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SBFC FINANCE LIMITED
Corporate Identity Number: U67190MH2008PLC178270

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	E-MAIL AND TELEPHONE	WEBSITE
103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India	Jay Mistry Company Secretary and Compliance Officer	E-mail: complianceofficer@sbfc.com Telephone: 022 6787 5344	www.sbfc.com

OUR PROMOTERS: SBFC HOLDINGS PTE. LTD., CLERMONT FINANCIAL PTE. LTD., ARPWOOD PARTNERS INVESTMENT ADVISORS LLP, ARPWOOD CAPITAL PRIVATE LIMITED AND EIGHT45 SERVICES LLP

DETAILS OF THE OFFER TO THE PUBLIC

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIIs, RIIs AND ELIGIBLE EMPLOYEES
Fresh Issue and Offer for Sale	105,328,548 Equity Shares [^] aggregating to ₹6,000 million ^{*^#}	74,561,402 Equity Shares [^] aggregating to ₹ 4,250 million ^{^#}	₹ 10,250 million ^{^#}	The Offer was made through the Book Building Process, pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ SEBI ICDR Regulations ”). For details of share reservation among QIBs, NIIs, RIIs and Eligible Employees see “ <i>Offer Structure</i> ” on page 464.

Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a private placement of 27,272,727 equity shares for cash consideration aggregating to ₹ 1,500 million (the “Pre-IPO Placement**”). The size of the fresh issue has been reduced by ₹ 1,500 million and accordingly, the size of the Fresh Issue is ₹ 6,000 million.*

[^]Subject to finalisation of Basis of Allotment

[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

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

NAME OF THE PROMOTER SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED/ AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE ⁽¹⁾⁽²⁾ (IN ₹)
Arpwood Partners Investment Advisors LLP	Promoter Selling Shareholder	53,728,070 Equity Shares [^] aggregating to ₹ 3,062.50 million [#]	12.69
Arpwood Capital Private Limited	Promoter Selling Shareholder	13,186,315 Equity Shares [^] aggregating to ₹ 751.62 million [#]	15.98
Eight45 Services LLP	Promoter Selling Shareholder	7,647,017 Equity Shares [^] aggregating to ₹ 435.88 million [#]	12.73

(1) Calculated on a fully diluted basis

(2) As certified by our Statutory Auditors, by way of their certificate dated July 28, 2023.

[^]Subject to finalisation of Basis of Allotment

[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

RISKS IN RELATION TO THE FIRST OFFER

This being the first public offer of Equity Shares of the Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 per Equity Share. The Floor Price, the Cap Price and the Offer Price (as determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs), in accordance with the SEBI ICDR Regulations, and as stated in “*Basis for Offer Price*” on page 114, 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 and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an

investment decision in this 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 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 Prospectus. Specific attention of the investors is invited to “Risk Factors” on page 26.




ISSUER’S AND PROMOTER SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Promoter Selling Shareholders, severally and not jointly, accepts responsibility for and confirm only those statements expressly made by such Promoter Selling Shareholder in this Prospectus solely in relation to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Promoter Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter-alia, any of the statements made by or relating to the Company or its business or any of the other Promoter Selling Shareholders or any other person(s) in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus and the Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) for the listing of the Equity Shares pursuant to letters each dated May 10, 2023. For the purpose of the Offer, NSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

Name of the BRLM	Contact Person	Email and Telephone
 ICICI Securities Limited	Sameer Purohit/ Sumit Singh	Tel: +91 22 6807 7100 E-mail: sbfc.ipo@icicisecurities.com
 Axis Capital Limited	Mayuri Arya/Harish Patel	Tel: +91 22 4325 2183 E-mail: sbfc.ipo@axiscap.in
 Kotak Mahindra Capital Company Limited	Ganesh Rane	Tel: +91 22 4336 0000 E-mail: sbfcfinance.ipo@kotak.com

REGISTRAR TO THE OFFER

KFin Technologies Limited	Contact Person: M. Muralikrishna	Tel: +91 40 6716 2222 / 7961 1000 Email: Sbfc.ipo@kfintech.com
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BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE	Wednesday, August 2, 2023	BID/OFFER OPENED ON	Thursday, August 3, 2023	BID/OFFER CLOSED ON	Monday, August 7, 2023
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SBFC FINANCE LIMITED

Our Company was originally incorporated on January 25, 2008 at Mumbai, India as 'MAPE Finserve Private Limited', a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). The Board of our Company approved the change in the name of our Company from 'MAPE Finserve Private Limited' to 'Small Business Fincruit India Private Limited' by their resolution dated July 3, 2017, which was thereafter approved by the Shareholders of our Company through their resolution dated August 24, 2017 and a fresh certificate of incorporation, under the Companies Act, 2013, was issued by the RoC on August 31, 2017. Thereafter, the Board of our Company approved the change in the name of our Company from 'Small Business Fincruit India Private Limited' to 'SBFC Finance Private Limited' by their resolution dated October 24, 2019, for the ease of reference that a shorter name provides, which was thereafter approved by the Shareholders of our Company through their special resolution dated December 11, 2019 and a fresh certificate of incorporation, under the Companies Act, 2013, was issued by the RoC on January 13, 2020. Subsequently, our Company was converted into a public limited company under the Companies Act, 2013 and consequently the name of our Company was changed from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' pursuant to a resolution passed by the Board of our Company on September 21, 2022 and a special resolution passed by the Shareholders of our Company on September 23, 2022, and a fresh certificate of incorporation dated September 30, 2022 was issued by the RoC. For details of the change in the name and the registered office of our Company, see "History and Certain Corporate Matters" on page 240.

Corporate Identity Number: U67190MH2008PLC178270
Registered and Corporate Office: 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India
Contact Person: Jay Mistry, Company Secretary and Compliance Officer; **Tel:** +91 22 67875344
E-mail: complianceofficer@sbfc.com; **Website:** www.sbfc.com

THE PROMOTERS: SBFC HOLDINGS PTE. LTD., CLERMONT FINANCIAL PTE. LTD., ARPWOOD PARTNERS INVESTMENT ADVISORS LLP, ARPWOOD CAPITAL PRIVATE LIMITED AND EIGHT45 SERVICES LLP

INITIAL PUBLIC OFFERING OF 179,889,950 EQUITY SHARES¹ OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SBFC FINANCE LIMITED ("COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 57 PER EQUITY SHARE² (INCLUDING A SHARE PREMIUM OF ₹ 47 PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING TO ₹ 10,250 MILLION³ ("OFFER") COMPRISING A FRESH ISSUE OF 105,328,548 EQUITY SHARES⁴ AGGREGATING TO ₹ 6,000 MILLION⁵ (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 74,561,402 EQUITY SHARES⁶ BY ARPWOOD PARTNERS INVESTMENT ADVISORS LLP, ARPWOOD CAPITAL PRIVATE LIMITED AND EIGHT45 SERVICES LLP ("PROMOTER SELLING SHAREHOLDERS") (AGGREGATING TO ₹ 4,250 MILLION ("OFFERED SHARES") ("OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER INCLUDES A RESERVATION OF 1,863,636 EQUITY SHARES⁷, AGGREGATING TO ₹ 102.50 MILLION⁸ (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HERINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER CONSTITUTED 16.90% AND 16.73%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

OUR COMPANY, IN CONSULTATION WITH THE PROMOTER SELLING SHAREHOLDERS AND THE BOOK RUNNING LEAD MANAGERS, HAS UNDERTAKEN A PRIVATE PLACEMENT OF 27,272,727 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING TO ₹ 1,500 MILLION (THE "PRE-IPO PLACEMENT"). THE SIZE OF THE FRESH ISSUE HAS BEEN REDUCED BY ₹ 1,500 MILLION AND ACCORDINGLY, THE SIZE OF THE FRESH ISSUE IS AGGREGATING TO ₹ 6,000 MILLION.

THE OFFER PRICE IS ₹ 57⁹ PER EQUITY SHARE AND IS 5.7 TIMES THE FACE VALUE OF THE EQUITY SHARES

¹Subject to finalisation of Basis of Allotment

²A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

The Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process, pursuant to Regulation 6(1) of the SEBI ICDR Regulations, where not more than 50% of the Net Offer was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Category"), of which our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, allocated 60% of the QIB Category to Anchor Investors, on a discretionary basis ("Anchor Investor Portion"), of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which Equity Shares was allocated to Anchor Investors. Post allocation to the Anchor Investors, the QIB Category was reduced by such number of Equity Shares. Further, 5% of the Net QIB Category (excluding the Anchor Investor Portion) was made available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Category was made available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer was made available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer was made available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. One-third of the Non-Institutional Portion was available for allocation to Non-Institutional Investors with a Bid size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion was available for allocation to Non-Institutional Investors with a Bid size of more than ₹ 1,000,000 provided that under-subscription in either of these two sub-categories of the Non-Institutional Portion may have been allocated to Non-Institutional Investors in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid bids being received at or above the Offer Price. Further, Equity Shares was allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received from them at or above the Offer Price. All Bidders (other than Anchor Investors) were mandatorily required to participate in this Offer through the Application Supported by Block Amount ("ASBA") process, and provided details of their respective bank account (including UPI ID in case of UPI Bidders using UPI Mechanism) in which the Bid Amount was blocked by the SCBS or the Sponsor Bank, as the case may be. Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA process. For further details, see "Offer Procedure" on page 466.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 per Equity Share. The Floor Price, the Cap Price and the Offer Price (as determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs), in accordance with the SEBI ICDR Regulations, and as stated in "Basis for Offer Price" on page 114, 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 and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this 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 have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 26.

ISSUER'S AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Promoter Selling Shareholders, severally and not jointly, accept responsibility for and confirm only those statements expressly made by such Promoter Selling Shareholder in this Prospectus solely in relation to itself and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each of the Promoter Selling Shareholders, severally and not jointly, assumes no responsibility for any other statement, including, inter-alia, any of the statements made by or relating to the Company or its business or any of the other Promoter Selling Shareholders or any other person(s) in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus and the Prospectus are proposed to be listed on the Stock Exchanges. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters each dated May 10, 2023. For the purpose of the Offer, NSE is the Designated Stock Exchange. A copy of the Red Herring Prospectus was filed, and this Prospectus shall be filed, with the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents that were made 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 555.

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: sbfc.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance customercare@icicisecurities.com	Axis Capital Limited 1 st Floor, Axis House C-2, Wadia International Centre P. B. Marg, Worli Mumbai - 400 025 Maharashtra, India Tel: +91 22 4325 2183 E-mail: sbfc.ipo@axiscap.in Website: www.axiscapital.co.in Investor Grievance E-mail: complaints@axiscap.in Contact person: Mayuri Arya/Harish Patel SEBI Registration No: INM000011209	Kotak Mahindra Capital Company Limited 1 st Floor, 27 BKC Plot No. 27, "G" Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 Website: https://investmentbank.kotak.com E-mail: sbfcfinance.ipo@kotak.com Investor Grievance kmcaddressal@kotak.com Contact Person: Ganesh Rane SEBI Registration No.: INM000008704	KFin Technologies Limited Selenium, Tower-B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032, Telangana, India Tel: +91 40 6716 2222 / 7961 1000 E-mail: Sbfc.ipo@kfintech.com Investor grievance e-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact person: M. Muralikrishna SEBI Registration No: INR00000221

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE	Wednesday, August 2, 2023	BID/OFFER OPENED ON	Thursday, August 3, 2023	BID/OFFER CLOSED ON	Monday, August 7, 2023
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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meanings as provided below. References to any statute or rules or guidelines or regulations or policies or Articles of Association or Memorandum of Association will include any amendments, clarifications, modifications, replacements or re-enactments thereto, from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document, the definitions given below shall prevail.

Unless the context otherwise indicates, all references to “the Company”, “our Company” and “the Issuer”, are references to SBFC Finance Limited, a company incorporated in India under the Companies Act, 1956, with its Registered and Corporate Office at 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India. Furthermore, unless the context otherwise indicates, all references to the terms “we”, “us” and “our” are to our Company and our Subsidiary, on a consolidated basis.

Notwithstanding the foregoing, terms used in the chapters/sections “Statement of Possible Tax Benefits”, “Industry Overview”, “Key Regulations and Policies”, “History and Certain Corporate Matters”, “Financial Statements”, “Basis for Offer Price”, “Outstanding Litigation and Material Developments” and “Main Provisions of Articles of Association” will have the meaning ascribed to such terms in these respective chapters/sections.

The words and expressions used but not defined in this Prospectus will have the same meaning as assigned to such terms under the Companies Act, 2013, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

Company related terms

Term(s)	Description
Arpwood Group	Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP
Arpwood Partners SPAs	Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP and SBI Funds Management Limited (<i>in its capacity as an investment manager of SBI Optimal Equity Fund – Long Term</i>) for the sale and transfer of 877,193 Equity Shares to SBI Optimal Equity Fund – Long Term; and Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP and ICICI Prudential Banking and Financial Services Fund for the sale and transfer of 877,193 Equity Shares to ICICI Prudential Banking and Financial Services Fund
Arpwood Group SPA	Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited, Eight45 Services LLP and HDFC Asset Management Company Limited (<i>in its capacity as an investment manager of HDFC Banking and Financial Services Fund</i>) for the sale and transfer of (i) 3,456,551 Equity Shares by Arpwood Partners Investment Advisors LLP to HDFC Banking and Financial Services Fund; (ii) 1,278,901 Equity Shares by Arpwood Capital Private Limited to HDFC Banking and Financial Services Fund; and (iii) 527,706 Equity Shares by Eight45 Services LLP to HDFC Banking and Financial Services Fund
“Articles of Association” or “Articles” or “AoA”	The articles of association of our Company
Audit Committee	The audit committee of the Board, as disclosed in “ <i>Our Management</i> ” on page 252
“Board” or “Board of Directors”	The board of directors of our Company, or a duly constituted committee thereof
Chairperson	The chairperson of our Company being, Neeraj Swaroop
“Chief Financial Officer” or “CFO”	The chief financial officer of our Company being, Narayan Barasia
Clermont Group	SBFC Holdings Pte. Ltd. and Clermont Financial Pte. Ltd.
Clermont SPAs	Share purchase agreement dated July 25, 2023 between the Company, SBFC Holdings Pte. Ltd. and SBI Funds Management Limited (<i>acting as an asset management company to the following mutual fund schemes, namely, SBI Retirement Benefit Fund - Aggressive Plan, SBI Retirement Benefit Fund - Aggressive Hybrid Plan; SBI Retirement Benefit Fund - Conservative Hybrid Plan, and SBI Retirement Benefit Fund - Conservative Plan</i>) for the

Term(s)	Description
	sale and transfer of (i) 2,728,420 Equity Shares to SBI Retirement Benefit Fund - Aggressive Plan, (ii) 1,439,210 Equity Shares to SBI Retirement Benefit Fund - Aggressive Hybrid Plan, (iii) 163,510 Equity Shares to SBI Retirement Benefit Fund - Conservative Hybrid Plan, and (iv) 54,825 Equity Shares to SBI Retirement Benefit Fund - Conservative Plan; and Share purchase agreement dated July 25, 2023 between the Company, SBFC Holdings Pte. Ltd. and ICICI Prudential Banking and Financial Services Fund for the sale and transfer of 4,385,964 Equity Shares to ICICI Prudential Banking and Financial Services Fund
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company being, Jay Mistry
CRISIL MI&A	CRISIL MI&A (<i>previously known as CRISIL Limited</i>) appointed by the Company pursuant to the letter dated June 23, 2022
CRISIL Report	Industry Report titled, 'Analysis of NBFC sector and select asset classes in India' dated June 2023, issued by CRISIL MI&A and commissioned by the Company for an agreed fees exclusively in connection with the Offer. The CRISIL Report was available on the website of our Company at https://www.sbfc.com/for-investors
Corporate Social Responsibility Committee	The corporate social responsibility committee of the Board, as disclosed in " <i>Our Management</i> " on page 257
Director(s)	The director(s) on our Board
Equity Shares	The equity shares of our Company bearing face value of ₹ 10 each
ESOP 2018 – I	SBFC Stock Option Policy I 2018
ESOP 2018 – II	SBFC Stock Option Policy II 2018
ESOP 2021 – I	SBFC Stock Option Policy 2021 – I
ESOP 2021 – II	SBFC Stock Option Policy 2021 – II
ESOP 2021 – III	SBFC Stock Option Policy 2021 – III – Special Grant
ESOP 2021 – IV	SBFC Stock Option Policy 2021 – IV
ESOP 2021 – V	SBFC Stock Option Policy 2021 – V
ESOP 2023 – I	SBFC Stock Option Policy 2023 – I
ESOP 2023 – II	SBFC Stock Option Policy 2023 – II
ESOP Schemes	Collectively, ESOP 2018 - I, ESOP 2018 - II, ESOP 2021- I, ESOP 2021 - II, ESOP 2021 - III, ESOP 2021 - IV, ESOP 2021 – V, ESOP 2023 – I and ESOP 2023 - II.
Executive Director(s)	The executive Directors on the Board
Group Companies	In terms of Regulation 2(1)(t) of the SEBI ICDR Regulations, the term "group companies" includes companies with which there were related party transactions as per Ind AS 24, and any other companies as considered material by the Board as per the Materiality Policy, in accordance with the resolution dated July 12, 2023, passed by the Board
Independent Director(s)	The non-executive independent director(s) on our Board. For details, see " <i>Our Management</i> " on page 247
IPO Committee	The IPO Committee of our Board
"Key Managerial Personnel" or "KMP"	The key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013, and as disclosed in " <i>Our Management</i> " on page 247
Malabar Group	Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund
Managing Director and Chief Executive Officer ("CEO")	The managing director and chief executive officer of our Company being Aseem Dhru
Materiality Policy	The policy adopted by our Board on July 12, 2023 for identification of: material outstanding litigation, dues to material creditors and group companies, in accordance with the disclosure requirements under the SEBI ICDR Regulations
"Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as disclosed in " <i>Our Management</i> " on page 254
Nominee Director(s)	The non-executive nominee Directors on our Board
Non-executive Director(s)	The Nominee Director(s) and Independent Directors on our Board
Promoters	SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd., Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in " <i>Promoters and Promoter Group</i> " on page 264
Promoter Transactions	Together the Arpwood Partners SPAs, the Arpwood Group SPA and the Clermont SPAs

Term(s)	Description
Registered and Corporate Office	The registered and corporate office of our Company situated at 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India
Restated Information	Financial The restated statement of assets and liabilities of the Company as at the year ended March 31, 2023 which is on a consolidated basis, and as at the years ended March 31, 2022 and March 31, 2021, which is on a standalone basis, the restated statement of profit and loss (including other comprehensive income), the restated statement of changes in equity and the restated statement of cash flows, for the year ended March 31, 2023 are on a consolidated basis and the years ended March 31, 2022 and March 31, 2021 are on a standalone basis, have been prepared specifically for inclusion in this Prospectus in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI.
Risk Committee	Management The risk management committee of our Board, as disclosed in “ <i>Our Management</i> ” on page 255
RoC	Registrar of Companies, Maharashtra at Mumbai
Senior Management	Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in ‘ <i>Our Management</i> ’ on page 247
Shareholders’ Agreement	Amended and restated shareholder’s agreement dated February 22, 2022, by and amongst our Company, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP, SBFC Holdings Pte. Ltd., Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund read with the amendment agreement dated October 18, 2022 and the second amendment agreement dated July 12, 2023 entered into between the aforementioned parties.
Subsidiary	SBFC Home Finance Private Limited, a wholly-owned subsidiary of our Company
Promoter Shareholders	Selling Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP
Shareholders	The holders of the Equity Shares, from time to time
Stakeholders Committee	Relationship The stakeholders relationship committee of our Board, as disclosed in “ <i>Our Management</i> ” on page 256
Statutory Auditors	The statutory auditors of our Company being, M/s Suresh Surana & Associates LLP, Chartered Accountants
Trust Deed	The Trust Deed dated October 15, 2022 entered into between our Company and Vistra ITCL (India) Limited, in relation to the ESOP 2018 – I and ESOP 2021 – I

Offer related terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of prospectus as may be specified by SEBI in this behalf
Acknowledgment Slip	The slip or document to be issued by the respective Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allotment Advice	The note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Allot or Allotted or Allotment	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to successful Bidders
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A QIB, who applies under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million
Anchor Investor Allocation Price	₹ 57 per Equity Share
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Anchor Investor Bidding Date	The date one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors were submitted, prior to and after which the Book Running Lead Managers did not accept any Bids from Anchor investors, and allocation to the Anchor Investors was completed, i.e., August 2, 2023
Anchor Investor Offer Price	₹ 57 per Equity Share
Anchor Investor Pay-in date	Wednesday, August 2, 2023
Anchor Investor Portion	Up to 60% of the QIB Category which was allocated by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations.

