	1,618.00	August 20, 2021	1,599.80	-10.31% [+5.75%]	Not applicable	Not applicable
3	Sona BLW Precision Forgings Limited	55,500	291	June 24, 2021	301.00	+45.45% [+0.47%]	+94.54% [+11.22%]	Not applicable
4	Nazara Technologies Limited	5,826.91	1,101[1]	March 30, 2021	1,990.00	+62.57% [+0.13%]	+38.22% [+6.84%]	+96.19% [+20.26%]
5	Gland Pharma Limited	64,795.45	1,500	November 20, 2020	1,710.00	+48.43% [+7.01%]	+57.27% [+18.27%]	+104.17% [17.49%]
6	Computer Age Management Services Limited	22,421.05	1,230[2]	October 1, 2020	1,518.00	+5.43%[+2.37%]	+49.52%[+23.04%]	+43.80%[+26.65%]
7	Happiest Minds Technologies Limited	7,020.16	166	September 17, 2020	350.00	+96.05% [+2.14%]	+93.25% [+17.82%]	+221.27% [+29.64%]
8	SBI Cards & Payment Services Limited	103,407.88	755[3]	March 16, 2020	661.00	-33.05%, [-2.21%]	-21.79%, [+8.43%]	+12.50% [+24.65%]
9	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	+12.56%, [-0.78%]	+86.32%, [+8.02%]	+135.49%,[+6.12%]

Source: www.nseindia.com

1. *Discount of INR110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
2. *Discount of INR122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
3. *Price for Eligible Employees bidding in the Employee Reservation Portion was INR680.00 per equity share*

Notes:

a. *Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index*
b. *Price on NSE is considered for all of the above calculations except for Computer Age Management Services Limited.*
c. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
Not applicable – Period not completed

2. Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Financial Year	Total no. of IPOs	Total funds raised (` in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over	Between	Less	Over	Between	Less	Over	Between	Less	Over	Between	Less

			50%	25%-50%	than 25%	50%	25%-50%	than 25%	50%	25%-50%	than 25%	50%	25%-50%	than 25%
2021-2022	3	98,314.91	-	-	1	-	1	1	-	-	-	-	-	-
2020-2021	4	100,063.57	-	-	-	2	1	1	-	-	-	2	1	-
2019-2020	2	107,997.88	-	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.

Track record of the Book Running Lead Managers

Further, helpline details of the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of BRLM	Website
1.	ICICI Securities Limited	www.icicisecurities.com
2.	Edelweiss Financial Services Limited	www.edelweissfin.com
3.	Kotak Mahindra Capital Company Limited	https://investmentbank.kotak.com/
4.	Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html

For further details in relation to helpline details of the BRLMs, see "*General Information – Book Running Lead Managers*" on page 55.

Stock Market Data of Equity Shares

This being an initial public offer of Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLMs shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to direct all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned herein.

Our Company has not received investor complaints in relation to the Equity Shares for the three years prior to the filing of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company has obtained authentication on the SCORES and has complied with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be five 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, the Selling Shareholders, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

Our Company has also appointed Shalini Baskaran, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 54.

Our Company has constituted a Stakeholders' Relationship Committee comprising of Ramanathan Annamalai, Lakshmipathy Deenadayalan and Thirulokchand Vasan as members which is responsible for review and redressal of grievances of the security holders of our Company. For details, see "*Our Management - Stakeholders' Relationship Committee*" on page 214.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, the AoA, the Listing Regulations, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting approval for the Offer.

Ranking of the Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer will be entitled to receive dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares issued in the Offer shall be *pari passu* with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 387.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the MoA and AoA and provisions of the Listing Regulations and any other guidelines or directions which may be issued by the Government of India in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" on pages 229 and 387, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹1 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Offer Price, Price Band, and the minimum Bid Lot size for the Offer will be decided by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, and advertised in [●] editions of [●], an English national daily newspaper and [●] editions of [●], a Hindi national daily newspaper and [●] editions of [●], a Tamil daily newspaper (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

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

The Offer

The Offer comprises an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 96.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the AoA.

For a detailed description of the main provisions of the AoA relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 387.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, our Company has entered into the following agreements with the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated October 1, 2021 amongst our Company, NSDL and Registrar to the Offer; and
- Tripartite agreement dated October 1, 2021 amongst our Company, CDSL and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of basis of allotment, see "*Offer Procedure*" on page 369.

Joint Holders

Subject to the provisions of the AoA, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, Maharashtra, India.

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

Nomination facility to investors

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

Compliance with disclosure and accounting norms

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Programme

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

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

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

(3) UPI mandate end time and date shall be at [●] on [●]

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

* *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The post Offer BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked. Further, Bidders shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and any other applicable law in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Company, our Selling Shareholders or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Investor Selling Shareholders, in consultation with the BRLMs, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each Selling Shareholder confirms that it shall extend such reasonable support and co-operation required by our Company and the BRLMs for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/ Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges. **It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only during Working Days.

Our Company and the Investor Selling Shareholders, in consultation with the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares.

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

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

As this is an offer for sale by the Selling Shareholders, the requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not receive the minimum subscription in the Offer as specified under terms of the Rule 19(2)(b) of the SCRR, as applicable, on the date of closure of the Offer or withdrawal of applications; or after technical rejections; or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares so offered, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest at the rate as prescribed under the applicable law.

Further, the Selling Shareholders and our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations, failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

The Selling Shareholders shall reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Company on behalf of the Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that the Selling Shareholders shall not be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of the respective Selling Shareholder.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of our Promoters' contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 62 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Description of Equity Shares and Terms of Articles of Association"* on page 387.

New financial instruments

Our Company is not issuing any new financial instruments through this Offer.

Withdrawal of the Offer

Our Company, the Investor Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor 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 Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Investor Selling Shareholders, in consultation with the BRLMs withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the filing of the Prospectus with the RoC.

OFFER STRUCTURE

Offer of up to [●] Equity Shares aggregating up to ₹27,519.45 million, comprising of an offer for sale of up to [●] Equity Shares aggregating up to ₹2,571.02 million by SCI Investments V, up to [●] Equity Shares aggregating up to ₹5,689.19 million by Matrix Partners India Investment Holdings II, LLC, up to [●] Equity Shares aggregating up to ₹95.58 million by Matrix Partners India Investments II Extension, LLC, up to [●] Equity Shares aggregating up to ₹3,856.52 million by Norwest Venture Partners X - Mauritius, up to [●] Equity Shares aggregating up to ₹13,497.80 million by TPG Asia VII SF Pte. Ltd., up to [●] Equity Shares aggregating up to ₹1,419.84 million by Deenadayalan Rangasamy and up to [●] Equity Shares aggregating up to ₹389.50 million by Varalakshmi Deenadayalan.

The Offer shall constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation (2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and RIBs	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non Institutional Bidders
Percentage of Offer Size available for Allotment/allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and RIBs shall be available for allocation	Not less than 35% of the Offer or the 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 as follows (excluding the Anchor Investor Portion): 1. At least [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and 2. [●] Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving allocation as per (a) above Not more than [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see "*Offer Procedure*" on page 369.
Minimum Bid	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 and in multiple of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding QIB portion), subject to applicable limits	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Bidding	Through ASBA process only (except Anchor Investors)		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Mode of Allotment	Compulsorily in dematerialised form		

Particulars	QIBs(1)	Non Institutional Bidders	Retail Individual Bidders
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply(4)	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India through resolution F. No.2/3/2005-DD-II dated November 23, 2005, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the *karta*), companies, corporate bodies, scientific institutions societies and trusts, and FPIs who are individuals, corporate bodies and family offices and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of *karta*)
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3) **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder or by the Sponsor Bank through the UPI Mechanism (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		

* *Assuming full subscription in the Offer.*

(1) *Our Company and the Investor Selling Shareholders, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 369.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is made in accordance with the Rule 19(2)(b) of the SCRR and is being made through the Book Building Process, in compliance with Regulation 6(1) of the SEBI ICDR Regulations.*

(3) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms, provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLMs.*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder is required in the Bid cum Application Form and such First Bidder will be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 362.

In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v) issuance of CAN and allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form,); (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

*SEBI vide the UPI Circulars, 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), issued by SEBI, the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIBs ("**UPI Phase III**") and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently, as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Draft Red Herring Prospectus*

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. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process.

Our Company, the BRLMs, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document 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, the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company and the Investor Selling Shareholders, 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 Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 10% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Investor Selling Shareholders, in consultation with the BRLMs, and the Designated Stock Exchange subject to applicable laws and receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of UPI Mechanism

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the 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. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

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 Telugu daily newspaper [●] (Tamil being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

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. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

RIBs bidding in the Retail Portion using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism, as applicable) must provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. RIBs using the UPI Mechanism may also apply through the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]

* *Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).

(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For 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 RIBs) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID / Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID / Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI mandate requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, RIBs Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue.

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Participation by Promoter and Promoter Group of the Company, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices 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 or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Except to the extent of participation in the Offer for Sale by Varalakshmi Deenadayalan and Deenadayalan Rangasamy, who are members of the Promoter Group, no other person forming part of our Promoter Group will 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, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible 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 respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or FCNR Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSB confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer shall be subject to the FEMA Non-Debt Instruments Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 385.

Bids by HUFs

Bids by HUFs Hindu Undivided Families or HUFs, are required to be made in the individual name of the *karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non-Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Please note that in terms of the General Information Document, the maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under applicable laws. Further, MIM Bids by an FPI Bidder utilising the MIM Structure shall be aggregated for determining the permissible maximum Bid. Further, please note that as disclosed in the Draft Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms are liable to be rejected in the event that the Bid in the Bid cum Application Form "*exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.*"

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the "**FPI Group**") shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

For details of investment by FPIs, see *"Restrictions on Foreign Ownership of Indian Securities"* on page 385. Participation of FPIs shall be subject to the FEMA Non-debt Instruments Rules.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the SEBI VCF Regulations venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest (under Schedule I of the FEMA Non-Debt Instruments Rules) only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended, is 10% of the paid up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company, subject to prior approval of the RBI if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above. The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

(i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors will open one Working Day before the Bid / Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

(v) Our Company and Investor Selling Shareholders, in consultation with the BRLMs may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

    (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

    (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

    (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

(vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid / Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Office Price.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies or family offices sponsored by the entities which are associate of the BRLMs) nor any "person related to the Promoters or Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, see the General Information Document.