Term	Description
	One third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors, which price was determined by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid authorising the relevant SCSB to block the Bid Amount in the relevant ASBA Account and includes applications made by UPI Bidders using the UPI Mechanism where the Bid Amount was blocked by SCSBs upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a UPI Bidder which was blocked by SCSB upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form(s)	An application form, whether physical or electronic, used by ASBA Bidders Bidding through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Axis Banker(s) to the Offer	Axis Capital Limited Collectively, the Escrow Collection Bank, the Public Offer Account Bank, the Refund Bank and the Sponsor Bank(s)
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in “Offer Procedure” on page 468
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form, to subscribe for or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the relevant Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of the Bids as indicated in the Bid cum Application Form and in the case of RIIs and Eligible Employees Bidding under the Employee Reservation Portion, Bidding at the Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Eligible Employees Bidding under the Employee Reservation Portion, and mentioned in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make a Bid, including an ASBA Form, and which shall be considered as the application for the Allotment of Equity Shares pursuant to the terms of the Red Herring Prospectus and this Prospectus
Bid Lot	260 Equity Shares and in multiples of 260 Equity Shares thereafter
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, Monday, August 7, 2023
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, Thursday, August 3, 2023
Bid/Offer Period	Except in relation to Bids received from the Anchor Investors, the period between Thursday, August 3, 2023 and Monday, August 7, 2023, inclusive of both the dates.
Bidders/ Applicants	Any prospective investor who made 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 Bid cum Application Forms, being the Designated SCSB Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs
Book Building Process	The book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer was made
“Book Running Lead Managers” or “BRLMs”	The book running lead managers to the Offer, being I-Sec, Axis and KMCC
Broker Centres	Broker centres of the Registered Brokers where Bidders (other than Anchor Investors) submitted 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
“CAN” or “Confirmation of Allocation Note”	Notice or intimation of allocation of the Equity Shares to be sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date

Term	Description
Cap Price	₹ 57 per Equity Share
Cash Escrow and Sponsor Bank Agreement	The agreement dated July 24, 2023, entered into among our Company, the Promoter Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, Syndicate Member and the Bankers to the Offer for collection of the Bid Amounts from Anchor Investors transfer of funds to the Public Offer Account and where applicable remitting refunds, if any, to such Bidders, on the terms and conditions thereof
Client ID	Client identification number of the Bidder's beneficiary account
"Collecting Depository Participants" or "CDPs"	A depository participant, as defined under the Depositories Act and 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 and the SEBI UPI Circulars, issued by SEBI
"Collecting Registrar and Share Transfer Agents" or "CRTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI UPI Circulars, issued by SEBI
Cut-off Price	The Offer Price, i.e., ₹ 57 per Equity Share, finalised by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers. Only Retail Individual Investors Bidding in the Retail Category and Eligible Employees Bidding in the Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Investors were not entitled to Bid at the Cut-off Price
Demographic Details	The details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, as applicable
Designated CDP Locations	Such centres of the CDPs where Bidders (except Anchor Investors) submitted the ASBA Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges and updated from time to time
Designated Date	The date on which the funds from the Escrow Account are transferred to the Public Offer Account or the Refund Account, as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Offer Account and/or are unblocked, as applicable, in terms of the Red Herring Prospectus and this Prospectus, after finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediaries	Collectively, the members of the Syndicate, sub-syndicate members/agents, SCSBs, Registered Brokers, CDPs and CRTAs, who were authorised to collect Bid cum Application Forms from the Bidders (other than Anchor Investors), in relation to the Offer
Designated RTA Locations	Such centres of the CRTAs where Bidders (except Anchor Investors) submitted the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	NSE
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated March 21, 2023, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, replacing the Previous DRHP in its entirety
Eligible Employees	<p>Permanent employees, working in India or outside India, of our Company, or a Director of our Company, whether whole-time or not, as of the date of the filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Company, respectively, but not including (i) the Promoters; (ii) the members of the Promoter Group; or (iii) the Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares.</p> <p>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee did exceed ₹ 500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion did exceed ₹200,000. Only in the event of an under-subscription in the Employee Reservation Portion post initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any)</p>

Term		Description
Eligible FPIs		FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to subscribe to the Equity Shares
Eligible NRI		A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus and the Bid Cum Application Form constituted an invitation to subscribe or purchase for the Equity Shares
Employee Discount		A discount of 3.51% to the Offer Price (equivalent of ₹2 per Equity Share) was offered by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, to Eligible Employees and which was announced two Working Days prior to the Bid / Offer Opening Date.
Employee Portion	Reservation	The portion of the Offer, being 1,863,636 Equity Shares [^] aggregating to ₹102.50 million, made available for allocation to Eligible Employees, on a proportionate basis [^] Subject to finalisation of Basis of Allotment
Escrow Account(s)		Accounts opened with the Escrow Collection Banks for the Offer and in whose favour the Anchor Investors transferred money through direct credit or NEFT or RTGS or NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Banks		The bank, which is a clearing member and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account was opened, in this case, being Axis Bank Limited and Kotak Mahindra Bank Limited.
“First Bidder” or “Sole Bidder”		The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name appears as the first holder of the beneficiary account held in joint names
Floor Price		₹ 54 per Equity Share
Fraudulent Borrower		Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Fresh Issue		Fresh issue of 105,328,548 Equity Shares [^] by our Company aggregating to ₹ 6,000 million*# to be issued by our Company as part of the Offer, in terms of the Red Herring Prospectus and this Prospectus <i>*Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. The size of the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is aggregating to ₹ 6,000 million.</i> [^] Subject to finalisation of Basis of Allotment [#] A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion
Fugitive Economic Offender		An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
“General Information Document” or “GID”		The General Information Document for investing in public issues prepared and issued in accordance with the circular no. SEBI / HO / CFD / DIL1 / CIR / P / 2020 / 37 dated March 17, 2020 and the circular no. SEBI / HO / CFD / DIL2 / CIR / P / 2020 / 50 dated March 30, 2020, as amended by SEBI 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
KMCC/ Kotak		Kotak Mahindra Capital Company Limited
Monitoring Agency		ICRA Limited
Monitoring Agency Agreement	Agency	The agreement dated July 12, 2023 entered into between our Company and the Monitoring Agency
Mutual Fund Portion		5% of the Net QIB Category or 1,780,264 Equity Shares [^] which was made available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids having been received at or above the Offer Price [^] Subject to finalisation of Basis of Allotment
Net Offer		The Offer less the Employee Reservation Portion
Net Proceeds		Proceeds of the Offer that will be available to our Company, i.e., gross proceeds of the Fresh Issue, less Offer expenses to the extent applicable to the Fresh Issue together with the proceeds from the Pre-IPO placement
Net QIB Category		The portion of the QIB Category less the number of Equity Shares Allocated to the Anchor Investors
“Non-Institutional Investors” or “NIIs”		All Bidders, including FPIs other than individuals, corporate bodies and family offices, registered with SEBI that are not QIBs (including Anchor Investors) or Retail Individual Investors, or the Eligible Employees Bidding in the Employee Reservation Portion who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)

Term	Description
Non-Institutional Portion	<p>The portion of the Offer, being not less than 15% of the Net Offer comprising of 26,703,948 Equity Shares[^] which was made available for allocation to Non-Institutional Investors, subject to valid Bids being received at or above the Offer Price, in the following manner:</p> <p>(a) One-third of the portion available to Non-Institutional Investors was reserved for Bidders with Bid size of more than ₹ 200,000 and up to ₹ 1,000,000;</p> <p>(b) Two-third of the portion available to Non-Institutional Investors was reserved for Bidders with Bid size of more than ₹ 1,000,000.</p> <p>Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b) above, may have been allocated to Bidders in the other sub-category of Non-Institutional Investors, in accordance with the SEBI ICDR Regulations</p> <p>[^]Subject to finalisation of Basis of Allotment</p>
Object	Augmenting our Company's capital base to meet our future capital requirements arising out of the growth of our business and assets
Offer	<p>The public issue of 179,889,950 Equity Shares[^] of face value of ₹ 10 each for cash at a price of ₹ 57 each, aggregating to ₹ 10,250 million^{^#} comprising the Fresh Issue* and the Offer for Sale</p> <p><i>*Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is aggregating to ₹ 6,000 million.</i></p> <p>[^]Subject to finalisation of Basis of Allotment</p> <p>[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion</p>
Offer Agreement	The amended and restated offer agreement dated March 21, 2023, as amended, entered into among our Company, the Promoter Selling Shareholders and the Book Running Lead Managers, to amend and restate the original offer agreement dated November 5, 2022, entered into among our Company, the Promoter Selling Shareholders and the Book Running Lead Managers, read with its second amendment agreement dated July 15, 2023
Offer for Sale	<p>The offer for sale of 74,561,402 Equity Shares[^] aggregating to ₹ 4,250 million^{^#} by the Promoter Selling Shareholders</p> <p>[^]Subject to finalisation of Basis of Allotment</p> <p>[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion</p>
Offer Price	₹ 57 per Equity Share, as determined in accordance with the Book Building Process and determined by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, in terms of the Red Herring Prospectus on the Pricing Date.
Offered Shares	74,561,402 Equity Shares offered as part of the Offer for Sale, comprising 53,728,070 Equity Shares aggregating to ₹ 3,062.50 million by Arpwood Partners Investment Advisors LLP, 13,186,315 Equity Shares aggregating to ₹ 751.62 million by Arpwood Capital Private Limited, 7,647,017 Equity Shares aggregating to ₹ 435.88 million by Eight45 Services LLP
Pre-IPO Placement	Private placement of 27,272,727 Equity Shares for a cash consideration aggregating to ₹ 1,500 million, at ₹ 55 per Equity Share, undertaken by our Company on May 23, 2023, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers. The proceeds from the Pre-IPO Placement have been utilised by our Company in furtherance of our Objects. For further details in relation to the Pre-IPO Placement, see "Capital Structure" and "Risk Factors – Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price." on pages 80 and 35, respectively
Previous DRHP	The Company had filed a draft red herring prospectus dated November 5, 2022 with SEBI and the Stock Exchanges on November 5, 2022. Pursuant to the review of the draft red herring prospectus filed on November 5, 2022 and by way of its letter no SEBI/HO/CFD/RAC DIL-1/P/OW/2023/7683/1 dated February 22, 2023, SEBI had returned the draft red herring prospectus filed on November 5, 2022. The previous DRHP stood replaced in its entirety by the DRHP
Price Band	Price band ranging from a Floor Price of ₹ 54 per Equity Share to a Cap Price of ₹ 57 per Equity Share
Pricing Date	The date on which our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, finalised the Offer Price, being, August 8, 2023
Prospectus	This prospectus dated August 8, 2023 filed with the RoC for this Offer on or after the Pricing Date in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, including any addenda or corrigenda hereto and containing the Offer Price, the size of the Offer and certain other information
Public Notice cum Addendum to the RHP	The public notice cum addendum dated July 28, 2023 published in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper, and all editions of Navshakti, a Marathi national daily newspaper (Marathi being

Term	Description
	the regional language of Maharashtra, where our Registered Office is located), each with wide circulation on July 29, 2023
Public Offer Account	The bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and the ASBA Accounts on the Designated Date
Public Offer Account Bank	The bank with whom the Public Offer Account is opened for collection of Bid Amounts from the Escrow Account and ASBA Accounts on the Designated Date, in this case being ICICI Bank Limited
QIB Category	The portion of the Net Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer comprising 89,013,156 Equity Shares [^] were made available to QIBs (including Anchor Investors), subject to valid Bids having been received at or above the Offer Price <i>^Subject to finalisation of Basis of Allotment</i>
“Qualified Institutional Buyers” or “QIBs”	A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“Red Herring Prospectus” or “RHP”	The red herring prospectus dated July 26, 2023 filed by our Company in accordance with the Companies Act, 2013, the SEBI ICDR Regulations which did not have complete particulars of the Offer Price and the size of the Offer, read with the Public Notice cum Addendum to the RHP.
Refund Account(s)	The account opened with the Refund Bank from which refunds, if any, of the whole or part of the Bid Amount shall be made to Anchor Investors
Refund Bank(s)	The bank which are a clearing member registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account will be opened, in this case being Axis Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of circular number no. CIR/CFD/14/2012 dated October 4, 2012 and the SEBI UPI Circulars, issued by SEBI
Registrar Agreement	The amended and restated registrar agreement dated March 20, 2023, as amended, entered into between our Company, the Promoter 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, to amend and restate the original registrar agreement dated October 21, 2022, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer read with its second amendment agreement dated July 15, 2023.
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of BSE and NSE, and the SEBI UPI Circulars.
Registrar to the Offer or Registrar	KFin Technologies Limited
“Retail Individual Investors” or “RIIs”	Bidders (including HUFs and Eligible NRIs) other than Eligible Employees Bidding in the Employee Reservation Portion, whose Bid Amount for Equity Shares in the Offer is not more than ₹ 200,000 in any of the Bidding options in the Offer (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
“Retail Portion” or “Retail Category”	Portion of the Net Offer being not less than 35% of the Net Offer consisting of 62,309,210 Equity Shares [^] which was available for allocation to Retail Individual Bidders (subject to valid Bids having been received at or above the Offer Price), which was not less than the minimum Bid Lot subject to availability in the Retail Portion <i>^Subject to finalisation of Basis of Allotment</i>
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form, as applicable. QIBs Bidding in the QIB category and Non-Institutional Investors Bidding in the Non-Institutional Category were 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 and Eligible Employees Bidding in the Employee Reservation Portion could revise their Bids during Bid/Offer period and withdraw their Bids until Bid/Offer Closing Date
SCORES	Securities and Exchange Board of India Complaints Redress System
SEBI UPI Circulars	Circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 issued by SEBI as amended or modified by SEBI from time to time, including circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, the circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the circular no.