The information set out above is given for the benefit of the Bidders. Our Company, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as will be specified in this Draft Red Herring Prospectus.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, 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 Investor Selling Shareholders in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, NBFC-SI insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of `250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Investor Selling

Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholders in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to such terms and conditions that our Company and the Investor Selling Shareholders in consultation with the BRLMs may deem fit.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholders in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the members of the Syndicate 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 the Red Herring Prospectus and the Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number and such ASBA account belongs to you and no one else if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form (with maximum length of 45 characters) and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

8. Ensure that you request for and receive a stamped acknowledgement counterfoil by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

9. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be;

10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;

11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for 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;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or 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 authorise 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;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by Bidders who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI 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 IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

16. Ensure that the Demographic Details are updated, true and correct in all respects;

17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

18. Ensure that the category and the investor status is indicated in the Bid cum Application Form;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

21. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;

23. 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 authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

24. 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;

25. 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, an 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;

26. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

27. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 bearing notification number 11/2020 and press release dated June 25, 2021.

28. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and

29. 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).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of Retail Individual Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

25. 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. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

27. If you are an 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;

28. Do not Bid if you are an OCB;

29. 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;

30. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

31. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

32. 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

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 54.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders 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 Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Investor Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]"

(b) In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a widely circulated English national daily newspaper; (ii) [●] editions of [●], a Hindi national daily newspaper; and (iii) [●] editions of [●], a widely circulated Tamil national daily newspaper, Tamil also being the regional language of Tamil Nadu, where our Registered and Corporate Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/ Offer Opening Date and the Bid/ Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations and as specified in the Red Herring Prospectus, when filed.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, the Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see "*Terms of the Offer*" on page 362.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the unsuccessful Bidder within six Working Days from the Bid/ Offer Closing Date or such other prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees, in accordance with the applicable provisions of the SEBI ICDR Regulations;
- Except for the allotment of Equity Shares upon any exercise of options vested pursuant to the ASOP Schemes, no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.;
- compliance with all disclosure and accounting norms as may be specified by SEBI from time to time; 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

Each Selling Shareholder severally and not jointly undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by them for a period of at least one year prior to the date of filing this Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;

- they shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they are the legal and beneficial owner of the Equity Shares which are offered by them pursuant to the Offer for Sale and are free and clear of any pre-emptive rights, liens, charges, pledges, or transfer restrictions;

- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they shall deposit their respective portions of Offered Shares in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- they are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI;

- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received; and

- the filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment under the FDI Policy and FEMA.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the FDI Policy, which is effective from October 15, 2020 (the "**FDI Policy**"), which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. In terms of the FDI Policy, if our Company becomes a foreign owned and controlled company, we will be subject to additional restrictions on foreign investments under the FDI Policy.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see "*Offer Procedure*" on page 369.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure* - *Bids by Eligible NRIs*" and "*Offer Procedure* - *Bids by FPIs*" on pages 373 and 374.

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 369.

In terms of the FEMA Non-debt Instruments Rules and the FDI Policy, a person resident outside India may make investments into India, subject to certain terms and conditions, and further provided that an entity of a country, which shares land border with India or where the beneficial owner of an investment into India, who is situated in or is a citizen of any such country, shall invest only with the approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the above restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government 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 Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in "offshore transactions" in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made.

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

We intend to rely on an exception from the definition of investment company under the U.S. Investment Company Act of 1940, as amended, in connection with 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 the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

*The Articles of Association of the Company comprise of two parts, Part I and Part II, which parts shall, unless the context otherwise requires, co-exist with each other until the commencement of the listing of equity shares of the Company pursuant to the initial public offering of the equity shares of the Company (the "**Offer**" of the "**Equity Shares**" of the Company). In case of inconsistency or contradiction, conflict or overlap between Part I and Part II, the provisions of Part II shall, subject to applicable law, prevail and be applicable. All articles of Part II shall automatically terminate, without any further corporate or other action by the Company or by its shareholders, and cease to have any force and effect from the date of listing of Equity Shares of the Company on a recognized stock exchange in India pursuant to the Offer and the provisions of Part I shall continue to be in effect and be in force, without any further corporate or other action, by the Company or by its shareholders.*

PART I OF THE ARTICLES OF ASSOCIATION

Applicability of Table F

Subject to the provisions herein and in so far as the Articles do not modify or exclude them, the regulations contained in Table 'F' of Schedule I of the Companies Act, 2013 shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modification thereof or are not expressly or by implication excluded from the Articles.

Share capital and variation of rights

Article 6 provides that "The authorised share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company, subject to the provisions of applicable law for the time being in force."

Article 7 provides that "Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise."

Article 9 provides that "Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of all or any of such shares to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the applicable provisions of the Act) and at such time as they may from time to time think fit and with the sanction of the Company in General Meeting give to any person the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Board of Directors think fit."

Article 11 provides that "Subject to the provisions of the Act, the Company in its General Meetings may, by an Ordinary Resolution, from time to time:
(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;

(b) divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference or special advantage in relation to dividend, capital or otherwise as compared with the others;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(d) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act; and
(e) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination."

Article 12 provides that "(1) Where at any time the Board or the Company, as the case may be, propose to increase the subscribed capital by the issue of further shares then such shares shall be offered, subject to the provisions of section 62 of the Act, and the rules made thereunder:
(A) (i) to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;
(ii) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than seven days or such lesser number of days as may be prescribed under applicable Indian law and not exceeding thirty days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined.
Provided that the notice shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue;
(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;
(iv) After the expiry of time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that the person declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the Members and the Company;
(B) to employees under any scheme of employees' stock option subject to Special Resolution passed by the Company and subject to the rules and such other conditions, as may be prescribed under applicable law; or
(C) to any person(s), if it is authorised by a Special Resolution, whether or not those persons include the persons referred to in clause (A) or clause (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to compliance with the applicable conditions of Chapter III of the Act and any other conditions as may be prescribed under the Act and the rules made thereunder;

(2) Nothing in sub-clause (ii) and (iii) of Clause (1)(A) shall be deemed:
(i) To extend the time within which the offer should be accepted; or
(ii) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.

(3) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company or to subscribe for shares of the Company (whether such option is conferred by these Articles or otherwise):
Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of such loans by a Special Resolution passed by the Company in a General Meeting.

(4) Notwithstanding anything contained in Article 11(3) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into shares in the Company on such terms and conditions as appear to the Government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may, within sixty days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.
A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the rules made thereunder."

Article 13 provides that "Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members, shall, for the purpose of these Articles, be a Member."

Article 18 provides that "(a) If at any time the share capital of the Company is divided into different classes of shares, the rights attached to the shares of any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of the Act and whether or not the Company is being wound up, be varied with the consent in writing of the holders of not less than three-fourth 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 issued shares of that class, as prescribed by the Act.
(b) Subject to the provisions of the Act, to every such separate meeting, the provisions of these Articles relating to meeting shall mutatis mutandis apply."

Share Certificates

Article 23 provides that "The Act shall be complied with in respect of the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the Act."

Underwriting and brokerage

Article 25 provides that "(a) Subject to the provisions of the Act and other applicable laws, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) to any shares or debentures of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares or debentures of the Company and provisions of the Act shall apply.
(b) The Company may also, in any issue, pay such brokerage as may be lawful.
(c) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other."

Lien

Article 26 provides that "The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this Article will have full effect and such lien shall extend to all dividend and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of transfer of shares / debentures shall operate as a waiver of the Company's lien, if any, on such shares / debentures.
Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.
The fully paid up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
A Member shall not exercise any voting rights in respect of the Shares registered in his name on which any calls or other sums presently payable by him have not been paid, in regard to which the Company has exercised the right of lien."

Article 27 provides that "The Company's lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares / debentures."

Article 28 provides that "The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:
Provided that no sale shall be made –
(a) unless a sum in respect of which the lien exists is presently payable; or
(b) until the expiration of fourteen (14) days' after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise.

No Member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien."

Article 31 provides that "The proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale."

Calls on shares

Article 34 provides that "The Board may subject to the provisions of the Act and any other applicable law, from time to time, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares (whether on account of the nominal value of the shares or by premium) and not by the conditions of allotment thereof made payable at fixed times. Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. A call may be revoked or postponed at the discretion of the Board. The power to call on shares shall not be delegated to any other person except with the approval of the shareholders' in a General Meeting."

Article 37 provides that "The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof."

Forfeiture of shares

Article 43 provides that "If a Member fails to pay any call, or installment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or installment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment."

Article 44 provides that "The notice aforesaid shall:
(a) name a further day (not being earlier than the expiry of fourteen days from the date of services 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."

Article 46 provides that "Any share forfeited in accordance with these Articles, shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board thinks fit."

Article 47 provides that "When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid."

Article 48 provides that "A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realization. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares."

Article 54 provides that "The Board may at any time before any share so forfeited shall have them sold, reallotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit."

Transfer and transmission of shares

Article 58 provides that "The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares. The Company shall also use a common form of transfer."

Article 59 provides that "In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at its discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or Officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee."

Article 60 provides that "(a) The instrument of transfer of any share shall be in writing and all the provisions of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the form of transfer, as prescribed under the Act, in all cases. In case of transfer of shares, where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply.
(b) The Board may decline to recognize any instrument of transfer unless –
(i) the instrument of transfer is in the form prescribed under the Act;
(ii) the instrument of transfer is accompanied by the certificate of shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
(iii) the instrument of transfer is in respect of only one class of shares.
(c) No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document."

Article 61 provides that "Every such instrument of transfer shall be executed, both by or on behalf of both the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof."