Term	Description
	SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time
“Self-Certified Banks” or “SCSBs”	<p>Syndicate (i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and</p> <p>(ii) The banks registered with SEBI, enabled for 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</p> <p>Applications through UPI in the Offer could be made only through the SCSBs mobile applications (apps) whose name appears on SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the “list of mobile applications for using UPI in public issues” displayed on SEBI website. The said list shall be updated on SEBI website</p>
Share Escrow Agent	KFin Technologies Limited
Share Escrow Agreement	The agreement dated July 20, 2023, entered into by and among the Promoter Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Promoter Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate accepted Bid cum Application Forms, a list of which is which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time
Sponsor Bank(s)	A Banker to the Offer registered with SEBI, which has been appointed by our Company and the Promoter Selling Shareholders to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the Retail Individual Investors and carry out any other responsibilities, in terms of the SEBI UPI Circulars, in this case being Axis Bank Limited and ICICI Bank Limited
Stock Exchanges	Together, BSE and NSE
“Syndicate” or “members of the Syndicate”	Collectively, the Book Running Lead Managers and the Syndicate Member
Syndicate Agreement	The agreement dated July 24, 2023 entered into among the members of the Syndicate, our Company, the Promoter Selling Shareholders and the Registrar to the Offer in relation to the collection of Bid cum Application Forms by the Syndicate
Syndicate Member	Intermediaries registered with SEBI and permitted to carry out activities as an underwriter, in this case being Kotak Securities Limited
Underwriters	Collectively, ICICI Securities Limited, Axis Capital Limited, Kotak Mahindra Capital Company Limited and Kotak Securities Limited
Underwriting Agreement	The agreement dated August 8, 2023 entered into among our Company, the Promoter Selling Shareholders, Registrar to the Offer and the Underwriters
UPI	Unified Payments Interface which is an instant payment mechanism, developed by NPCI
UPI Bidders	<p>Collectively, individual investors who applied as (i) Retail Individual Investors in the Retail Category, (ii) Eligible Employees, under the Employee Reservation Portion, and (iii) Individuals applying as Non-Institutional Investors with an application size of up to ₹500,000 in the Non-Institutional Category, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Member, Registered Brokers, Collecting Depository Participants and Collecting Registrar and Share Transfer Agents.</p> <p>Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors who applied in public issues where the application amount is up to ₹500,000 were required to use the UPI Mechanism and are required to provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)</p>
UPI ID	Identity document created on UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the UPI Bidders, by way of a notification on the UPI application and by way of a SMS directing the UPI Bidders to such UPI application) to the UPI Bidders initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the relevant ASBA Account through the UPI application equivalent to Bid Amount, and the subsequent debit of funds in case of Allotment

Term	Description
UPI Mechanism	The Bidding mechanism that is used by UPI Bidders to make Bids in the Offer in accordance with the SEBI UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A wilful defaulter, as defined under the SEBI ICDR Regulations
Working Day(s)	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI, including the SEBI UPI Circulars

Industry and business related terms

Term	Description
ALM	Asset-liability management
API	Application Programming Interface
ATS	Average ticket size
AUM	Assets under management
BES	Business Expectations Survey
CAD	Current Account Deficit
CAPEX	Capital Expenditure
CCTV	Closed-circuit television
CIBIL	TransUnion CIBIL Limited
Cost of borrowings	Interest paid, divided by average of deposits and borrowings
Cost to income	Operating expenses, divided by the sum of net interest income and other income
CPs	Commercial Papers
CRAR	Capital to risk (weighted) assets ratio, or capital adequacy ratio
Credit cost	Provisions/ average total assets on book
CSR	Corporate social responsibility
Debt to Equity	Total borrowings divided by total shareholder equity of the same Fiscal
DPD	Days past due
ECL	Expected credit loss
ECLGS	Emergency Credit Line Guarantee Scheme
EM	Enterprise Memorandum
EMI	Equated monthly instalments
ERP	Enterprise resource planning
FPI	Foreign Portfolio Investor
GDP	Gross Domestic Product
GeM	Government e-Marketplace
Gross NPA	Gross Non-Performing Assets
Gross Loan Book	Gross Loan Book represents the aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization and are outstanding as on the last day of the relevant period
HFCs	Housing finance companies
ICRA	ICRA Limited
India Ratings	India Ratings and Research Private Limited
KYC	Know your customer
LLP	Loan Loss Provision
Loan against Gold	Loans secured with gold jewellery as collateral
LTV	Loan-to-value ratio
MPC	Monetary Policy Committee
MSF	Marginal Standing Facilities
MSME	Micro, small and medium enterprise
NBFC	Non-banking financial company
NBFC-ND-SI	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
NCDs	Non-Convertible Debentures
Net Owned Funds	Net Owned Fund, as defined in section 45-IA of the RBI Act, 1934, which means – (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance-sheet of the company after deducting there from– (i) accumulated balance of loss; (ii) deferred revenue expenditure; and

Term	Description
	(iii) other intangible assets; and (b) further reduced by the amounts representing 1. investments of such company in shares of— (i) its subsidiaries; (ii) companies in the same group; (iii) all other non-banking financial companies; and 2. the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to, and deposits with,— (i) subsidiaries of such company; and (ii) companies in the same group, to the extent such amount exceeds ten per cent of (a) above. Our Company, in its calculation of NOF has considered the above formulae to the extent applicable to it
Net Interest Income	Difference between the interest earned from loans (i.e., interest income on loan portfolio) and the interest paid on interest-bearing liabilities (i.e., adjusted finance costs)
NIM	Net Interest Margin, calculated as interest income less interest paid, divided by average of total assets on book
Net NPA	Net Non-Performing Assets
NPA	Non-Performing Assets
NSO	National Statistical Office
Opex	Operating expenditure (sum of employee expenses, depreciation and amortization expense, fees and commission expenses and other expenses), divided by average total assets on book
Opex to AUM ratio	Operating expenditure (employee expenses, plus depreciation and amortization expense, plus fees and commission expenses plus other expenses), divided by AUM for the Fiscal or period
Opex to disbursement ratio	Operating expenditure (employee expenses, plus depreciation and amortization expense, plus fees and commission expenses plus other expenses), divided by disbursement for the Fiscal or period
PAT	Profit after tax
PBT	Profit before tax
PLI	Production-Linked Incentive
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PPP	Purchasing Power Parity
PTC	Pass-through Certificate
ROA	Return on assets, being profit after tax/ average of total assets on book
ROE	Return on equity, being profit after tax/ average net worth
SDF	Standing Deposit Facility
Secured MSME Loans	Secured loans extended to small business owners and self-employed segment. This also includes loans given to salaried individuals considering the family income of the borrowers
Stage 3 loans	Stage 3 loans refers to Stage 3 loans under our Gross Loan Book as of the last day of the relevant period, or closing balance of Gross Loan Book, which are Non-Performing Assets as defined in the master circular dated July 1, 2015 “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances” issued by RBI, as amended
Tangible Net Worth	The sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.
TReDS	Trade Receivables and Discounting System
UDYAM	Registration for MSMEs on the UDYAM portal of the Ministry of Micro, Small and Medium Enterprises, Government of India
Yield on advances	Interest earned on loans and advances/ average of total advances on book

Conventional and general terms and abbreviations

Term	Description
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under the SEBI AIF Regulations
AGM	Annual general meeting

Term	Description
Bn	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
CBDT	Central Board of Direct Taxes
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act, 1956	The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder
Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and amendments notified thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the DPIIT, and any amendments or substitutions thereof, issued from time to time
Copyright Act	Copyright Act, 1957
COVID-19	The novel coronavirus disease, which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020, by the World Health Organisation
Depositories Act	Depositories Act, 1996, read with the rules, regulations, amendments and modifications notified thereunder
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's identity number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
EBITDA	Earnings before interest, taxes, depreciation and amortisation (Restated profit/ (loss) for the year/ period + tax expense + exceptional items + Finance costs + depreciation and amortisation)
EGM	Extraordinary general meeting
EPS	Earnings per share
ESIC	Employees' State Insurance Corporation
FCNR Account	Foreign Currency Non-Resident (Bank) Account established in accordance with provisions of FEMA
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations notified thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal" or "FY"	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIR	First information report
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the SEBI FVCI Regulations) registered with SEBI
GAAR	General Anti-Avoidance Rules
Gazette	Official gazette of India
GDP	Gross Domestic Product
"Government of India" or "Central Government" or "GoI"	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu undivided family(ies)
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	Income-tax Act, 1961

Term	Description
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 and referred to in the Ind AS Rules
Ind AS 24	Indian Accounting Standard 24 on Related Party Disclosure issued by the MCA
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act, 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
“INR” or “Rupee” or “₹” or “Rs.”	Indian Rupee, the official currency of the Republic of India
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IVR	Interactive Voice Response
MCA	Ministry of Corporate Affairs, Government of India
Mn.	Million
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
N.A.	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
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 (last updated on December 29, 2022)
NCLT	National Company Law Tribunal
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
“NR” or “Non-resident”	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
ODI	Offshore derivative instruments
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SBO Rules	Companies (Significant Beneficial Owners) Rules, 2018, as amended
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SMS	Short Message Service
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 Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI Debt Listing Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019

Term		Description
SEBI FVCI Regulations		Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations		Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations		Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Merchant Bankers Regulations		Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEB Regulations		Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations		Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations		Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed pursuant to the SEBI AIF Regulations
STT		Securities Transaction Tax
Systemically Important NBFC		Systemically important non-banking financial company as defined under regulation 2(1)(iii) of the SEBI ICDR Regulations
TAN		Tax Deduction and Collection Account Number
U. S. Securities Act		United States Securities Act, 1933
US\$ or USD or US Dollar		United States Dollar, the official currency of the United States of America
USA or U.S. or US		United States of America
U.S. Investment Company Act		Investment Company Act of 1940, as amended
VAT		Value added tax
VCFs		Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

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

Certain conventions

All references to “India” contained in this 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 Prospectus is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Prospectus are to a calendar year.

Unless indicated otherwise, all references to page numbers in this Prospectus are to page numbers of this Prospectus.

The Previous DRHP stands replaced in its entirety by the Draft Red Herring Prospectus. Investors are cautioned against placing any reliance on the Previous DRHP.

Financial data

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

Unless stated or the context requires otherwise, the financial data in this Prospectus is derived from the Restated Financial Information. The Restated Financial Information included in this Prospectus are as at and for the Fiscals 2023 (on a consolidated basis), 2022 and 2021 (on a standalone basis), and have been prepared in accordance with Ind AS prescribed under Section 133 of Companies Act, 2013 read with the Ind AS Rules and other relevant provisions of the Companies Act, 2013 and the guidance notes issued by ICAI. For further information, see “*Financial Statements*” beginning on page 285.

The Restated Financial Information have been prepared in accordance with Ind AS. There are significant differences between the Ind AS, the International Financial Reporting Standards (“IFRS”) and the Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations, on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to quantify the differences between the financial data (prepared under Ind AS) and IFRS/U.S. GAAP, nor have we provided a reconciliation thereof. We urge the Investors to consult their respective advisors regarding such differences and their impact on our financial data. For risks relating to significant differences between Ind AS and other accounting principles, see “*Risk Factors - Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*” on page 59.

Unless the context otherwise indicates, any percentage or amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 26, 200 and 382, respectively, and elsewhere in this Prospectus have been calculated on the basis of the Restated Financial Information.

Certain figures contained in this Prospectus, including the Restated Financial Information, have been subject to rounding-off adjustments. All decimals have been rounded off to two decimal points. In this Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off. However, where any figures that may have been sourced from the CRISIL Report are rounded off to other than two decimal points in their respective sources, such figures appear in this Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Industry and Market Data

For the purpose of confirming our understanding of the industry in connection with the Offer, we have appointed CRISIL MI&A pursuant to an engagement letter dated June 23, 2022 and have commissioned and paid for a report exclusively for the purposes of the Offer for an agreed fee, titled ‘Analysis of NBFC sector and select asset classes in India’ released on June 2023 (“**CRISIL Report**”), prepared by CRISIL MI&A. CRISIL MI&A has required us to include the following disclaimer in connection with the **CRISIL Report**:

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

The extent to which the industry and market data presented in this Prospectus is meaningful depends upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 26. Accordingly, no investment decision should be solely made on the basis of such information.

The CRISIL Report was also available on our Company’s website at <https://www.sbfc.com/for-investors>.

Other than the engagement described above, CRISIL MI&A is independent and has no direct or indirect association with the Company, its Directors, Promoters and Book Running Lead Managers.

In accordance with the SEBI ICDR Regulations, “*Basis for Offer Price*” on page 114 includes information relating to our listed peer group companies and industry averages. Such information has been derived from publicly available sources and verified by M/s Suresh Surana & Associates LLP, Chartered Accountants, the Statutory Auditors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors – Industry information included in this Prospectus has been derived from an industry report prepared by CRISIL MI&A exclusively commissioned and paid for by us for such purpose*” on page 38.

Currency and units of presentation

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

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

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

Exchange rates

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

Unless stated otherwise, the information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar, as on the dates indicated, is set forth below:

Currency	Exchange rate as on March 31, 2023	Exchange rate as on March 31, 2022	Exchange rate as on March 31, 2021
1 US\$	82.22	75.81	73.50

(in ₹)

Source: www.rbi.org.in and www.fbil.org.in

Note: Exchange rate is rounded off to two decimal places.

Notice to Prospective Investors in the United States

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

- The risk of non-payment or default by our borrowers may adversely affect our business, results of operations and financial condition.
- We depend on the accuracy and completeness of information provided by our customers and certain third party service providers and our reliance on any erroneous or misleading information may affect our judgement of their creditworthiness, as well as the value of and title to the collateral.
- The quality of our portfolio may be impacted due to higher levels of NPAs and our business may be adversely affected if we are unable to provide for such higher levels of NPAs.
- Our inability to assess and recover the full value of collateral, or amounts outstanding under defaulted loans in a timely manner, or at all, could adversely affect our business, results of operations and financial condition.
- 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 is particularly vulnerable to interest rate risk, and volatility in interest rates for both lending and treasury operations, could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows.
- Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.
- Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. We have had instances of non-compliances in the past and if we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.
- 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.
- As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions.

- Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.

For a further discussion of factors that could cause our actual results to differ, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 26, 200 and 382, 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. Forward-looking statements reflect our current views as on the date of this Prospectus and are not a guarantee of future performance. We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct.

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 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 Promoter Selling Shareholders, the Promoters, the Directors, the Book Running Lead Managers 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 this Prospectus until the date of Allotment. In accordance with requirements of SEBI and as prescribed under applicable law, each of the Promoter Selling Shareholders, severally and not jointly, shall, in respect of statements made by them in this Prospectus, keep the Company informed of material developments from the date of this Prospectus until the date of Allotment.

Only statements and undertakings which are specifically confirmed or undertaken by each Promoter Selling Shareholder, severally and not jointly, in relation to itself as a Promoter Selling Shareholder and its respective portion of the Offered Shares, as the case may be, in this Prospectus shall be deemed to be statements made by such Promoter Selling Shareholder.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including “*Risk Factors*”, “*The Offer*”, “*Capital Structure*”, “*Objects of the Offer*”, “*Industry Overview*”, “*Our Business*”, “*Outstanding Litigation and Material Developments*”, “*Offer Procedure*”, “*Restated Financial Information*” and “*Main Provisions of the Articles of Association*” on pages 26, 63, 80, 109, 129, 200, 418, 468, 290 and 488 respectively.

Summary of Business

We are a systemically important, non-deposit taking non-banking financial company offering loans including secured Micro, Small and Medium Enterprises loans and loans against gold, with a majority of our borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working class individuals. Among MSME-focused NBFCs in India, we have one of the highest assets under management growth, at a CAGR of 44% in the period from Fiscal 2019 to Fiscal 2023. (Source: CRISIL Report, page 189) We have also witnessed healthy disbursement growth, at a CAGR of 40% between Fiscal 2021 and Fiscal 2023. (Source: CRISIL Report, page 189)

Summary of Industry

In the Indian financial system, NBFCs have grown in importance by catering to customers in underbanked regions or those who would not be catered to by traditional financial institutions, due to absence of credit history or lack of proper collateral records. NBFC credit is expected to grow at 12% - 14% between Fiscal 2023 and Fiscal 2025. Credit growth is expected to be driven by the retail vertical, including housing, auto and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth for NBFCs. (Source: CRISIL Report, page 150)

For further information, see “*Industry Overview*” and “*Our Business*” on pages 129 and 200, respectively.

Promoters

The Promoters are SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd., Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP. For further information, see “*Promoters and Promoter Group*” on page 264.

Offer size

The details in relation to the Offer are set forth below:

Offer of which	179,889,950 Equity Shares [^] aggregating to ₹ 10,250.00 million ^{^#}
(i) Fresh Issue⁽¹⁾⁽²⁾	105,328,548 Equity Shares [^] aggregating to ₹ 6,000.00 million ^{^#}
(ii) Offer for Sale⁽³⁾	74,561,402 Equity Shares [^] aggregating to ₹ 4,250.00 million ^{^#}
Employee Reservation Portion⁽⁴⁾	1,863,636 Equity Shares [^] aggregating to ₹ 102.50 million
Net Offer	178,026,314 Equity Shares [^] aggregating to ₹ 10,147.50 million

(1) The Offer has been authorized by a resolution dated October 14, 2022 passed by our Board and the Fresh Issue has been approved by a special resolution dated October 15, 2022 passed by our Shareholders. The Offer for Sale was taken on record by our Board pursuant to resolution dated March 20, 2023 read with resolution dated July 12, 2023.

(2) Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. The size of the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million. For further details in relation to the Pre-IPO Placement, see “*Capital Structure*” and “*Risk Factors – Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price.*” on pages 80 and 35, respectively.

(3) Each of the Promoter Selling Shareholders has, severally not jointly, specifically confirmed that its respective portion of the Offered Shares are eligible to be offered for sale in the Offer in accordance with Regulation 8 of the SEBI ICDR Regulations. For details on the authorisation of each of the Promoter Selling Shareholders in relation to the Offered Shares, see “*The Offer*” on page 63.

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

[^]Subject to finalisation of Basis of Allotment

^{^#}A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

The Offer and Net Offer shall constitute 16.90% and 16.73% of the post-Offer paid up equity share capital of our Company, respectively. For further details, see “*The Offer*” on page 63.

Objects of the Offer

The details regarding the use of the Net Proceeds are set forth below:

Particulars	(in ₹ million)	
	Amount	
Augmenting the capital base of our Company	5590.83	

For further details, see “Objects of the Offer” on page 109.

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

The aggregate pre-Offer shareholding of Promoters, Promoter Group and Promoter Selling Shareholders as on the date of this Prospectus is set forth below:

S. No.	Category of Shareholders	Number of Equity Shares held	% of total paid up pre-Offer Equity Share capital	% of total paid up post-Offer Equity Share capital*
Promoters/ Promoter Selling Shareholders				
1.	Arpwood Partners Investment Advisors LLP	98,837,596	10.31	4.24
2.	Arpwood Capital Private Limited	24,257,337	2.53	1.04
3.	Eight45 Services LLP	10,009,170	1.04	0.22
Sub-Total (A)		133,104,103	13.88	5.50
Promoter				
1.	SBFC Holdings Pte. Ltd.	622,813,525	64.95	58.52
2.	Clermont Financial Pte. Ltd.	Nil	Nil	Nil
Sub-Total (B)		622,813,525	64.95	58.52
Promoter Group				
1.	Arpwood Consultants LLP	Nil	Nil	Nil
2.	Vastrapur Investment Advisors LLP	Nil	Nil	Nil
3.	Clermont Corporation Pte. Ltd.	Nil	Nil	Nil
4.	Indie Holdings Pte. Ltd.	Nil	Nil	Nil
Sub-Total (C)		Nil	Nil	Nil
Total (A + B + C)		755,917,628	78.83	64.02

*Subject to finalisation of Basis of Allotment

Summary of selected financial information

The summary of the selected financial information of the Company as per the Restated Financial Information is set forth below:

Particulars	(in ₹ million, other than share data)		
	As of / for the year ended		
	March 31, 2023	March 31, 2022	March 31, 2021
Equity share capital	8,895.72	8,068.00	7,966.74
Tangible Net Worth	14,668.76	10,267.75	9,447.16
Total income	7,403.61	5,307.02	5,115.33
Restated Profit/(loss) after tax	1,497.36	645.21	850.10
EPS (basic) (₹)	1.71	0.81	1.09
EPS (diluted) (₹)	1.62	0.79	1.06
NAV per equity share (₹)	19.26	15.42	14.66
Total borrowings	37,458.33	29,488.18	27,725.52

Notes:

- Basic earnings per share (₹) = Restated profit for the year attributable to equity shareholders / Weighted average number of equity shares in calculating basic EPS
- Diluted earnings per share (₹) = Restated profit for the year attributable to equity shareholders / Weighted average number of equity shares in calculating diluted EPS
- Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended)
- Net asset value per share (₹) = Net worth/ Number of equity shares as the end of the year/period

- e. *Tangible Net worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period*
- f. *Total borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.*

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

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

Summary of outstanding litigation and material developments

A summary of outstanding litigation proceedings involving our Company, our Subsidiary, the Promoters and the Directors, such proceedings which have material impact on our Company, as on the date of this Prospectus, is set forth below:

Name of the Entity	Criminal Proceedings	Tax Proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoters	Material civil litigation	Aggregate amount involved* (₹ in million)
Company						
By the Company	3,829	1	Nil	N.A.	1 [#]	1,502.95 [#]
Against the Company	8	Nil	Nil	N.A.	Nil	33.10
Directors						
By the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoters						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiary						
By the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
Against the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil

* *To the extent quantifiable.*

[#] *The amount involved includes ₹ 22.93 million in relation to the matter involving Solmec Earthmovers Pvt. Ltd, which has been recovered by us from them and there is nothing due from them as on date. The matter is currently pending.*

As on date of this Prospectus, there are no group companies of our Company in terms of the SEBI ICDR Regulations. For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” on page 418.

Risk factors

Specific attention of the Investors is invited to the section “*Risk Factors*” on page 26 to have an informed view before making an investment decision.

Summary of contingent liabilities

The summary of the contingent liabilities (claims/ demands not acknowledged as debt) of our Company, as of March 31, 2023 is set forth below:

Particulars	<i>(in ₹ million)</i> As at March 31, 2023
(a) Contingent liabilities	
Claims against the Company not acknowledged as Debts*	6.36

**These involve 17 consumer complaints and claims filed against our Company.*

For details of the contingent liabilities and as reported in the Restated Financial Information, see “*Financial Statements – Notes to Restated Financial Information - Note 47(a)*” on page 350.

Summary of capital commitments

The summary of the capital commitments of our Company, as of March 31, 2023 is set forth below:

		(in ₹ million)
Particulars		As at March 31, 2023
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		12.01
Commitments related to loans sanctioned but undrawn		-
Other Commitments		-

For details of the capital commitments and as reported in the Restated Financial Information, see “*Financial Statements – Notes to Restated Financial Information - Note 47(b)*” on page 350. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Significant Developments After March 31, 2023 that may Affect our Future Results of Operations*” on page 417.

Summary of related party transactions

The summary of the related party transactions entered into by our Company with related parties is set forth below:

		(in ₹ million)		
Particulars		Fiscals		
Nature of transaction	Related parties with whom transactions have taken place	2023	2022	2021
Sitting Fees	Mr. Neeraj Swaroop	3.20	2.90	2.70
Sitting Fees	Mr. Amitabh Mohanty	-	-	0.60
Sitting Fees	Mr. Rajesh Mannalal Agrawal	1.10	1.60	0.80
Sitting Fees	Mr. Robin Banerjee	0.50	-	-
Sitting Fees	Mrs. Surekha Marandi	1.40	-	-
Remuneration to KMPs	Mr. Aseem Dhru	65.26	33.65	45.94
Remuneration to KMPs	Mr. Narayan Barasia	22.28	20.38	17.98
Remuneration to KMPs	Mr. Jay Mistry	2.32	1.48	-
Remuneration to KMPs	Mrs. Swati Amey Morajkar	-	0.08	1.02
Employee Share Based Payment	Mr. Aseem Dhru	29.15	7.99	20.12
Employee Share Based Payment	Mr. Narayan Barasia	6.52	3.27	3.35
Employee Share Based Payment	Mr. Jay Mistry	0.07	0.02	-
ESOP exercise through ESOP Trust	Mr. Narayan Barasia	2.13	14.00	-
Issue of Equity Share Capital/ Conversion of Partly Paid Shares into Fully Paid-up equity shares	Mr. Narayan Barasia	8.45	2.82	-
Issue of Equity Share Capital/ Conversion of Partly Paid Shares into Fully Paid-up equity shares	Mr. Aseem Dhru	219.67	22.52	-
Loan Given (Controlled Employee Welfare Trust)	SBFC Employee welfare Trust	-	53.68	-
Loan Repaid (Controlled Employee Welfare Trust)	SBFC Employee welfare Trust	5.29	72.37	-
Gratuity (Post Employment Benefit plan)	SBFC Finance Private Limited Employees GGCA Scheme	8.76	5.29	3.03
Issue of Equity Share Capital (Holding Company) / Conversion of Partly Paid Shares into Fully Paid	SBFC Holdings Pte. Ltd.	2,000.00	-	763.96
Issue of Equity Share Capital (Entities in which KMP Exercise Significant Influence) / Conversion of Partly Paid Shares into Fully Paid	Arpwood Capital Private Limited	-	-	223.61
Issue of Equity Share Capital (Entities in which KMP Exercise Significant Influence) / Conversion of Partly Paid Shares into Fully Paid	Eight45 Services LLP	-	-	17.00
Total		2,376.10	242.05	1,100.11

For details of the related party transactions and as reported in the Restated Financial Information, see “*Financial Statements – Notes to Restated Financial Information – Note 43*” on page 347.

Financing arrangements

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, the Directors and their relatives (as defined in the Companies Act, 2013) and the directors of the corporate Promoters have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during a period of six months immediately preceding the date of the Red Herring Prospectus and this Prospectus.

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

The weighted average price at which the Equity Shares were acquired by the Promoters and the Promoter Selling Shareholders in the one year preceding the date of this Prospectus is as follows:

S. No.	Name of Promoter	Number of Equity Shares acquired	Weighted average price of acquisition per Equity Share (₹)
1.	SBFC Holdings Pte. Ltd.	7,000,000	60.00

The above details have been certified by our Statutory Auditors, by way of their certificate dated July 28, 2023

Except SBFC Holdings Pte. Ltd., none of our Promoters or Promoter Selling Shareholders have acquired securities in the last one year preceding the date of this Prospectus.

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

The average cost of acquisition per equity share to the Promoters and the Promoter Selling Shareholders as at the date of this Prospectus is set forth below:

S. No.	Name	Number of Equity Shares acquired	Average cost of acquisition per equity share (₹)
Promoters and Promoter Selling Shareholders			
1.	SBFC Holdings Pte. Ltd.	622,813,525	16.08
2.	Clermont Financial Pte. Ltd.	-	-
3.	Arpwood Partners Investment Advisors LLP	98,837,596	12.69
4.	Arpwood Capital Private Limited	24,257,337	15.98
5.	Eight45 Services LLP	10,009,170	12.73

The above details have been certified by our Statutory Auditors, by way of their certificate dated July 28, 2023

Details of price at which specified securities were acquired by the members of our Promoter Group, the Promoter Selling Shareholders and Shareholders with special rights in the three years preceding the date of this Prospectus

Except as disclosed below there are no Equity Shares of our Company acquired by the members of our Promoter Group, the Promoter Selling Shareholders, and Shareholders with special rights, in the three years preceding the date of this Prospectus:

Sr. No	Name of the acquirer/ Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹)
Promoter and Promoter Selling Shareholders						
1.	SBFC Holdings Pte. Ltd.	Equity Shares	10.00	April 8, 2022	50,000,000	40.00
		Equity Shares	10.00	September 20, 2022	4,000,000	60.00
		Equity Shares	10.00	September 20, 2022	3,000,000	60.00
2.	Arpwood Capital Private Limited	Equity Shares	10.00	August 4, 2020	3,700,000	19.18
3.	Eight45 Services LLP	-	-	-	-	-
4.	Arpwood Partners Investment Advisors LLP	-	-	-	-	-
Promoter Group						
1.	Arpwood Consultants LLP	-	-	-	-	-
2.	Vastrapur Investment	-	-	-	-	-

Sr. No	Name of the acquirer/ Shareholder	Nature of securities	Face value (in ₹)	Date of acquisition of securities	Number of securities acquired	Acquisition price per security (in ₹)
	Advisors LLP					
3.	Clermont Corporation Pte. Ltd.	-	-	-	-	-
4.	Indie Holdings Pte. Ltd.	-	-	-	-	-

The above details have been certified by our Statutory Auditors, by way of their certificate dated July 28, 2023

Weighted average cost of all Equity Shares transacted in the three years, 18 months and one year preceding the date of this Prospectus

Period	Weighted average cost of acquisition per Equity Share (in ₹)*	Cap Price is 'x' times the weighted average cost of acquisition	Range of acquisition price per Equity Share: lowest price – highest price (in ₹)*
Last one year preceding the date of this Prospectus	44.95	1.27	12.50 to 60.00
Last 18 months preceding the date of this Prospectus	43.02	1.32	12.50 to 60.00
Last three years preceding the date of this Prospectus	41.57	1.37	12.50 to 60.00

* As certified by our Statutory Auditors by way of their certificate dated July 28, 2023

Details of Pre-IPO placement

Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million. For further details in relation to the Pre-IPO Placement, see “Capital Structure” on page 80.

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

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

Split/Consolidation of Equity Shares in the last one year

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

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

As on date of this Prospectus, no application has been made by the Company seeking exemption from complying with any provisions of securities laws.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this 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, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Industry Overview”, “Our Business”, “Restated Financial Information”, “Selected Statistical Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and on pages 129, 200, 290, 271 and 382, respectively, as well as the other financial and statistical information contained in this Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved.

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. This Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. For further information, see “Forward-Looking Statements” on page 18.

The consolidated financial information for Fiscal 2023 is not directly comparable with the standalone financial information for Fiscals 2021 and 2022 since we did not have any subsidiary in such prior periods. Unless otherwise indicated or the context otherwise requires, the Restated Financial Information included in this Prospectus, for Fiscals 2021 and 2022 are derived from our restated standalone financial information, and the financial information for Fiscal 2023 is derived from our restated consolidated financial information. For further information, see “Restated Financial Information” on page 290. Unless the context otherwise requires, in this section, references to “the Company”, or “our Company” refer to SBFC Finance Limited on a standalone basis while “we”, “us” and “our” refer to SBFC Finance Limited on a consolidated basis.

Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled “Analysis of NBFC sector and select asset classes in India” dated June, 2023 (the “CRISIL Report”) prepared and issued by CRISIL MI&A, appointed by us pursuant to letter dated June 23, 2022 and exclusively commissioned and paid for by us in connection with the Offer. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. A copy of the CRISIL Report is available on the website of our Company at <https://www.sbfc.com/for-investors>. Also see, “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 16.

Internal Risks

Risks Relating to the Business of our Company

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

As of March 31, 2023, 81.33% of our total AUM of Secured MSME Loan customers are self-employed. During the period from April 1, 2021 to March 31, 2023, 80.14% of the loans disbursed (in terms of disbursal amount) by us were to self-employed customers and amounted to ₹ 42,051.68 million. We also have a concentration of loans to MSMEs. Self-employed customers and MSMEs are often perceived to be higher risk customers (*Source: CRISIL Report, page 161*) than large corporate borrowers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions.

Set forth below are details of average LTV ratios as of each of the corresponding periods:

Particulars	As of March 31,		
	2021	2022	2023
Average LTV on AUM on Origination Basis for Secured MSME Loans (%)	45.17%	43.42%	42.51%
Average LTV on AUM on Origination Basis for Loan against Gold (%)	67.88%	69.47%	68.51%

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 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. The current level of our provisions may not adequately cover any such increases. Further, we have certain customers who are first-time borrowers from the formal secured lending ecosystem. As of March 31, 2023, we had 3,938 loans, comprising 7.90% of our total advances for Secured MSME Loans, extended to borrowers who were new to the formal secured lending ecosystem. Such customers may have a high 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.

Set forth below are details of outstanding amounts that are 1 - 89 days past due, and those that are 90 days past due (which are in turn identified as NPAs), each involving our customers with annual income below ₹ 0.30 million (monthly income below ₹ 25,000) in the corresponding periods. The figures below are the GNPA's for this segment:

Customer income bracket- Annual income below ₹ 0.30 million	As of March 31,					
	2021		2022		2023	
	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)
	16.06	2.23%	35.18	2.17%	64.87	2.56%
	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)
	3.62	0.50%	20.38	1.26%	46.93	1.85%

Set forth below are details of outstanding amounts that are NNPA's, and provisions made for 90 days past due amounts, each involving our customers with annual income below ₹ 0.30 million (monthly income below ₹ 25,000) in the corresponding periods.

Customer income bracket- Annual income below ₹ 0.30 million	As of March 31,					
	2021		2022		2023	
	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)
	2.43	0.37%	12.78	0.82%	27.31	1.11%
	Provision for amounts that are 90 days past due (₹ million)		Provision for amounts that are 90 days past due (₹ million)		Provision for amounts that are 90 days past due (₹ million)	
	1.19		5.82		16.86	

Set forth below are details of outstanding amounts that are 1 - 89 days past due, and those that are 90 days past due (which are in turn identified as NPAs), each involving our customers who are self-employed. The figures below are the GNPA's for this segment:

		As of March 31,					
		2021		2022		2023	
Self-employed customers	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)	Outstanding amount that is 1-89 days past due (₹ million)	Percentage of total outstanding amount that is 1-89 days past due (%)	
		14.07	2.58%	26.52	2.51%	38.34	2.47%
	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)	Outstanding amount that is 90 days past due (₹ million)	Percentage of total outstanding amount that is 90 days past due (%)	
	2.92	0.54%	13.63	1.29%	35.11	2.27%	

Set forth below are details of outstanding amounts that are NNPA's, and provisions made for 90 days past due amounts, each involving our customers who are self-employed.

		As of March 31,					
		2021		2022		2023	
Self-employed customers	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)	Outstanding amount that is NNPA (₹ million)	Percentage of total outstanding amount that is NNPA (%)	
		1.95	0.40%	8.16	0.82%	20.02	1.35%
	Provision for amounts that are 90 days past due (₹ million)	Provision for amounts that are 90 days past due (₹ million)	Provision for amounts that are 90 days past due (₹ million)				
	0.98	3.69	12.33				

We cannot assure you that our monitoring and risk management controls will be sufficient to prevent future losses on account of customer defaults, thereby increasing our Gross NPAs and adversely affecting our business, results of operations and financial condition.

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

While deciding whether to extend credit to customers, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their income, assets, financial transactions and credit history. We follow Know Your Customer (“KYC”) guidelines prescribed by RBI for potential customers, verify their place of employment and residence, as applicable. Our reliance on erroneous or misleading information may affect our judgement of credit worthiness of potential customers, and the value of and title to collateral. Further, we may have customers who are unable to document their entire income comprehensively. Further, 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. (Source: CRISIL Report, page 163) In addition, as of March 31, 2023, 7.90% of our customers do not have any credit history in the formal secured lending ecosystem. Accordingly, we may not be able to assess their income or ability to repay our loans accurately. While there have been no material instances of such misleading information being provided to us in the three preceding Fiscals, to an extent our NPAs may be deemed to have resulted from our erroneous judgment of customers’ ability or willingness to repay their debt, including owing to circumstances that arise after loans have been sanctioned. We may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit

bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will be available, accurate or comprehensive.

3. The quality of our portfolio may be impacted due to higher levels of NPAs and our business may be adversely affected if we are unable to provide for such higher levels of NPAs.

Our ability to manage the credit quality of our loans, which we measure through assets that are more than 90 days past due (“DPD”, and such assets, “NPAs”), is a key driver of our results of operations. As of March 31, 2023, our Stage 3 assets and NPAs also include linked loans (where one customer has more than one loan with our Company, if one loan becomes NPA, all other linked loans also become NPA), and loans that have been 90 DPD and have rolled back but not become current. Set forth below are details of our asset quality ratios, as well as provision coverage ratio, as of each of the corresponding periods:

Particulars	As of March 31,		
	2021	2022	2023
Gross NPA ⁽¹⁾ (₹ million)	666.55	828.94	1,081.65
Gross NPA ratio ⁽²⁾ (%)	3.16%	2.74%	2.43%
Net NPA ⁽³⁾ (₹ million)	411.59	493.72	626.88
Net NPA ratio ⁽⁴⁾ (%)	1.95%	1.63%	1.41%
Provision Coverage Ratio ⁽⁵⁾ (%)	38.25%	40.44%	42.04%

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

(2) Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.

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

(4) Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.

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

There can be no assurance that we will be able to maintain our NPA ratios at levels with the credit performance of our customers, or at which our credit and our underwriting analysis, servicing and collection systems and controls will be adequate. Further, our peers may have better asset quality, with lower GNPA and NNPA ratios than us, which may in turn lead to high profitability and low provisioning requirements. For further information, see “Industry Overview – Peer Benchmarking – Financial Performance - GNPA and NNPA for Players (Fiscal 2023)” on page 198. We may experience greater defaults in principal and/or interest repayments in future. In the event of any further deterioration in our NPA portfolio, or if our provisioning coverage is insufficient to cover our existing or future levels of NPAs, our ability to raise additional capital and debt funds as well as our business prospects, financial condition and results of operations could be adversely affected.

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

As of March 31, 2023, 96.44% of our Gross Loan Book was secured. Set forth below are our average LTV ratios on AUM on origination basis for the corresponding periods:

Product Wise average LTV on AUM on Origination Basis (%)	As of March 31		
	2021	2022	2023
Secured MSME Loans	45.17%	43.42%	42.51%
Loan against Gold	67.88%	69.47%	68.51%

We may face difficulties in recovering the amounts against gold jewellery and property collateral for various reasons, as specified below:

- Risk arising from collateral for our portfolio, other than Loans against Gold**

If immovable property is provided as security, (i) its value may decline, (ii) its ownership documents may not be duly registered or adequately stamped, which renders such documents inadmissible in evidence, unless stamped prior to enforcement with payment of requisite penalties, or (iii) there may be challenges in title verification. Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such mortgaged properties.

Set forth below are the types of assets provided as security for our Secured MSME Loans portfolio, based on the category of borrowers:

	As of March 31,					
	2021		2022		2023	
	Outstanding amount secured (₹ million)	Percentage of total outstanding amount of Secured MSME Loans (%)	Outstanding amount secured (₹ million)	Percentage of total outstanding amount of Secured MSME Loans (%)	Outstanding amount secured (₹ million)	Percentage of total outstanding amount of Secured MSME Loans (%)
Salaried borrowers						
Self-occupied residential property	1,598.14	11.08%	3,709.71	15.95%	6,440.14	16.43%
Self-occupied commercial property	81.98	0.57%	117.53	0.51%	239.37	0.61%
Others*	142.62	0.99%	283.95	1.22%	373.35	0.95%
Self-employed borrowers						
Self-occupied residential property	9,587.14	66.47%	14,943.96	64.24%	25,998.39	66.32%
Self-occupied commercial property	2,179.18	15.11%	2,765.34	11.89%	4,078.18	10.40%
Others*	833.62	5.78%	1,442.22	6.20%	2,070.60	5.28%

*Includes rental property and mixed use property.