Article 63 provides that "Subject to the provisions of these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may, by giving reasons, decline or refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register or acknowledge any transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company, whether fully paid or not after providing sufficient cause, within a period of thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company. Provided that the registration of transfer of any securities shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares/debentures in whatever lot shall not be refused."

Article 64 provides that "Where in the case of partly paid shares, an application for registration is made by the transferor alone, the transfer shall not be registered, unless the Company gives the notice of the application to the transferee in accordance with the provisions of the Act and the transferee gives no objection to the transfer within the time period prescribed under the Act."

Article 66 provides that "No share shall in any circumstances be transferred to any infant, insolvent or a person of unsound mind, except fully paid shares through a legal guardian."

Article 67 provides that "Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Article, or of his title, elect to either be registered himself as holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder or to make such transfer of the share as the deceased or insolvent member could have made. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares. Further, all limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member."

Article 69 provides that "Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in the Act) properly stamped and executed instrument of transfer."

Article 70 provides that "The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit."

Alteration of capital

Article 72 provides that "The Company may issue share warrants subject to, and in accordance with provisions of the Act. The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant."

Article 73 provides that "The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction."

Article 74 provides that "Where shares are converted into stock:
(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;
(c) such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder"/"Member" shall include "stock" and "stock-holder" respectively."

Article 75 provides that "The Company may, by a Special Resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act—
(a) its share capital; and/or
(b) any capital redemption reserve account; and/or
(c) any share premium account
and in particular without prejudice to the generality of the foregoing power may be: (i) extinguishing or reducing the liability on any of its shares in respect of share capital not paid up; (ii) either with or without extinguishing or reducing liability on any of its shares, (a) cancel paid up share capital which is lost or is unrepresented by available assets; or (b) pay off any paid up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly."

Article 76 provides that "(a) The Company shall recognise interest in dematerialised securities under the Depositories Act, 1996.
Subject to the provisions of the Act, either the Company or the investor may exercise an option to issue (in case of the Company only), deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event, the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable law.
(b) Dematerialisation/Re-materialisation of securities
Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialise its existing securities, re materialise its securities held in Depositories and/or offer its fresh securities in the dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
(c) Option to receive security certificate or hold securities with the Depository
Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its Record, the name of the allottees as the beneficial owner of that Security.
(d) Securities in electronic form
All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. In the case of transfer of Shares or other marketable securities where the Company has not issued any certificates and where such Shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.
(e) Beneficial owner deemed as absolute owner
Except as ordered by a court of competent jurisdiction or by applicable law required and subject to the provisions of the Act, the Company shall be entitled to treat the person whose name appears on the applicable register as the holder of any security or whose name appears as the beneficial owner of any security in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such securities or (except only as by these Articles otherwise expressly provided) any right in respect of a security other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any security in the joint names of any two or more persons or the survivor or survivors of them.
(f) Register and index of beneficial owners
The Company shall cause to be kept a register and index of members with details of securities held in materialised and dematerialised forms in any media as may be permitted by law including any form of electronic media. The register and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members, resident in that state or country."

Article 77 provides that "Notwithstanding anything contained in these Articles, but subject to the provisions of Sections 68 to 70 of the Act and any other applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities."

General meetings

Articles 79 provides that “All General Meetings other than the Annual General Meeting shall be called “Extraordinary General Meeting”. Provided that, the Board may, whenever it thinks fit, call an Extraordinary General Meeting.”

Article 80 provides that “The Board shall, on the requisition of Members, convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under the Act.”

Article 81 provides that “All General Meetings shall be convened by giving not less than clear twenty one (21) days’ notice, in such manner as is prescribed under the Act, specifying the place, date and hour of the meeting and a statement of the business proposed to be transacted at such a meeting, in the manner mentioned in the Act. Notice shall be given to all the Members and to such persons as are under the Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any Member or other person to whom it should be given shall not invalidate the proceedings of any General Meetings. The Members may participate in General Meetings through such modes as permitted by applicable laws.”

Article 82 provides that “Upon compliance with the relevant provisions of the Act, an Annual General Meeting or any General Meeting may be convened by giving a shorter notice than twenty one (21) days.”

Article 85 provides that “Five (5) Members or such other number of Members as required under the Act or the applicable law for the time being in force prescribes, personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.”

Article 87 provides that “The chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company.”

Article 88 provides that “Subject to the provisions of the Act, if there is no such chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall elect another Director as chairman and if no Director be present or if all the Directors decline to take the chair, then the Members present shall choose a Member to be the chairman.”

Article 89 provides that “Subject to the provisions of the Act, the chairman of a General Meeting may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place, but 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 the meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as nearly to the original meeting, as may be possible. Save as aforesaid and as provided in Section 103 of the Act, it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.”

Article 90 provides that “At any General Meeting, a demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Further, no objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairperson of the General Meeting, whose decision shall be final and conclusive.”

Article 91 provides that “If a poll is duly demanded in accordance with the provisions of the Act, it shall be taken in such manner as the chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.”

Article 92 provides that “In case of equal votes, whether on a show of hands or on a poll, the chairman of the General Meeting at which the show of hands takes place or at which the poll is demanded and e-voting (if applicable), shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled to as a Member.”