• **Risk arising from gold provided as collateral**

If gold is provided as collateral, (i) its price may decrease and even if customers do not repay their loans, we may incur losses which exceed the collateral value; (ii) we may not be able to realise the assessed or full value, due to, among other things, defects in the quality of gold or wastage on melting gold jewellery into gold bars, (iii) in case of default, we conduct auctions based on a bidding process guided by the regulator and there can be no assurance that we will be able to sell such gold in a timely manner at prices sufficient to cover the default. We are subject to the risk that our employees may engage in fraud regarding their estimation of the value of pledged gold. Failure by our employees to properly appraise the value of the collateral provides us with no recourse against the borrower and the loan sanctioned may eventually result in bad debt in our books of accounts.

If any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process, leading to depreciation of the secured asset. Thus we may be unable to fully recover the outstanding balance, even where we are able to successfully repossess and liquidate the collateral. Further, as of March 31, 2023, we have engaged 19 collection agencies dedicated to our Secured MSME Loans portfolio to assist our in-house collections team. We may be exposed to the risk of fraud by any of these collection agencies or their respective personnel if we are unable to monitor their operations adequately.

5. **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 ability to raise funds on acceptable terms and in a timely manner, depends on various factors including our current and future results of operations, risk management policies, credit ratings, brand equity, the regulatory environment and policy initiatives in India and developments in the domestic markets and international markets affecting the Indian economy. For further information on our indebtedness, see “Financial Indebtedness” on page 379. Set forth below are details of our debt funding, including the average cost of such funding, in the three preceding Fiscals:

As of March 31, 2021		As of March 31, 2022		As of March 31, 2023	
Debt outstanding (₹ million)	Average cost of borrowing (%)	Debt outstanding (₹ million)	Average cost of borrowing (%)	Debt outstanding (₹ million)	Average cost of borrowing (%)
27,725.52	8.11%	29,488.18	7.65%	37,458.33	8.22%

We have not defaulted in repayment of any such borrowings. For details of equity raised in the three preceding Fiscals, see “Capital Structure – Notes to Capital Structure – Share capital history of our Company” on page 81.

In the past, certain NBFCs in India have defaulted in the repayment of their borrowings, which has adversely affected the availability and cost of borrowings to NBFCs in general. Any such events in the future may lead to adverse perceptions about the retail loan industry, and the financial services sector as a whole, thereby affecting our ability to obtain financing at commercially reasonable terms. 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. 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.

6. *Our business is particularly vulnerable to interest rate risk, and volatility in interest rates for both lending and treasury operations, could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows.*

Our results of operations depend to a large extent on the amount of our net interest income as our primary revenue source is interest income. Set forth below are details of our interest income for each of the corresponding periods:

2021		Fiscal 2022		2023	
Interest income (₹ million)	Interest income as a percentage of total income (%)	Interest income (₹ million)	Interest income as a percentage of total income (%)	Interest income (₹ million)	Interest income as a percentage of total income (%)
4,631.66	90.54%	4,731.47	89.15%	6,541.52	88.36%

An increase in interest rate can add to the financial stress of our borrowers, leading to higher delinquencies and may reduce the overall demand for retail loans and impact our growth. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances, or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our loans. Further, such increase in interest rates could affect our ability to raise low cost funds as compared to some of our competitors who may have access to lower cost deposits. Our cost of funds and operating expenses may increase to a level where it is difficult to comply with the directions issued by the RBI. 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 loans, it could lead to a reduction in our net interest income and net interest margin.

To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than our competitors that may borrow only at fixed interest rates. In our Loan Against Gold portfolio, we are secured by the collateral provided by gold, which also accounts for fluctuation in market prices to an extent, as we are required to cap the LTV of gold loans at the time of disbursement at 75% of the gold collateral's value. Of our Secured MSME Loans extended as on March 31, 2023, 97.94% in terms of Gross Loan Book was based on a floating rate of interest and 2.06% in terms of Gross Loan Book was based on a fixed rate of interest. Our floating rate portfolio allows us to revise our prime lending rate based on the rate at which we incur borrowings, which we treat as a hedge against interest rate volatility. While a floating interest rate is linked to market parameters and can account for market circumstances to an extent, our fixed interest rate loans may have lower interest yield compared to our interest expenses, resulting in lower profitability. Further, changes in interest rates could affect our treasury income.

7. *Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.*

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

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023
	(₹ million)		
Net cash flows from/ (used in) operating activities	(2,751.96)	(8,216.44)	(12,449.55)
Net cash flows from/ (used in) investing activities	3,750.58	6,518.16	2,059.16
Net cash flows from/ (used in) financing activities	(1,866.65)	1,830.32	10,710.07

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further

information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cash Flows*” on page 412.

8. ***Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. We have had instances of non-compliances in the past and if we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows.***

Our Company has issued secured, redeemable, rated and non-convertible debentures (“NCDs”) which are listed on the debt segment of BSE. The debenture trust deeds entered into by our Company in relation to these NCDs include restrictive covenants that require us to *inter alia* intimate or obtain the consent of the debenture trustee before undertaking certain corporate actions. Further, we are required to comply with various applicable rules and regulations in terms of our listed NCDs. We have had instances of non-compliances in the past, such as delay in furnishing intimation about meeting of shareholders or holders of NCDs and non-submission of annual reports within the period prescribed under the SEBI Listing Regulations, and have paid the fines imposed upon us for such non-compliance. In October 2022, the BSE has imposed a fine of ₹ 63,000, and applicable taxes, on us for (i) delay in furnishing intimation about meeting of shareholders or holders of non-convertible securities and (ii) non-submission of annual report. In November 2022, the BSE has imposed an additional fine of ₹ 32,000, and applicable taxes, for non-submission of annual report and a fine of ₹ 31,000, and applicable taxes, on us for non-submission of the statement of shareholder complaints (redressal of grievances) within the period prescribed. Similarly, we are subject to continuous disclosure obligations under the SEBI Listing Regulations, including the requirement to publish our quarterly financial results. While there are currently no continuing instances of non-compliances, if we fail to comply with such rules and regulations, we may be subject to certain penal actions, including, without limitation, restrictions on the further issuance of securities and the freezing of transfers of securities, which may have an adverse effect on our business, results of operations, financial condition and cash flows. For details of such listed non-convertible debentures, see “*Financial Indebtedness*” on page 379.

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. For information on our current credit ratings, see “*Our Business – Credit Ratings*” on page 220. While there has been no downgrade in our credit ratings in the past five Fiscals, 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, and our business. In addition, any downgrade in our credit ratings could result in a recall of existing facilities, increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and impair our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations and financial condition. For information on our borrowings, see “*Financial Indebtedness*” on page 379.

We have received a credit rating of Ind A/ Stable in Fiscal 2018, and have subsequently been upgraded to Ind A+/Stable in Fiscal 2022 by India Rating. We have received a credit rating upgrade of [ICRA] A+ (Stable) in October 2022 from [ICRA] A (Positive) in October 2021 for our NCDs and term loan. We have received a rating of CARE A+; Stable by CARE Ratings for our long term bank facilities in April 2023. Many of our peers may have higher credit ratings than we do, as set forth below, and this could provide a competitive advantage to such peers.

Ratings of players (as on June 7, 2023) (Source: CRISIL Report, page 196)

	Players	Short Term Rating	Long Term Rating
Housing Finance Companies	Aavas Financiers	CARE A1+, ICRA A1+, IND A1+	CARE AA, ICRA AA
	Home First Finance Company	ICRA A1+, IND A1+	ICRA AA-, CARE AA-, IND AA-
	Aptus Value Housing Finance	NA	CARE AA-, ICRA AA-
	Vastu Housing Finance	ICRA A1+	BWR A+, ICRA AA-, CRISIL A+, CARE AA-
MSME focused NBFCs	HDB Financial Services	CRISIL A1+, CARE A1+	CRISIL AAA/CRISIL PPMLD AAA, CARE AAA
	IIFL Finance	ICRA A1+, CRISIL A1+	ICRA AA, CARE AA, BWR AA+, CRISIL AA/CRISIL PPMLD AA
	Shriram City Union Finance	NM	NM

	Players	Short Term Rating	Long Term Rating
	Fedbank Financial Services	CRISIL A1+, ICRA A1+, CARE A1+	CARE AA, IND AA-, A1+
	Five-Star Business Finance	CARE A1+	ICRA AAA (CE)/ICRA AA-, IND AA-, CARE A+
	SBFC Finance	NA	ICRA A+, IND A+, CARE A+
	Vistaar Finance	IND A1, ICRA A1	IND A, ICRA A
	Veritas Finance	CARE A1+	CARE A
Small Finance Bank	AU Small Finance Bank	IND A1+, CRISIL A1+, CARE A1+	IND AA, CRISIL AA+/CRISIL AA/Withdrawn, CARE AA
Gold NBFCs	Muthoot Finance	CRISIL A1+, ICRA A1+	CRISIL PPMLD AA+, /CRISIL AA+/ ICRA AA+
	Manappuram Finance	CRISIL A1+, CARE A1+	BWR AA, CRISIL AA, CARE AA

10. As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by the RBI during these inspections could expose us to penalties and restrictions.

Under section 45N of the Reserve Bank of India Act, 1934, we are subject to periodic inspections by the RBI as an NBFC-ND-SI, wherein the RBI inspects our books of accounts and other records to verify the correctness or completeness of any statement, information or particulars furnished to the RBI, or for the purpose of obtaining any statements, information or particulars which our Company has failed to furnish on being called upon to do so. In its past inspection report, dated July 4, 2019, RBI has recommended action by our Company in relation to *inter alia* the following concerns: (i) reduction in interest rates of certain accounts by more than 3.50%, up to 7%; (ii) excess collection on auction of gold as on March 31, 2018, without adequate evidence to show that multiple communication methods had been attempted with customers whose accounts had credit balance from gold auctions; (iii) an independent director being authorised to represent a shareholder in the AGM of the Company; and (iv) absence of a board-approved internal audit process, with defined scope and timelines, for Fiscal 2018 and Fiscal 2019. There has been no RBI inspection of our Company, physical or virtual, after Fiscal 2019. Our Company has subsequently submitted the required compliance report to the RBI providing the relevant clarifications, including *inter alia* the following corresponding submissions: (i) the requests for reduction in interest rate by more than 3.50%, up to 7% were long overdue and pending, owing to acquisition of the relevant portfolio and change in management. Further, the reductions in interest rate were based on vintage, repayment track record / conduct of account and competitive business environment; (ii) procedural requirements were met and loan recall notice as well as auction notice for the gold were sent to delinquent borrowers. In addition, on adjustment of auction proceeds against the loan outstanding, communication was sent to the relevant borrowers to collect the excess amounts lying with our Company; (iii) the relevant independent director was erroneously recorded as an authorized representative of a shareholder, which was not repeated in any meeting subsequent to December 19, 2018. Further, the relevant independent director had subsequently relinquished his office in the Company; and (iv) while there was an independent internal audit department and reporting structure in place since our Company commenced operations, an internal audit process was duly approved by the Audit Committee of the Board on March 15, 2019.

While there has been no non-compliance with RBI observations in the three preceding Fiscals, there can be no assurance that the RBI will not make other observations in the future. For instance, we have, in the past, received complaints forwarded by the RBI in relation to foreclosure, collections and disbursements, amongst others. While we believe these complaints were adequately responded to and we have taken appropriate steps for redressal, we cannot assure you that we will not receive such complaints in future which may have an impact on our business. Further, while we attempt to comply with all regulatory provisions, directions or observations applicable to us, including in connection with RBI's inspection reports described immediately above, which have all been resolved by way of responses to the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. If we are unable to resolve such deficiencies to RBI's satisfaction, our ability to conduct our business may be adversely affected. We have not received any warning letter, administrative letter or penalty from the RBI in the three preceding Fiscals. However, imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse impact on our reputation, business prospects, financial condition, cash flows and results of operations.

11. *Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.*

The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. For example, we compete with Five-Star Business Finance Limited, Veritas Finance Private Limited, IIFL Finance and Fedbank Financial Services Limited in the Secured MSME Loans segment (*Source: CRISIL Report, page 189*), and Muthoot Finance, Manappuram Finance, IIFL Finance, Fedbank Financial Services Limited and Shriram City Union Finance in the Loan against Gold segment. (*Source: CRISIL Report, page 189*). Many of these competitors may have greater financial resources, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. Our margins are affected in part by our ability to continue to secure low-cost funding, and the interest rates at which we extend loans to our customers. For details regarding cost of borrowings, and average LTV of players, see “*Industry Overview – Average ticket size and LTV of players*” and “*Industry Overview – Trend of yield on advances and Cost of Borrowings of player (Fiscal 2023)*” on pages 192 and 195, respectively. Our ability to increase interest rates on the loans we extend, however, is limited by the increasing popularity of standardized and variable interest rate financing products, variable payment terms and lower processing fees introduced by our competitors. Any increase in the interest rates on the loans we extend may also result in a decrease in business. For rates of interest offered by players on different products as of March, 2023, see “*Industry Overview – Interest rate of players for selected products as of June 2023*” on page 193.

We are subject to the potential increase in competition brought about by changes in the laws and regulations governing our business and those adjacent to ours. Any changes in the relevant laws or regulations by the RBI to correct, clarify or amend regulatory subject matters may result in the diminishment of the available opportunities for regulatory arbitrage. For example, from August 6, 2020 to March 31, 2021, the RBI permitted banks to provide gold loans with a LTV of up to 90% for non-agricultural purposes, while the LTV requirements for NBFCs remained unchanged. More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. (*Source: CRISIL Report, page 176*) 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 and in August 2021, Meta (earlier known as Facebook) partnered with Indifi Technologies to provide loans to small businesses that advertise on its platform. (*Source: CRISIL Report, page 176*) 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. (*Source: CRISIL Report, page 176*) We cannot assure you that changes in the relevant laws and regulations in the future may not result in an increase in competition from other players. Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services. This could adversely affect our competitive environment. Increasing competition may also result in slower growth and a reduction in our net interest margin and market share, and consequently may have an adverse effect on our results of operations and financial condition.

12. *We are subject to laws and regulations governing the financial services industry and our operations in India, including laws in relation to capital adequacy ratios. Changes in regulations governing us could adversely affect our business, results of operations and prospects.*

As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI and comply with other regulatory requirements. For instance, we are required to maintain a capital adequacy ratio which shall not be less than 15% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items and our Tier I capital, at any point in time, shall not be less than 10% and Tier II capital should not exceed Tier I capital. For further information, see “*Key Regulations and Policies*” on page 226. As of March 31, 2023, our capital adequacy ratio was 31.90%, with Tier I capital comprising 31.71% and Tier II capital comprising 0.19%. As we continue to grow our loan portfolio and asset base we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the RBI may increase its minimum CRAR threshold, which may require us to raise additional capital. In addition, adverse regulatory developments relating to the assessment and recognition of NPAs and provisioning may have an adverse effect on our financial performance. Our repayment schedules may not be adequate to cater to any losses arising out of unanticipated adverse regulatory developments.

For instance, the expected credit loss provisioning impact of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 was as follows:

(₹ million)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023
Incremental expected credit loss provisions	24.37	46.79	32.37

In addition, in accordance with the instructions in RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.046/2021-22 dated April 7, 2021, our Company has refunded/ adjusted 'interest on interest' to all borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. We have initiated interest reversal of ₹ 1.90 million pursuant to the RBI instructions. In addition, pursuant to RBI circular No. DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, we have increased our expected credit loss provisions by ₹ 16.61 million.

Further, the RBI may also in the future require compliance with other prudential norms and standards, which may require us to alter our business and accounting. In addition, any change in RBI or other government regulations in relation to securitizations by NBFCs could have an adverse impact on our securitization plans in the future. In addition, we are also subject to the corporate laws, taxation laws and other laws in effect in India which require continued monitoring and compliance on our part. If we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

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

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of our operations. We have been the subject of few instances of fraud in the past, amounting to ₹ 45.17 million across four instances, between April 1, 2021 and March 31, 2023 (as has been reported to RBI). Our internal audit functions make an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis so that business units adhere to our policies, compliance requirements and internal guidelines. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances. For instance, in October 2022, the BSE has imposed a fine of ₹ 63,000, and applicable taxes, on us for (i) delay in furnishing intimation about meeting of shareholders or holders of non-convertible securities and (ii) non-submission of annual report. In November 2022, the BSE has imposed an additional fine of ₹ 32,000, and applicable taxes, for non-submission of annual report and a fine of ₹ 31,000, and applicable taxes, on us for non-submission of the statement of shareholder complaints (redressal of grievances) within the period prescribed. The non-compliances with respect to our listed debt securities were inadvertent. As a corrective measure, we have strengthened our control mechanism, including frequent monitoring of compliance requirements and focus on secretarial functions in connection with our listed securities, to prevent such instances in future. For further details see “- Our non-convertible debentures are listed on the BSE and we are subject to rules and regulations with respect to such listed non-convertible debentures. If we fail to comply with such rules and regulations, we may be subject to certain penal actions, which may have an adverse effect on our business, results of operations, financial condition and cash flows”. For further information in relation to inspection by RBI pertaining to fraud, see “- As an NBFC, we are subject to periodic inspections by the RBI. Non-compliance with observations made by RBI during these inspections could expose us to penalties and restrictions.” on page 33.

Our management information systems and internal procedures may not identify every instance of non-compliance or every suspicious transaction. If internal system or process weaknesses are identified, our actions may not be sufficient to 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. For example, in March 2019, we received a whistle blower complaint involving certain employees of our Company who had undertaken certain fraudulent activities while availing a new gold loan. While there was no major instance of fraud or absence of jewellery which came to light post the audit review, occurrence of such instances in the future may adversely affect our reputation, business and results of operations.

14. Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price.

In the preceding one year from the date of this Prospectus, our Company has issued Equity Shares at a price that is lower than the Offer Price. On May 23, 2023, our Equity Shares were allotted at an issue price of ₹ 55.00 per

share. Please see below the details of such Equity Shares issued by our Company during the preceding one year at a price that is below the Offer Price.

Date of allotment of Equity Shares	Number of Equity Shares allotted	Details of the allottees	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Reason for/ nature of allotment	Nature of consideration
May 23, 2023	27,272,727	27,272,727 fully paid up equity shares allotted to Amansa Investments Ltd	10	55.00	Private placement	Cash
July 12, 2023	5,72,497	5,72,497 equity shares were allotted to the employees pursuant to exercise of options under SBFC Stock Option Policy 2021 – II	10	40.00	Allotment of equity shares under SBFC Stock Option Policy 2021 - II	Cash
July 12, 2023	3,40,40,000	3,40,40,000 equity shares were allotted to Mr. Aseem Dhru and Mr. Mahesh Dayani pursuant to exercise of options under SBFC Stock Option Policy II 2018 (Previously Small Business FinCredit Stock Option Policy II 2018)	10	12.50	Allotment of equity shares under SBFC Stock Option Policy II 2018	Cash

For details on such allotments, see “*Capital Structure – Notes to Capital Structure – Share capital history of our Company*” on page 81. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded after listing. Our Company may continue to issue Equity Shares, including under the existing ESOP policy, at a price below the market price of Equity Shares at the time of issuance.