Vote of members

Article 94 provides that “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 holding Equity Shares and present in person shall have one vote.
(b) On a poll, every Member holding Equity Shares therein shall have voting rights in proportion to his share in the paid up equity share capital.
(c) A Member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once.”

Article 93A provides that “In the event NVP (together with its affiliates, the “**NVP Group**”) holds 5% or more shares in the Company, NVP’s voting rights will get limited to 4.99999 % of any class of shares of the Company, on account of applicable regulatory restrictions under the US Bank Holding Company Act of 1956. Such voting restriction will not apply to the NVP

Group and it shall be able to exercise voting rights commensurate to its shareholding in connection with any matter that (a) materially and adversely alters or changes the rights of the shares held by NVP Group; (b) increases the authorized number of shares or securities senior to the shares held by NVP Group; (c) results in the buyback or repurchase of the shares held by NVP Group; (d) results in any liquidation, dissolution or winding up of the Company, (e) amends or waives any provision of the charter documents in a manner that materially or adversely affects the rights of the shares held by NVP Group; or (f) involves the declaration of any dividend on the shares where dividends are accrued but unpaid in respect of the shares held by NVP Group."

Article 95 provides that "In case of joint holders the vote of first named of such joint holders in the Register of Members who tender a vote whether in person or by proxy shall be accepted, to the exclusion of the votes of other joint holders."

Article 97 provides that "No Member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien."

Director

Article 102 provides that "Unless otherwise determined by General Meeting, the number of Directors shall not be less than three (3) and not more than fifteen (15), and at least one (1) Director shall be resident of India in the previous year.
Provided that the Company may appoint more than fifteen (15) directors after passing a Special Resolution."

Article 101A provides that "Subject to the receipt of the requisite regulatory authorization and corporate authorizations (including shareholder approval in the manner prescribed by SEBI) post-listing of the Company:
(a) Matrix II shall have the right to nominate one director to the Board so long as: (i) Matrix II continues to be classified as a 'promoter' of the Company, within the meaning of the ICDR; and (ii) Matrix II has provided a portion of its shareholding in the Company towards the minimum promoter contribution requirements under the ICDR;
(b) SCI V shall have the right to nominate one director to the Board so long as: (i) SCI V continues to be classified as a 'promoter' of the Company, within the meaning of the ICDR; and (ii) SCI V has provided a portion of its shareholding in the Company towards the minimum promoter contribution requirements under the ICDR;
(c) The founder promoter family (i.e. Mr. D Lakshmipathy and family) shall have the right to nominate such number of nominee directors as would constitute a majority on the Board (excluding independent directors) till such time as Mr. Lakshmipathy continues to be classified as a 'promoter' of the Company, within the meaning of the ICDR; and
(d) Mr. D Lakshmipathy shall be the chairman of the Board, till such time as Mr. Lakshmipathy continues to be classified as a 'promoter' of the Company, within the meaning of the ICDR."

Article 103 provides that "Any person whether a Member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director."

Article 104 provides that "Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles."

Article 107 provides that "(a) A Director (other than a managing Director or whole-time Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any committee thereof attended by him. The remuneration of Directors including managing Director and/or whole-time Director may be paid in accordance with the applicable provisions of the Act. The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
(b) The Board of Directors may allow and pay or reimburse any Director who is not a bona fide resident of the place where a meeting of the Board or of any committee is held and who shall come to such place for the purpose of attending such meeting or for attending its business at the request of the Company, such sum as the Board may consider fair compensation for travelling, and out-of-pocket expenses and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business he shall be entitled to be reimbursed any travelling or other expenses incurred in connection with the business of the Company.
(c) The managing Directors/ whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees."

Article 108 provides that "If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act, the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled."

Article 109 provides that "The continuing Directors may act notwithstanding any vacancy in the Board, but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a General Meeting of the Company, but for no other purpose."

Rotation and retirement of director

Article 111 provides that "At the Annual General Meeting of the Company to be held every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing director appointed or the Directors appointed as a debenture director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article."

Article 113 provides that "The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots."

Article 115 provides that "The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution."

Article 116 provides that "Directors of the Company may be or become a director of any company promoted by the Company or in which it may be interested as vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as a director or member of such company subject to compliance with applicable provisions of the Act."

Proceedings of the Board of Directors

Article 117 (a) provides that "(a) The Board of Directors shall meet at least once in every three (3) months with a maximum gap of four (4) months between two (2) meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in accordance with the Act, provided that at least four (4) such meetings shall be held in every year. Place of meetings of the Board shall be at a location determined by the Board at its previous meeting, or if no such determination is made, then as determined by the chairman of the Board."

Article 118 provides that "Questions arising at any time at a meeting of the Board shall be decided by majority of votes and in case of equality of votes, the Chairman, in his absence the Vice Chairman or the Director presiding shall have a second or casting vote."

Article 119 provides that "Subject to the provisions of the Act and other applicable law, the quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum.

At any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The term 'interested director' means any Director whose presence cannot, by reason of applicable provisions of the Act be counted for the purpose of forming a quorum at meeting of the Board, at the time of the discussion or vote on the concerned matter or resolution."

Article 120 provides that "Subject to the provisions of the Act, if within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Directors may determine."

Article 121 provides that "(a) Subject to Clause 101A, the Board may elect a chairman of its meeting and determine the period for which he is to hold office.
(b) If no such chairman is elected or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting."

Article 124 provides that "(a) A committee may elect a chairman of its meeting. If no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be the chairman of the committee meeting.
(b) The quorum of a committee may be fixed by the Board of Directors."

Article 128 provides that "The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of those Sections) make and vary such regulations as it may think fit respecting the keeping of any register."

Dividend

Article 138 provides that "The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board."

Article 139 provides that "Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit and as appear to it to be justified by the profits of the company."

Article 140 provides that "(a) Where capital is paid in advance of calls, such capital, whilst carrying interest, shall not confer a right to dividend or to participate in the profits.
(b) Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account of Five-Star Business Finance Limited".
(c) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under the Act.
(d) No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.
(e) All other provisions under the Act will be complied with in relation to the unpaid or unclaimed dividend."

Capitalisation of profits

Article 150 provides that "(a) The Company in General Meeting, may, on recommendation of the Board resolve:
(i) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and
(ii) that such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportion.
(b) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in sub-clause (c) below, either in or towards:
(i) paying up any amounts for the time being unpaid on shares held by such Members respectively;
(ii) paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or
(iii) partly in the way specified in sub-clause (i) and partly that specified in sub -clause (ii).
(iv) A securities premium account and a capital redemption reserve account or any other permissible reserve account may be applied as permitted under the Act in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
(v) The Board shall give effect to the resolution passed by the Company in pursuance of these Articles."

Winding up

Article 161 provides that "The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016, as amended (to the extent applicable)."

Article 162 provides that "Subject to the applicable provisions of the Act–
(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.
(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.
(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(d) Any person who is or has been a Director or manager, whose liability is unlimited under the Act, shall, in addition to his liability, if any, to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of winding up, a member of an unlimited company, in accordance with the provisions of the Act.

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 will be attached to the copy of the Red Herring Prospectus/ Prospectus which will be filed with the RoC. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days and at [●] from date of the Red Herring Prospectus until the Bid/ Offer Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Offer Closing Date.

A. Material Contracts for the Offer

a) Offer Agreement dated November 9, 2021 amongst our Company, the Selling Shareholders and the BRLMs.

b) Registrar Agreement dated November 9, 2021 amongst our Company, the Selling Shareholders and the Registrar to the Offer.

c) Cash Escrow and Sponsor Bank Agreement dated [●] amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Account Bank and the Refund Bank(s) and Syndicate Members.

d) Share Escrow Agreement dated [●] amongst the Selling Shareholders, our Company and the Share Escrow Agent.

e) Syndicate Agreement dated [●] amongst our Company, the Selling Shareholders, the BRLMs, and Syndicate Members.

f) Underwriting Agreement dated [●] amongst our Company, the Selling Shareholders and the Underwriters.

B. Material Documents

a) Certified copies of the Memorandum of Association, and Articles of Association of our Company, as amended from time to time.

b) Certificate of incorporation dated May 7, 1984 issued to our Company, under the name 'Five-Star Business Credits Private Limited' by the RoC.

c) Certificate of incorporation dated October 3, 1988 issued by the RoC, consequent upon change from 'Five-Star Business Credits Private Limited' to 'Five-Star Business Credits Limited', pursuant to conversion to a public limited company.

d) Fresh certificate of incorporation dated May 13, 2016 issued by the RoC, consequent upon change from 'Five-Star Business Credits Limited' to ''Five-Star Business Finance Limited'.

e) Resolutions of the Board of Directors dated September 8, 2021 and November 8, 2021, authorising the Offer and other related matters.

f) Shareholders' resolution dated October 8, 2021, approving the Offer and other related matters.

g) Resolution of the Board of Directors dated November 8, 2021 and IPO Committee dated November 9, 2021, approving the Draft Red Herring Prospectus.

h) Resolution of the Board of Directors dated November 8, 2021, taking on record the approval for the Offer for Sale by the Selling Shareholders.

i) Consent letters and authorisations from the Selling Shareholders, as applicable, authorising their participation in the Offer. For further details, see "*The Offer*" on page 48.

j) Copies of the annual reports of our Company for the Fiscals 2021, 2020 and 2019.

k) The examination report dated November 8, 2021 of the Statutory Auditors on our Restated Financial Information.

l) The statement of possible special tax benefits dated November 9, 2021 from the Statutory Auditors.

m) Consent of the Directors, the Book Running Lead Managers, the Syndicate Members, legal counsel to the Company as to Indian Law, legal counsel to the Book Running Lead Managers as to Indian Law, International legal counsel to the BRLMs, legal counsel to Matrix, Matrix Partners, SCI Investments V, Norwest Venture Partners X - Mauritius and TPG Asia VII SF Pte. Ltd. as to Indian Law, Registrar to the Offer, Escrow Collection Bank(s), Public Offer Account Bank(s), Refund Bank(s), Sponsor Bank, Company Secretary and Compliance Officer as referred to in their specific capacities.