15. The average cost of acquisition of Equity Shares of our Promoter Selling Shareholders is less than the Offer Price.

The average cost of acquisition of Equity Shares by the Promoter Selling Shareholders is less than the Offer Price, which has been determined through the Book Building Process. The details of the average cost of acquisition of Equity Shares held by the Promoter Selling Shareholders are set out below:

S. No.	Name of the Promoter Selling Shareholder	Number of Equity Shares held on a fully diluted basis	Average cost of acquisition per Equity Shares* (₹)
1.	Arpwood Partners Investment Advisors LLP	98,837,596	12.69
2.	Arpwood Capital Private Limited	24,257,337	15.98
3.	Eight45 Services LLP	10,009,170	12.73

*As certified by our Statutory Auditors, by way of their certificate dated July 28, 2023

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

As of March 31, 2023, we had a negative asset liability mismatch of ₹ 9,681.89 million and ₹ 10,723.03 million for over one year and up to three years maturity, and for over three years and up to five years maturity, respectively. Set forth below is a break-down of our assets and liabilities based on tenure, including our distribution of borrowings, indicating our asset-liability gap as of March 31, 2023:

Particulars		1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
		(₹ million)								
Liabilities										
Borrowings	As of March 31, 2023	288.10	588.86	2,316.14	2,647.85	5,435.09	17,697.51	6,475.89	1,941.18	37,390.62
Assets										

Particulars		1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
		(₹ million)								
Advances	As of March 31, 2023	1,466.98	586.56	1,026.14	2,351.91	5,895.34	4,650.75	5,425.75	22,749.67	44,153.10
Investments	As of March 31, 2023	838.13	83.70	83.69	256.09	532.45	1,519.92	-	2,751.94	6,065.92
Gap		2,017.01	81.40	(1,206.31)	(39.85)	992.70	(11,526.84)	(1,050.14)	23,560.43	12,828.40
Cumulative gap		2,017.01	2,098.41	892.10	852.25	1,844.95	(9,681.89)	(10,732.03)	12,828.40	

A significant proportion, as set forth below, of the Loans against Gold we offer are due within six to nine months of disbursement, and a failure to disburse new loans may result in a reduction of our loan portfolio and a corresponding decrease in our interest income:

Tenor	As of March 31,					
	2021		2022		2023	
	Outstanding amount of our Loan Against Gold Portfolio (₹ million)	Percentage of total Loan Against Gold Portfolio (%)	Outstanding amount of our Loan Against Gold Portfolio (₹ million)	Percentage of total Loan Against Gold Portfolio (%)	Outstanding amount of our Loan Against Gold Portfolio (₹ million)	Percentage of total Loan Against Gold Portfolio (%)
Less than six months	0.25	0.00%	1,700.71	26.59%	145.28	1.68%
Six months to nine months	771.08	13.77%	1,708.08	26.71%	1,847.86	21.38%

The relatively short term nature of such Loans against Gold may affect our ability to ascertain steady long terms revenues. In addition, our existing customers may not obtain new gold loans from us upon maturity of their existing gold loans, particularly if competition increases. We meet our financing requirements through long term and short-term borrowings from banks, issuance of debt securities and through securitization of our loans, in addition to our equity infusions.

The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2023 and our repayment obligations in the periods indicated:

	Payment due by period				
	Total	Less than one year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Total Borrowings	37,390.62	11,276.04	17,697.51	6,475.89	1,941.18

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. We address potential asset-liability mismatch through managing our portfolio, where Secured MSME Loans have an average contractual tenure of 9.84 years (as of March 31, 2023) and due to part prepayment and foreclosures, the average behavioral tenure is less than the average contractual tenure. The long contractual tenure of Secure MSME Loans (118 months) is balanced by the shorter average tenures of Loans against Gold, which is 11 months, as of March 31, 2023. The tenure of our term loan liabilities typically ranges from two years to ten years, which along with surplus liquidity, ensures that there are no negative asset-liability mismatch in less than one year.

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

Our business involves carrying out cash and gold jewellery transactions that expose us to the risk of fraud by employees, agents, customers or third parties, theft and burglary. 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.

As of March 31, 2023, we held cash in hand balance of ₹ 67.31 million. 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. We have been the subject of few instances of fraud in the past, amounting to ₹ 45.17 million across four instances, between April 1, 2021 and March 31, 2023 (as has been reported to RBI). These have been in the nature of misappropriation and criminal breach of trust by the branch staff, which has not had any material adverse impact on our business and operations. While we may endeavour 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 and gold 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. For further information, see “- Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.” on page 35. Our employees may also become targets of the theft, burglary and other crimes if they are present when these crimes are committed, and may sustain physical and psychological injuries as a result. For further information, see “*Outstanding Litigation and Material Developments – Litigation involving our Company*” on page 418. We may encounter difficulties recruiting and retaining qualified employees due to this risk and our business and operations may be adversely affected. Publicity arising from such disclosure of fraud may also have an adverse impact on our customers’ confidence in our security measures and adversely affect our goodwill. The nature and size of the items provided as collateral allow these items to be misplaced or mistakenly delivered, which may have a negative impact on our operations and result in losses.

18. *Industry information included in this Prospectus has been derived from an industry report prepared by CRISIL MI&A exclusively commissioned and paid for by us for such purpose.*

We have used the report titled “*Analysis of NBFC sector and select asset classes in India*” dated June, 2023 (“**CRISIL Report**”) prepared by CRISIL MI&A (“**CRISIL**”) appointed by us pursuant to letter dated June 23, 2022, for purposes of inclusion of such information in this Prospectus, and exclusively commissioned by our Company for purposes of inclusion of such information in the Offer documents at an agreed fees to be paid by our Company. We have no direct or indirect association with CRISIL MI&A other than as a consequence of such an engagement. The report is a paid report and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting. Although we believe that the data and contents of the CRISIL Report may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed. Given the scope and extent of the CRISIL Report, disclosures are limited to certain excerpts and the CRISIL Report has not been reproduced in its entirety in this Prospectus, but is available on the website of the Company at <https://www.sbfc.com/for-investors>. Further, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Prospectus.

You should consult your own advisors and undertake an independent assessment of information in this Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer. For the disclaimer associated with the CRISIL Report, see, “*Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data*” on page 16.

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

As of March 31, 2023, our total borrowings were ₹ 37,458.33 million. For further information, see “*Financial Indebtedness*” on page 379. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our customers. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from certain of our lenders, as well as send prior intimation to certain of our lenders for, among other things:

- making any amendments to the constitutional documents of our Company, including the memorandum of association and articles of association of our Company;
- effecting any adverse changes to or effecting a major change in our capital structure, including by way of fresh issuance of equity shares by our Company and sub-division of the equity shares;

- issuing any debentures, raising loans, accepting deposits from the public, issuing equity or preferential share capital;
- effecting any change in the constitution of our Company, including its shareholding pattern, ownership, controlling interest and control, which may include reduction/dilution in the shareholding of the existing shareholders of our Company; and
- effecting any changes in the management of our Company, including changes in the composition of the Board of Directors and key managerial personnel and change in the practice with regard to remuneration of directors.

We have applied to our lenders and we have received consents from the relevant lenders, to the extent required, in relation to this Offer. However, we cannot assure you that such consents will be granted in the future or at all. Under these agreements, certain lenders also require us to maintain certain financial ratios such as asset coverage ratio and security cover ratio. While there have been no such instances in the three preceding Fiscals, our failure to meet our obligations under our financing agreements could have an adverse effect on our business, results of operations and financial condition. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Our future borrowings may also contain similar restrictive provisions.

20. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates, have not been appraised by any bank or financial institution, and may be subject to change based on various factors. Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.*

As on the date of this Prospectus, our funding requirements are based on management estimates in view of past expenditures, and have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on current conditions and are subject to change in light of changes in external circumstances, costs, business initiatives, other financial conditions or business strategies. At this stage, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. While we will use the Net Proceeds for augmenting the capital base of our Company in the manner specified in “*Objects of the Offer*” on page 109, the amount of Net Proceeds to be actually used will be based on our management’s discretion. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Our internal management estimates may exceed fair market value or the value that would have been determined by third-party appraisals, which may require us to reschedule or reallocate our capital expenditure.

In accordance with Sections 13(8) and 27 of the Companies Act 2013, we cannot undertake any variation in the utilization of the Net Proceeds without obtaining the shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders’ approval may adversely affect our business or operations.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in this Prospectus, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, or varying the terms of contract. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

21. *We may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively. If we fail to increase our operational efficiency, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively.*

Set forth below are details of our total income, profit after tax and AUM as of the corresponding periods:

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in ₹ million)		
Total income	5,115.33	5,307.02	7,403.61
Profit after tax	850.10	645.21	1,497.36
AUM	22,213.23	31,921.81	49,428.23

We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, at the same rate or at all. We may need to change the composition of our AUM, which may impact our profitability, our asset-liability maturity profile and NPA levels. Further, we may undertake certain operations that we subsequently discontinue, such as our purchase of a special commercial vehicles portfolio, which we have now written-off, and which represented ₹ 3.49 million and ₹ 2.28 million of our AUM as of March 31, 2021 and March 31, 2022, respectively.

We may enter into agreements to acquire the lending businesses of other companies. For instance, we (then named MAPE Finserve Private Limited) had entered into a business transfer agreement with Karvy Financial Services Limited (“**Seller**”) and Karvy Stock Broking Limited (“**KSBL**”) dated August 1, 2017 pursuant to which the Seller transferred all rights, benefits, title, interest, obligations and employees of its retail lending business to our Company, as a going concern and on a slump sale basis, free and clear of all encumbrances (other than as disclosed under the Business Transfer Agreement and its related documents) for a consideration of ₹ 10,795.63 million effectively on September 28, 2017. Further, our Company, the Seller and KSBL had entered into other agreements such as, collection agent agreement, transitional services agreement and accounts agreement to enable smooth transition and transfer of the retail lending business to our Company. There can be no assurance that we will not be subject to disputes in connection with such agreement and the obligations that have been transferred to us thereunder. For further information, see “*History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years*” on page 243.

If we fail to increase our operational efficiency, we may not be able to meet our customers’ needs, hire and retain new employees or operate our business effectively. 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 retail loans in India, domestic economic growth, the RBI’s monetary and regulatory policies, RBI regulations and directions, inflation, competition and availability of cost-effective debt and equity capital.

22. *There are certain defaults/ delay in payment of statutory dues by us. Any further default/ delay in payment of statutory dues may attract financial penalties from the respective government authorities and in turn may have a material adverse impact on our financial condition and cash flows.*

We have had instances of defaults/delay in the payment of certain statutory dues with respect to non-payment of GST, TDS, provident fund and professional tax, amongst others, the outstanding amount of which stood at ₹ 1,100.00, as on March 31, 2023. For details of such defaults/ delays, as certified by our Statutory Auditors, *vide* certificate dated July 26, 2023, see “*Outstanding Litigation and Other Material Developments - Instances of defaults/ delay in payment of statutory dues*” on page 422. There can be no assurance that such defaults/ delay may not arise in the future. This may lead to financial penalties from respective government authorities which may have a material adverse impact on our financial condition and cash flows.

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

Our business model is considered to be phygital, where we have a mix of technological involvement and human intervention in order to understand the relevant customer profile. This necessarily involves carrying out certain due diligence processes at both sales and underwriting stages, which can often only be done through in-person visits. Many of our competitors may have operational advantages in terms of access to cost-effective technology, implementing new technologies and rationalizing related operational costs.

In addition, our continued success will depend, in part, on our ability to respond to technological advances, changing customer needs and emerging industry standards and practices on a cost-effective and timely basis. Technological innovation such as digital wallets, mobile operator banking, payment banks, internet banking through smart phones, could disrupt the financial services industry and increase competition as a whole. If we fail to adapt to such technological advances quickly and effectively it could affect the performance and features of our

product offerings and services and reduce our attractiveness to existing and potential customers hereby adversely affecting our business, financial condition, results of operations, and cash flows.

Our competitors may also make more significant and effective investments in innovation, growth of their businesses and enhancing their customer reach and engagement and may outcompete us in any of these areas. Increased investments made or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may reduce our market share and negatively impact the revenues growth and profitability of our business.

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

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

25. *Although our Promoters have made investments in the financial services sector in India, our Promoters do not have experience in certain functional areas of our business operations.*

We have expanded and are in the process of expanding our presence across various states and districts in India.

However, our Promoters do not have the operational experience of running the day-to-day business operations of an NBFC and accordingly rely on the professional management team of the Company to execute business operations. In particular, Clermont group does not have experience in expanding the branch network and operational presence of an NBFC across various states and districts in India. We cannot assure you that this lack of operational experience will not have any adverse impact on the management and operations of our Company. For information on our promoters, see “*Promoter and Promoter Group*” on page 264.

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

In making a decision whether to extend credit to prospective customers, we rely upon data received from our customers and third-party intermediaries to assess credit handling ability, debt servicing capacity, and overall risk level to determine lending exposure and loan pricing in accordance with our internal credit policy. The data we receive and rely upon includes data from the credit bureaus, our API stack enabling independent validation from source, customer financials, observations from our front end teams, feedback from credit and underwriting teams, and other sources of income and value of collateral. If the components or analytics are either unstable, biased, or missing key pieces of information, the wrong decisions will be made which will negatively affect our financial results. If we are unable to properly assess the creditworthiness of our customers, including a failure to predict a customer’s true credit risk profile and/or ability to repay their loan, we may need to record additional provision expense and/or experience higher than forecasted losses. Furthermore, if we are unable to access the third-party data used in our decision structure, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations, which could be material.

27. ***While we strive to be compliant with all applicable laws, if we inadvertently violate certain procedural provisions under the Companies Act or any other law, we may need to undertake the relevant compounding process with the Registrar of Companies, Mumbai (“RoC”), which may affect our business operations.***

Our Company had, *suo moto*, filed two compounding applications dated January 25, 2021 and our officers in default filed a compounding application dated August 18, 2022 (“**Compounding Applications**”) with the RoC under section 441 of the Companies Act. The Compounding Applications pertained to compounding the offence committed under Section 179(3)(d) and Section 179(3)(f) and Section 118(10) of the Companies Act read with Secretarial Standards 1 on “Meetings of the Board of Directors” with respect to items of business which should not have been passed by a circular resolution. In accordance with the second explanation to paragraph 1.3.8 and the explanation to paragraph 6.1.1 of the Secretarial Standards 1, items of business in relation to borrowing money other than by issue of debentures and providing security in respect of loans should be placed in a board meeting of a company and shall not be passed by a circular resolution. In contravention of the above, our Company had passed certain circular resolutions to avail credit and loan facilities. The Compounding Applications were directed for adjudication and through a letter dated February 23, 2022, the Company submitted additional details as sought to the RoC. By way of order signed on May 31, 2023 and July 7, 2023, the RoC has disposed off the Compounding Applications and the offences thereunder have been compounded, upon payment of ₹ 0.97 million.

28. ***We derive a significant portion of our AUM and disbursements from our co-origination agreement with ICICI Bank Limited. The termination of our co-origination agreement or similar agreements that we may enter into in future, may adversely affect our growth and prospects.***

We have entered into a co-origination agreement with ICICI Bank Limited in 2019, through which ICICI Bank Limited and our Company co-originate Secured MSME Loans at a mutually agreed ratio of 80:20, respectively. Loans sourced through the co-origination agreement are serviced entirely by us, and accordingly reflect as assets in our financial statements. Set forth below are details of our disbursement and AUM sourced from the co-origination agreement:

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in ₹ million, other than percentages)		
Secured MSME Loan disbursement sourced from co-origination	516.15	937.78	4,836.90
Disbursement sourced from co-origination, as a percentage of Secured MSME Loans disbursed	8.67%	7.04%	21.24%
Secured MSME Loan AUM sourced from co-origination	1,389.48	2,035.87	6,122.29
Secured MSME Loan AUM sourced from co-origination, as a percentage of Secured MSME Loan AUM	9.63%	8.75%	15.62%

For further information, see “*Selected Statistical Information - Secured MSME Loans – Upto ₹ 3.00 Million*” on page 280. Since we derive a portion of our disbursements and AUM from this agreement, the termination of our co-origination agreement or similar agreements that we may enter into, may adversely affect our growth and prospects. Further, while there have been no such instances in the past, failure to comply with the terms of our co-origination agreement, or update the terms of our co-origination agreement to comply with any regulatory requirements, could result in action for breach, or non-compliance.

In addition, one of the BRLMs, ICICI Securities Limited, is an affiliate of ICICI Bank Limited, our co-origination partner and is not an associate of our Company in terms of the SEBI Merchant Bankers Regulations. The co-origination agreement entered into with ICICI Bank Limited was part of their business operations in the lending business, and there is no conflict of interest under the SEBI Merchant Bankers Regulations, or any other applicable SEBI rules or regulations. While no conflict of interest has arisen as of the date of this Prospectus, there can be no assurance that such conflict will not arise in future, or will not be perceived as a potential conflict of interest.

29. ***COVID-19 has had and a similar pandemic could continue to have certain adverse effects on our business, operations, cash flows and financial condition.***

The COVID-19 pandemic, or a similar outbreak, may affect our business, results of operations and financial condition in a number of ways such as: (i) We implemented the Ministry of Finance’s COVID-19 Relief Scheme and credited an amount of ₹ 28.87 million to eligible borrower accounts as on March 31, 2021 and claimed the same amount from the Government of India; (ii) We granted a five month moratorium to all customers who were less than or equal to 90 DPD as of March 31, 2020, in respect of instalments falling due between April 1, 2020 and August 31, 2020. Further, under the ECLGS, our borrowers preferred a mix of moratorium on instalment dues

and incremental credit to endure their temporary cash flow issues; (iii) Pursuant to the RBI circular dated April 7, 2021 on 'Asset Classification and Income Recognition following the expiry of COVID-19 regulatory package', we formulated a policy for refund of interest on interest, in line with which, an amount of ₹ 1.90 million was credited to the borrower accounts; and (iv) our Secured MSME Loan disbursements during the first quarter of Fiscal 2022 reduced to ₹ 1,375.09 million compared to ₹ 3,255.68 million during the fourth quarter of Fiscal 2021. Further, we have restructured loans in under the 'Standard' category amounting to ₹ 494.32 million as of March 31, 2021. For the first quarter of Fiscal 2022, our average monthly collection efficiency dropped to 86.97% (calculated using instalment dues for non-restructured loans only) and our Gross NPA and Net NPA were 3.16% and 1.95%, respectively as of March 31, 2021. This subsequently improved to 2.74% and 1.63% as of March 31, 2022, respectively.

Set forth below are details of AUM outstanding for Secured MSME Loans under moratoriums granted by us, and details of AUM outstanding for Secured MSME Loans not classified as NPAs under moratoriums granted by us, as of the corresponding dates:

Particulars	As of March 31,					
	2021		2022		2023	
	Amount (₹ million)	Percentage of total outstanding AUM* (%)	Amount (₹ million)	Percentage of total outstanding AUM* (%)	Amount (₹ million)	Percentage of total outstanding AUM* (%)
Outstanding AUM* under moratorium	3,677.15	25.50%	2,912.12	12.52%	2,320.23	5.92%
Standard (non-NPA) AUM* outstanding	3,459.01	23.98%	2,515.90	10.82%	1,901.83	4.85%

* AUM includes our co-origination partner's share of AUM.

Similar outbreaks could lead to 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, potential negative impact on the health and safety of our personnel, affect our ability to procure capital from banks and financial institutions, such as the effect of the first wave of COVID-19 in putting all of our borrowing proposals on hold and resulting in tightening in our liquidity position as of March 31, 2020. Such events may adversely affect overall business sentiment, as well as 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 this section.

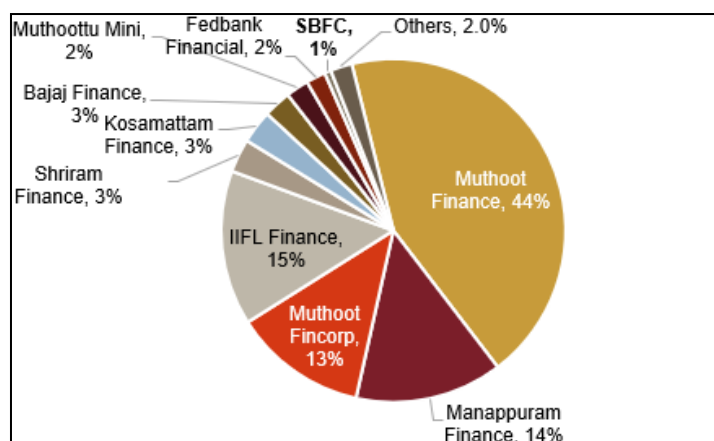
30. *We derive a portion of our assets under management ("AUM") from our Loans against Gold, and the top three gold financing NBFCs accounted for 70% share in NBFC gold loan book in Fiscal 2023. (Source: CRISIL Report, page 186) The loss of business in relation to such Loans against Gold, or failure to gain market share, could adversely affect our business and prospects.*

We derive a portion of our revenues from Loans against Gold. Set forth below are details of the contribution of our Loan against Gold portfolio to our AUM:

Loans against Gold (₹ million)	As of/ For the year ended March 31,					
	2021		2022		2023	
	Loans against Gold as a percentage of AUM (%)	Loans against Gold (₹ million)	Loans against Gold as a percentage of AUM (%)	Loans against Gold (₹ million)	Loans against Gold as a percentage of AUM (%)	
	5,600.50	25.21%	6,395.64	20.04%	8,641.02	17.48%

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

Loans against gold are becoming increasingly standardised and variable interest rate, payment terms and waiver of processing fees are becoming increasingly common in the Loan against Gold industry in India. Further, in Fiscal 2023, the NBFC gold loan book was dominated by the top three players, as set forth below:



Note: Shriram City Union Finance is now merged into Shriram Finance Limited, Source: CRISIL Report, page 186

There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive Loans against Gold industry. If we are unable to compete successfully, our market share may decline as the origination of new loans declines.

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

We may be subject to disruptions, failures or infiltrations of our information technology systems arising from events that are wholly or partially beyond our control (including damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, sabotage, computer viruses, cyberattacks or similar events, or loss of support services from third-parties, such as internet backbone providers). Although we have not experienced any significant disruptions to our information technology systems in the past, we cannot assure you that we will not encounter disruptions in the future. Data security breaches could lead to the loss of intellectual property, public exposure of personal information of our customers and employees, which could result in breaches of applicable data security laws and resultant imposition of monetary penalties. Although we have not experienced any data security breaches in the past, any such security breaches or compromise of technology systems could result in institution of legal proceedings and potential imposition of penalties, which may have an adverse effect on our business, results of operations and reputation.

In addition, we use third party software, platforms, services and data storage services, on-cloud and on-premises data centres. An infiltration of our or such third parties' information technology systems may result in data losses or theft of our or customers' proprietary business or personally identifiable information. This could result in exposure to litigations, liabilities, remediation costs, disruption of internal operations, weakening of our competitive position, increased cybersecurity protection costs and loss of customer confidence. For example, under the Information Technology Act, 2000, we are subject to civil liability for wrongful loss or gain arising from any negligence by us in implementing and maintaining reasonable security practices and procedures with respect to sensitive personal data or information on our computer systems, networks, databases and software.

Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that these security measures will always be adequate or successful. Any cyber security breach could also subject us to additional regulatory scrutiny. Failed security measures could have a material adverse effect on our business, financial condition and results of operations.

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

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

2021		Fiscal 2022		2023	
Securitized assets held (₹ million)	Securitized assets held, as a percentage of AUM (%)	Securitized assets held (₹ million)	Securitized assets held, as a percentage of AUM (%)	Securitized assets held (₹ million)	Securitized assets held, as a percentage of AUM (%)
752.04	3.39%	588.30	1.84%	3,911.04	7.91%

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

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

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 SEBI registered mutual funds, 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, interest rate volatility and monetary policies. For instance, on June 23, 2023, the investment committee of our Company has decided to exit 7.26% Government Securities maturing in 2032, since this investment was perceived to have high risk of volatility due to its long maturity period. Our Company exited this investment and has invested in treasury bills to be held till maturity to maintain the required Liquidity Coverage Ratio. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments After March 31, 2023 That May Affect our Future Results of Operations*” on page 417. Any decline in the value of these investments may have an adverse effect on our results of operations and financial condition.

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

We are required to obtain, and have obtained, certain statutory and regulatory licenses and approvals in India for our operations. For further information, see “*Government and Other Approvals*” on page 430. We may be required to obtain new registrations, permits and approvals for our business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. Further, on December 6, 2022, our Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited (“**Subsidiary**”), with Corporate Identification Number U65992MH2022PTC394642. We had applied to RBI for registration of SBFC Home Finance Private Limited as a housing finance company on March 29, 2023, which has subsequently been returned, with directions to make such application after meeting the requirement of net owned funds for housing finance companies. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial

Company – Housing Finance Company (Reserve Bank) Directions, 2021, our Company will be required to subscribe to the equity share capital amounting to ₹ 200.00 million of the Subsidiary. The subscription to the equity share capital of the Subsidiary is proposed to be funded from our Company's internal accruals. There can be no assurance that the relevant authorities will grant or renew such approvals in a timely manner or at all. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner or at all, some of our contracts with third parties may be terminated and we may not be able to undertake certain operations of our business.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. For example, our Company has a certificate of registration from the RBI to operate as an NBFC-ND-SI, which requires our Company to comply with certain terms and conditions for our Company to continue our operations as an NBFC-ND-SI. 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.

35. *There are certain FIRs filed against the employees of our Company in relation to cheating, criminal conspiracy, criminal breach of trust.*

There are eight FIRs filed against us and our employees by our clients. Such FIRs have been filed in relation to claims such as cheating, criminal conspiracy, criminal breach of trust, intentional insult, harassment, among others. These cases were incidental to the business of our Company, which involves carrying out transactions with cash and gold jewellery that expose us to the risk of cheating and fraud by employees and agents. On account of the nature of the business, such cases may arise in future. For additional information in relation to the cases filed against the employees of our Company, see “*Outstanding Litigation and Material Developments – Litigation involving our Company*” on page 418.

36. *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 asset management policy, credit policy, whistle blower and vigilance mechanism, fair practices code, grievance redressal policy, internal guidelines on corporate governance, investment policy, risk management policy, IT policies and procedures, and KYC and anti-money laundering policy. Our Board of Directors, 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 behaviour and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the customers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Our earnings are dependent upon the effectiveness of our management of changes in asset quality and risk concentrations, the accuracy of our 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.

37. *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 endeavor to

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. We have not experienced any material instances of money laundering or similar illegal activities in the three preceding Fiscals. Any inability on our part to detect such activities fully and on a timely basis, may subject us to regulatory actions including imposition of fines and penalties and adversely affect our business and reputation. For information on penalties imposed by the RBI or other regulatory/ statutory bodies on us, see “-Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.” on page 35.

38. We have geographic concentration in certain states and therefore are dependent on the general economic conditions and activities in these states.

As of March 31, 2023, 69.98% of our AUM is from six states. For further information, see “Selected Statistical Information – AUM by State/Territory” on page 284. While our branches are spread across 16 states and two union territories in India (with no state contributing more than 17.42% AUM as of March 31, 2023), our concentration in these states exposes us to any adverse geological, ecological, economic and/or political circumstances in those respective regions. If there is a sustained downturn in the economy of those regions or a sustained change in financial patterns in those regions for any reason, including consequences of the COVID-19 pandemic, our financial position may be adversely affected.

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

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. While there have been no material instances in the three preceding Fiscals, 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.

40. Some of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of non-performing assets (“NPAs”), which may adversely affect our business, prospects, results of operations and financial condition.

Our Secured MSME Loans are given to customers who primarily include small and medium sized enterprises, dealers and service providers. In addition, we offer certain ‘other’ loans, which are unsecured in nature. We may not be able to recover these loans through our standard recovery proceedings. These unsecured loans present a higher risk of loss in case of a credit default, compared to loans to customers in other asset-backed financing products. We have discontinued disbursement of other unsecured loans from September 2022. Set forth below are details of our unsecured loan portfolio in the corresponding periods:

As of/ For the year ended March 31,					
2021		2022		2023	
Others* (₹ million)	Others* as a percentage of AUM	Others* (₹ million)	Others* as a percentage of AUM	Others* (₹ million)	Others* as a percentage of AUM
2,189.98	9.86%	2,263.47	7.09%	1,587.18	3.21%

* Others includes unsecured loans. This also includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million as of March 31, 2021 and March 31, 2022, respectively.

In addition, there can be no assurance that our monitoring and risk management procedures will be successful or that our loan loss reserves will be sufficient to cover any actual losses. If our recovery team is unable to recover payments under unsecured loans, we typically initiate legal action in respect of dishonoured non-cash instruments. Such legal proceedings may not be commercially feasible or conclude in a manner favourable to us in a timely manner or at all. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs.

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

Our insurance policies may not provide adequate coverage in certain circumstances, such as the COVID-19 pandemic, credit loss, loss of profit and are subject to certain deductibles, exclusions and limits on coverage. We have obtained coverages for our assets (carrying value of insured assets) amounting to ₹ 271.68 million, ₹ 307.96 million and ₹ 313.97 million, covering 0.69%, 0.73% and 0.57% of the total assets of our Company (excluding goodwill, building-right of use assets and intangible assets) as of March 31, 2021, March 31, 2022 and as of March 31, 2023, respectively. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. While we have not had significant instances of loss being covered by insurance policies in the three preceding Fiscals, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all potential losses. While we obtain separate insurance for the gold that is provided in connection with our Loan against Gold portfolio, there can be no assurance that such insurance will be adequate to cover the existing market value of gold. 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 which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial condition and cash flows could be adversely affected. For information in relation to our insurance coverage, see “Our Business – Insurance” on page 224.

42. As of March 31, 2023, we had contingent liabilities which have not been provided for in our financial statements and could adversely affect our financial condition.

As of March 31, 2023, our contingent liabilities as per the Restated Financial Information, were as follows:

Particulars	As of March 31, 2023 (₹ million)
Contingent liabilities	
Claims against the Company not acknowledged as debts*	6.36

*These involve 17 consumer complaints and claims filed against our Company.

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, financial condition and results of operations. For further information, see “Restated Financial Information – Note 47” on page 350.

43. Our Statutory Auditors have included certain emphasis of matter in connection with Fiscal 2021 in their examination report on the Restated Financial Information and have included certain remarks in connection with the Companies (Auditor’s Report) Order, 2020/ Companies (Auditor’s Report) Order, 2016.

Our Statutory Auditors have included the following emphasis of matters in their examination report on the Restated Financial Information:

For the year ended March 31, 2021:

“We draw attention to Note 6 of the special purpose financial statements, which describes the continuing uncertainties arising from the COVID 19 pandemic and particularly the impairment provisions are dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.”

For further information, see, “Financial Information” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 285 and 382, respectively.

In addition, our Statutory Auditors are required to comment upon the matters included in the Companies (Auditor’s Report) Order, 2020/ Companies (Auditor’s Report) Order, 2016 (together, the “CARO Report”) issued by the Central Government of India under Section 143(11) of the Companies Act, 2013 on the audited financial statements as at and for Fiscal 2021, Fiscal 2022 and Fiscal 2023, respectively.

For a complete reproduction of the statements/comments included in the CARO Report, which do not require any adjustments in our Restated Financial Information, please see “Restated Financial Information” on page 290.

There can be no assurance that any similar emphasis of matters or other matters prescribed under the Companies (Auditor's Report) Order, 2020, will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

44. 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, salaried or working class individuals and self-employed customers in urban and semi-urban areas in India, comprising Tier – 2 and Tier – 3 cities, and are increasingly serving those in rural areas where there is scope for faster growth in bank credit activity as financial awareness increases. (Source: CRISIL Report, page 144) 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.

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

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

Name of the Entity	Criminal Proceedings	Tax Proceedings	Action taken by statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoters	Material civil litigation	Aggregate amount involved* (₹ in million)
Company						
By the Company	3,829	1	Nil	N.A.	1 [#]	1,502.95 [#]
Against the Company	8	Nil	Nil	N.A.	Nil	33.10
Directors						
By the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Against the Directors	Nil	Nil	Nil	N.A.	Nil	Nil
Promoters						
By the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoters	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiary						
By the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil
Against the Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil

* To the extent quantifiable

[#] The amount involved includes ₹ 22.93 million in relation to the matter involving Solmec Earthmovers Pvt. Ltd, which has been recovered by us from them and there is nothing due from them as on date. The matter is currently pending.

Our Company does not have any group company as of the date of this Prospectus. We cannot assure you that any of these on-going matters will be settled in favour of our Company, or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company or even our Promoters and Directors in the future. An adverse outcome in any such proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation. For further information, see "Outstanding Litigation and Material Developments" on page 418.

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

As of March 31, 2023, we employed 2,822 full-time employees. Our ability to compete depends upon our ability to attract, motivate, and retain qualified personnel. We are dependent on the continued contributions of our CEO, Aseem Dhru, our CFO, Narayan Barasia, as well as Jay Mistry, our Company Secretary. In addition, we are also guided by other Senior Management with diversified experience. The inputs and experience of our Senior Management and Key Managerial Personnel are valuable for the growth and development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. In Fiscal 2021, 2022 and 2023, our employee attrition rate (calculated as employees who terminated their employment post a three month training period in the relevant period divided by total number of employees in the relevant period) was 31.68%, 40.09% and 59.62%, respectively, which we believe, based on feedback from employees, was due to increased competition and more attractive remuneration being offered.

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 the services of such persons may have an adverse effect on our business, our results of operations and our cash flows. For information in relation to change in our KMPs in the last three years, see “*Our Management - Changes in the Key Managerial Personnel and Senior Management during the last three years*” on page 262.

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

47. *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.*

Our Registered and Corporate Office, as well as all of our branches, are located on leased or licensed premises. The lease deed for the Registered Office and Corporate Office is valid till June 1, 2024. The typical period for which leases are generally entered into by our Company for its branches ranges from 11 months to nine years. The lease agreements can be terminated, and any such termination could result in any of our branches 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 branches 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 information in relation to our premises, see “*Our Business – Properties*” on page 225.

48. *Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. 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 ours. 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. While there have been no instances where such conflict has had any material impact on our business and operations in the three preceding Fiscals, we cannot assure you that such conflicts will not arise in future or that we will be able to duly resolve such conflicts, should they arise. Please see below the names of our directors and the companies with which they are associated, which are in the same line of business as us:

Name of the Director	Other Directorships
Neeraj Swaroop	Indian Companies <ul style="list-style-type: none"> • Avanse Financial Services Limited • HDFC Securities Limited • Spandana Sphoorty Financial Limited
Surekha Marandi	Indian Companies <ul style="list-style-type: none"> • Origo Commodities India Private Limited • Satya Microcapital Limited

For further details see “*Our Management – Board of Directors*” on page 247 of this Prospectus.

49. Certain of our Directors, Key Managerial Personnel and Senior Management are interested in our Company’s performance in addition to their remuneration and reimbursement of expenses.

In addition to regular remuneration or benefits and reimbursement of expenses, certain of our Directors, KMPs and Senior Management of our Company, namely Aseem Dhru, Narayan Barasia, Mahesh Dayani, Pankaj Poddar, SaiPrashant Menon, Sanket Agrawal, VM Maneesh, Sumeet Ghai, Jay Mistry, Viney Vaid and Ganesh Vaidya, are interested in our Company, to the extent of their shareholding in our Company, their rights to the extent of any dividends, ESOPs, bonuses or other distributions on such Equity Shares. We cannot assure you that our Directors, Senior Management and Key Managerial Personnel, if they are also our shareholders, will exercise their rights as shareholders to the benefit and best interest of our Company. For further information on the interest of our Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see “*Our Management*” on page 247.

50. We may enter into related party transactions in the ordinary course of our business and we cannot assure you that such transactions will not have an adverse effect on our results of operation and financial condition.

We have entered into related party transactions in the three preceding Fiscals, each of which have been undertaken on an arms’ length basis. Further, transfer pricing audit was only required, and was duly undertaken, for the related party transaction through which an equity infusion was made into our Company by SBFC Holdings Pte. Ltd. In addition, certain categories of related party transactions, which are primarily issuance of securities, contributions to gratuity trusts and loans to our ESOP trust, taken together for the three preceding Fiscals exceed 10% of the total transactions of similar nature in the same period. For further information on the relevant transactions, see “*Restated Financial Information – Note 43. Related Party Disclosures*” on page 347.