n) Consent dated November 9, 2021 from B S R & Co. LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated November 8, 2021 on our Restated Financial Information; and (ii) their report dated November 9, 2021 on the statement of tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

o) Consent letter dated November 9, 2021 from R P S V & Co., Chartered Accountants, independent chartered accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

p) Amended and Restated shareholders' agreement dated March 25, 2021 entered into amongst the Company, Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Limited, EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members (as detailed under part A of Schedule 1 of the agreement).

q) Waiver Cum Amendment Agreement dated October 8, 2021 entered into amongst the Company, Sirius II Pte. Limited, Matrix Partners India Investment Holdings II, LLC, Matrix Partners India Investments II Extension, LLC, SCI Investments V, SCI Growth Investments III, SCHF PV Mauritius Limited, EGCS Investment Holdings, Sequoia Capital Global Growth Fund III – Endurance Partners, L.P., Norwest Venture Partners X – Mauritius, TPG Asia VII SF Pte. Ltd., Lakshmipathy Deenadayalan and certain of his family members (as detailed under part A of Schedule 1 of the SHA).

r) Scheme of arrangement between Five-Star Housing Finance Private Limited and our Company and their respective shareholders, under Section 233 and certain other provisions of the Companies Act, 2013 approved by the Regional Director, Chennai on March 17, 2020.

s) Five Star Business Finance Limited Associate Stock Option Plan, 2015, as amended.

t) Five Star Business Finance Limited Associate Stock Option Scheme, 2018, as amended.

u) Report titled "*Industry Report on Small Business Loans in India*", issued in November, 2021 by CRISIL Research, a division of CRISIL Limited.

v) Consent letter from CRISIL Limited dated November 8, 2021.

w) Due diligence certificate dated November 9, 2021 addressed to SEBI from the BRLMs.

x) In-principle approvals dated [●] and [●], issued by BSE and NSE, respectively.

y) SEBI observation letter no. [●] dated [●].

z) Tripartite agreement dated October 1, 2021 amongst our Company, NSDL and Registrar to the Offer.

aa) Tripartite agreement dated October 1, 2021 amongst our Company, CDSL and Registrar to the Offer.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Lakshmipathy Deenadayalan
Managing Director and Chairman

Place: Chennai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Anand Raghavan
Independent Director

Place: Chennai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Thiruvallur Thattai Srinivasaraghavan
Independent Director

Place: Chennai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Bhama Krishnamurthy
Independent Director

Place: Mumbai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Ramanathan Annamalai
Independent Director

Place: Chennai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Ganapathyagraharam Venkataraman Ravishankar
Non-Executive Director

Place: Dubai, UAE

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Vikram Vaidyanathan
Non-Executive Director

Place: Bangalore

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Thirulokchand Vasan
Non-Executive Director

Place: Chennai

Date: November 9, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India and the rules, guidelines/regulations 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 rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Company

Roopa Sampath Kumar
Chief Financial Officer

Place: Chennai

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

We, TPG Asia VII SF Pte. Ltd., confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. TPG Asia VII SF Pte. Ltd. assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **TPG Asia VII SF Pte. Ltd.**

Authorised signatory: Nicholas Kay

Place: Singapore

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

We, SCI Investments V, confirm and certify that all statements, disclosures and undertakings 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. SCI Investments V assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **SCI Investments V**

Authorised signatory: Dilshaad Rajabalee – Director of SCI Investments V

Place: Mauritius

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

We, Matrix Partners India Investment Holdings II, LLC, confirm and certify that all statements, disclosures and undertakings 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. Matrix Partners India Investment Holdings II, LLC assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **Matrix Partners India Investment Holdings II, LLC**

Authorised signatory: Iqbal Dulloo

Place: Mauritius

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

We, Matrix Partners India Investments II Extension, LLC, confirm and certify that all statements, disclosures and undertakings 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. Matrix Partners India Investments II Extension, LLC assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **Matrix Partners India Investments II Extension, LLC**

Authorised signatory: Iqbal Dulloo

Place: Mauritius

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

We, Norwest Venture Partners X – Mauritius, confirm and certify that all statements, disclosures and undertakings specifically made or confirmed by us in this Draft Red Herring Prospectus about or in relation to us, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Norwest Venture Partners X – Mauritius assumes no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

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Signed for and on behalf of **Norwest Venture Partners X – Mauritius**

Authorised signatory: Dilshaad Rajabalee, Director

Place: Mauritius

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

I, Deenadayalan Rangasamy, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, or any other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

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Deenadayalan Rangasamy

Place: Chennai

Date: November 9, 2021

DECLARATION BY SELLING SHAREHOLDER

I, Varalakshmi Deenadayalan, confirm and certify that all statements and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus about or in relation to myself, as a Selling Shareholder and my portion of the Offered Shares, are true and correct. I assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company, or any other Selling Shareholders or any other person(s) in this Draft Red Herring Prospectus.

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Varalakshmi Deenadayalan

Place: Chennai

Date: November 9, 2021