We may also, from time to time, enter into related party transactions in the future. To the extent we may extend loans or advances to related parties, or provide guarantees or security, we may face risks in relation to default by such related parties or potential non-recovery. All related party transactions that we may enter into post-listing, will be subject to an approval by our Audit Committee, Board, or Shareholders, as required under the Companies Act and the SEBI Listing Regulations. Set forth below are details of our related party transactions in the corresponding periods:

2021		Fiscal 2022		2023	
Related party transactions (₹ million)	Percentage of total income (%)	Related party transactions (₹ million)	Percentage of total income (%)	Related party transactions (₹ million)	Percentage of total income (%)
1,100.11	21.51%	242.05	4.56%	2,376.10	32.09%

Note: The higher percentage of related party transaction in Fiscal 2021 compared to Fiscal 2022 and Fiscal 2023 was mainly on account of equity infusion by the Promoters of our Company.

For information on the related party transactions, see “*Restated Financial Information – Note 43. Related Party Disclosures*” on page 347. Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.


51. We will not receive any proceeds from the Offer for Sale. The Promoter Selling Shareholders will receive the net proceeds from the Offer for Sale.

The Offer consists of an Offer for Sale by the Promoter Selling Shareholders along with the Fresh Issue. The Promoter Selling Shareholders, shall be entitled to the net proceeds from the Offer for Sale, which comprise proceeds from the Offer for Sale net of Offer expenses for the share of the Offer for Sale, and our Company will not receive any proceeds from the Offer for Sale. For further information, see “*Objects of the Offer – Offer for Sale*” on page 109.

52. Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.

Any dividends to be declared and paid in the future are required to be recommended by our Company’s Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company’s ability to pay dividends in the future will depend upon our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company’s shareholders in future consistent with our past practices, or at all. 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. For information pertaining to dividend declared by our Company in the past, see “*Dividend Policy*” on page 270 of this Prospectus.

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

Our trademark name and logo  is registered with the Trade Marks Registry of India. As of the date of this Prospectus, our Company has registered three trademarks in India under class 36, including our logo. For further information, see “*Government and Other Approvals*” on page 430. There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation, and goodwill. Further, while we take care to ensure that we comply with the intellectual property rights of third parties, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. While we have not been involved in any intellectual property disputes in the past, we cannot assure you that we will not be involved in such disputes in the future, including disputes relating to our pending trademark applications. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management’s attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed intellectual property rights. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

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

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. We have been subject to minor adverse publicity in localised media outlets. Larger negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents attract regulatory investigations. Negative publicity can result from our own or our third-party service providers’ actual or alleged conduct, and actions taken by government regulators in response to that conduct. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition and operating results, regardless of the information’s accuracy. Such unverifiable or false information regarding us may be published online or on social media by third parties, or any other such damage to our brand or our reputation may result in withdrawal of business by our existing customers and loss of new business from potential customers, could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition.

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

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Indian retail credit and financial services industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Prospectus.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures*” on page 403.

Valuation Risk Factor

56. ***The Offer Price, market capitalization to revenue from operations multiple and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of the Equity Shares on listing.***

Our revenue from operations and profit after tax for Fiscal 2023 was ₹ 7,328.12 million and ₹ 1,497.36 million, respectively. Our price to earnings ratio (diluted), based on our Fiscal 2023 profit after tax is 35.19 times at the upper end of the Price Band. Our market capitalization to revenue from operations for Fiscal 2023 multiple is 8.28 times at the upper end of the Price Band.

The table below provides details of our price to earnings ratio, price to revenue from operations and market capitalization to revenue from operations:

Particulars	Price to Earnings Ratio	Price to Revenue from operations	Market Capitalization to Revenue from operations
For Fiscal 2023	35.19	Negligible	8.28

The Offer Price of the Equity Shares was determined on the basis of assessment of market demand for the Equity Shares offered through the book-building process prescribed under the SEBI ICDR Regulations, and certain quantitative and qualitative factors as set out in the section titled “*Basis for Offer Price*” on page 114 and the Offer Price, multiples and ratios may not be indicative of the market price of the Equity Shares on listing or thereafter. 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 does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and international markets, regulatory amendments or similar situations, volatility in the securities markets in India and other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. As a result, the market price of the Equity Shares may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price.

External Risks

Risks Related to India

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

Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- political instability, resulting from a change in governmental or economic and fiscal policies;
- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- instability in other countries and adverse changes in geopolitical situations;
- civil unrest, local agitation, 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; and
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. 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.

Further deterioration in the global economy, or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

Natural disasters (such as cyclones, typhoons, flooding, storms, tsunamis, tornadoes, fires, explosions, and/or earthquakes), epidemics, pandemics and man-made disasters, including acts of war, terrorist attacks, and other events, many of which are beyond our control, may lead to economic instability, including in India or globally. Developments in the ongoing conflict between Russia and Ukraine, since February 2022, has resulted in and may continue to result in a period of sustained instability across global financial markets. The imposition of sanctions could lead to unpredictable reactions from Russia. If any sanction risk materializes, this could induce volatility in commodity prices, increase borrowing costs, cause outflow of capital from emerging markets and may lead to overall slowdown in economic activity in India and have a material adverse effect on our business, cash flows, financial condition and results of operations.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. 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 terrorist attacks or civil unrest as well as other adverse social, economic, and political events in India could have a negative effect on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the price of the Equity Shares.

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

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

60. *Changing regulations in India could lead to new compliance requirements that are uncertain.*

New laws or other regulations could require us to obtain additional approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements, which can lead to uncertainty in our operations and could adversely affect our business, prospects and results of operations. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. 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. Similarly, changes in other laws may require additional compliances and/or result in us incurring additional expenditure. For instance, the lower house of the Parliament of the Government of India, on August 7, 2023, has passed the Digital Personal Data Protection Bill, 2023 ("**Data Protection Bill**") on personal data protection for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The Data Protection Bill, if passed into law, would require companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate our compliance with such Data Protection Bill. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

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

The Income Tax Act, 1961 ("**IT Act**") was amended to provide domestic companies an option to pay corporate income tax at the effective rate of approximately 25.17% (inclusive of applicable surcharge and health and education cess), as compared to effective rate of 34.94% (inclusive of applicable surcharge and health and education cess), provided such companies do not claim certain specified deductions or exemptions. Further, where a company has opted to pay the reduced corporate tax rate, the minimum alternate tax provisions would not be applicable. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

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

Further, the Government of India has notified the Finance Act, 2023 ("**Finance Act**"), which has introduced various amendments to the IT Act. As such, there is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

62. *If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate thereby reducing our margins.*

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transporting people and equipment, electricity, internet bandwidth, wages, and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our customers, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the Government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

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

Our Company is a company incorporated under the laws of India as a company limited by shares and majority of our Directors are located in India. As of the date of this Prospectus, our assets, our Key Managerial Personnel, Senior Management and officers are also located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

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

Risks Relating to the Equity Shares and this Offer

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

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

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;

- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

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

65. *Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price may not be indicative of the market price of the Equity Shares after the Offer.*

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation 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 determination of the Price Band was based on various factors and assumptions, and was determined by our Company and the Promoter Selling Shareholders in consultation with the Book Running Lead Managers. Furthermore, the Offer Price of the Equity Shares is determined by our Company and the Promoter Selling Shareholders in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under “*Basis for Offer Price*” beginning on page 114 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see “*Other Regulatory and Statutory Disclosures – Past price information of past issues handled by the Book Running Lead Managers*” commencing on page 451. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, the failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts, the activities of competitors, future sales of the Equity Shares by our Company or our shareholders, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

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

66. *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 taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar

has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

67. *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 is generally taxable in India. Investors may be subject to payment of long-term or short term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more or less than 12 months immediately preceding the date of transfer. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose a tax on capital gains arising from the sale of shares of an Indian company.

In terms of the Finance Act, 2018, with effect from April 1, 2018, taxes payable by an assessee on the capital gains arising from transfer of long-term capital assets (introduced as Section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of resident individuals and Hindu Undivided Families. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Under the Finance Act 2020, any dividends paid by an Indian company will be subject to tax in the hands of the shareholders at applicable rates. Such taxes will be withheld by the Indian company paying dividends. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. 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.

68. *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. The Allotment of Equity Shares in the 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 prescribed by SEBI. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

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

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

70. 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.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares being held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or relevant regulatory approval having been obtained for sale of shares and the corresponding remittance of sale proceeds. For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 486.

Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government’s approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 486.

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

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

Our Restated Financial Information included in this Prospectus have been prepared and presented in conformity with Ind AS, restated in accordance with the requirements of Section 26 of part I of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI. Ind AS differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per the SEBI ICDR Regulations included in this Prospectus, will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should be limited accordingly.

72. ***The determination of the Price Band was based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.***

The determination of the Price Band was based on various factors and assumptions, and was determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares was determined by our Company and Promoter Selling Shareholders in consultation with the BRLMs through the Book Building Process. These were based on numerous factors, including factors as described under “*Basis for the Offer Price*” on page 114 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further information, see “*Other Regulatory and Statutory Disclosures – Past Price information of past issues handled by the BRLMs*” on page 451. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

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

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are required to block the Bid amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of equity shares or the Bid Amount) at any stage after submitting a Bid. Similarly, Retail Individual Bidders can revise or withdraw their Bids at any time during the Bid/Offer Period and until the Bid/ Offer Closing date, but not thereafter. Therefore, QIBs and Non-Institutional Investors will not be able to withdraw or lower their Bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise at any stage after the submission of their Bids. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors’ decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment.

We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the investors’ ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing. Therefore, QIBs and Non-Institutional Bidders will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise between the dates of submission of their Bids and Allotment.

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

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

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

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

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

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

77. *Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.*

The U.S. "Foreign Account Tax Compliance Act" (or "FATCA") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries). If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

78. *U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in the Equity Shares.*

A foreign corporation will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year in which either: (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of its gross assets during the taxable year (based on of the quarterly values of the assets during a taxable year) are "passive assets," which generally means that they produce passive income or are held for the production of passive income. No assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination of whether or not our Company is a PFIC is a factual determination that is made annually after the end of each taxable year, and there can be no assurance that our Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of our Company's income and assets will vary over time, and (ii) the manner of the application of relevant rules is uncertain in several respects. Further, our Company's PFIC status may depend on the market price of its Equity Shares, which may fluctuate considerably.

Our Company is not, and does not intend to be, regulated as an investment company under the Investment Company Act and related rules. The Volcker Rule may affect the ability of certain types of entities to purchase the Equity Shares. Our Company will not be subject to the provisions of the U.S. Investment Company Act, in reliance on Section 3(c)(7) thereof, which excludes from the definition of "investment company" any issuer whose

outstanding securities are owned exclusively by “qualified purchasers” (as defined in such Section 3(c)(7)), and who meet the other conditions contained therein. For purposes of the Volcker Rule, a “covered fund” includes any issuer that would be an investment company but for the exclusions contained in Section 3(c)(1) or Section 3(c)(7) under the U.S. Investment Company Act. The Volcker Rule may negatively affect the ability of certain types of entities to purchase the Equity Shares. The Volcker Rule generally prohibits “banking entities” from engaging in proprietary trading, or from acquiring or retaining an “ownership interest” in, sponsoring or having certain relationships with “covered funds”, subject to certain exclusions and exemptions under the Volcker Rule. A “banking entity” generally includes any U.S. insured depository institution, any company that controls an U.S. insured depository institution (as defined in Section 3 of the U.S. Federal Deposit Insurance Act (12 U.S.C § 1813)), subject to certain exclusions), any company that is treated as a bank holding company for purposes of Section 8 of the U.S. International Banking Act of 1978, or any affiliate or subsidiary of any of the foregoing entities. The Volcker Rule’s prohibition on “covered fund” investments and proprietary trading activities is subject to certain limited exemptions, including for, among other things, certain underwriting and market making activities and the activities of qualified non-U.S. banking entities which are conducted solely outside the United States. These and other exemptions under the Volcker Rule are subject to specific conditions and requirements. With respect to the market making and underwriting exemptions, recent amendments to the Volcker Rule’s implementing regulations eliminated the requirement that a “banking entity” include “ownership interests” in third-party “covered funds” or “covered funds” guaranteed by a “banking entity” that are acquired or retained under the market making or underwriting exemptions towards its per-fund and aggregate “covered fund” investment limits and for the required Tier 1 capital deduction. Any prospective investor in the Equity Shares should consult its own legal counsel regarding the potential impact of the Volcker Rule and its ability to purchase or retain the Equity Shares. None of the Company nor any Underwriter nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Equity Shares regarding such investor’s investment in the Equity Shares on the date of issuance or at any time in the future.

SECTION III - INTRODUCTION

THE OFFER

The following table summarises details of the Offer.

Offer ⁽¹⁾	179,889,950 Equity Shares [^] aggregating to ₹ 10,250.00 million [#]
<i>The Offer consists of:</i>	
Fresh Issue ⁽¹⁾	105,328,548 Equity Shares [^] aggregating to ₹ 6,000.00 million [#]
Offer for Sale ⁽²⁾	74,561,402 Equity Shares [^] aggregating to ₹ 4,250.00 million [#]
<i>Including</i>	
Employee Reservation Portion ⁽³⁾⁽⁴⁾⁽⁶⁾	1,863,636 Equity Shares [^] aggregating to ₹102.50 million
Net Offer	178,026,314 Equity Shares [^] aggregating to ₹ 10,147.50 million
<i>Of which</i>	
A. QIB Category⁽⁵⁾⁽⁶⁾	89,013,156 Equity Shares [^]
<i>Of which:</i>	
Anchor Investor Portion	53,407,893 Equity Shares [^]
Net QIB Category (assuming the Anchor Investor Portion is fully subscribed)	35,605,263 Equity Shares [^]
<i>Of which:</i>	
Mutual Fund Portion	1,780,264 Equity Shares [^]
Balance of QIB Category for all QIBs including Mutual Funds	33,824,999 Equity Shares [^]
B. Non-Institutional Category⁽⁶⁾⁽⁷⁾	26,703,948 Equity Shares [^]
<i>Of which:</i>	
One-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000	8,901,316 Equity Shares [^]
Two-third of the Non-Institutional Category available for allocation to Bidders with an application size of more than ₹ 1,000,000	17,802,632 Equity Shares [^]
C. Retail Category⁽⁶⁾	62,309,210 Equity Shares [^]
Pre-Offer and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	958,908,906 Equity Shares [^]
Equity Shares outstanding after the Offer	1,064,237,454 Equity Shares [^]
Utilisation of Net Proceeds	See “ <i>Objects of the Offer</i> ” on page 109 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

[^]Subject to finalisation of Basis of Allotment

[#] A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

- (1) The Offer has been authorized by a resolution dated October 14, 2022 passed by our Board and the Fresh Issue has been approved by a special resolution dated October 15, 2022 passed by our Shareholders. Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million. For further details in relation to the Pre-IPO Placement, see “Capital Structure” and “Risk Factors – Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price.” on pages 80 and 35, respectively. The details of authorization by each Promoter Selling Shareholder approving their participation in the Offer for Sale are as set out below:

S. No.	Name of the Promoter Selling Shareholder	Date of the board resolution	Date of the consent letter	Number of Offered Shares [^]	Maximum amount of Offered Shares (in ₹ million)
1.	Arpwood Partners Investment Advisors LLP	August 29, 2022	July 11, 2023	53,728,070	3,062.50
2.	Arpwood Capital Private Limited	September 2, 2022	July 11, 2023	13,186,315	751.62
3.	Eight45 Services LLP	August 29, 2022	July 11, 2023	7,647,017	435.88

[^]Subject to finalisation of Basis of Allotment

- (2) The initial Allotment to an Eligible Employee in the Employee Reservation Portion did not exceed ₹200,000, however, an Eligible Employee could submit a Bid for a maximum Bid Amount of ₹500,000 under the Employee Reservation Portion. Only in the event of an undersubscription in the Employee Reservation Portion, the unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion could have also Bid under the Retail Category in the Net Offer and such Bids were not treated as multiple Bids.
- (3) The Company and the Promoter Selling Shareholders had, in consultation with the BRLMs, offered an Employee Discount of 3.51% to the Offer Price (equivalent of ₹2 per Equity Share), which was announced two Working Days prior to the Bid/Offer Opening Date.
- (4) The QIB Category has been reduced for the shares allocated to Anchor Investors. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds only, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Offer Price. Further, 5% of the Net-QIB Category (excluding the Anchor Investor Portion) was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net-QIB Category was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. See "Offer Procedure" on page 468.
- (5) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Category, was 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 Promoter Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue were issued prior to the sale of Equity Shares in the Offer for Sale. In the event of achieving aforesaid minimum subscription, however, if there was under-subscription in achieving the total Offer size, the Equity Shares were allotted in the following order: (i) such number of Equity Shares comprising 90% of the Fresh Issue, or such other number as required to comply with the minimum subscription to be received in the Offer under applicable law, were Allotted prior to the sale of Equity Shares in the Offer for Sale; (ii) upon (i), all the Equity Shares held by the Promoter Selling Shareholders and offered for sale in the Offer for Sale were Allotted (in proportion to the Offered Shares being offered by each Promoter Selling Shareholder); and (iii) once Equity Shares were Allotted as per (i) and (ii) above, such number of Equity Shares were Allotted by our Company towards the balance 10% of the Fresh Issue portion. See "Terms of the Offer – Minimum Subscription" on page 462.
- (6) The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Portion, was subject to the following: (i) one-third of the portion available for allocation to Non-Institutional Investors, was reserved for applicants with a Bid size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two-thirds of the portion available for allocation to Non-Institutional Investors, was reserved, with a Bid size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of these two sub-categories may be allocated to Non-Institutional Investors in the other sub-category of Non-Institutional Portion. The allotment to each Non-Institutional Investor was not less than ₹ 200,000, subject to the availability of Equity Shares in the Non-institutional Portion, and the remaining Equity Shares if any, was allotted on a proportionate basis. See "Offer Procedure" on page 468.

Allocation to Bidders in all categories, except the Retail Portion, Non-Institutional Portion and the Anchor Investor Portion, if any, was made on a proportionate basis, subject to valid Bids being received at or above the Offer Price, as applicable. Allocation to Retail Individual Investors was not less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, was allocated on a proportionate basis. Allocation to Anchor Investors was on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see "Offer Structure", "Terms of the Offer" and "Offer Procedure" on pages 464, 458 and 468, respectively.

SUMMARY FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 285 and 382, respectively.

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Restated Statement of Assets and Liabilities

(₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
ASSETS			
I. Financial assets			
(a) Cash and cash equivalents	1,834.44	1,514.76	1,382.72
(b) Bank balances other than cash and cash equivalents	2,169.99	1,838.17	2,031.06
(c) Receivables			
(i) Trade receivables	108.29	82.68	38.91
(d) Loans	44,153.10	29,824.12	20,701.94
(e) Investments	6,065.92	8,481.13	14,842.49
(f) Other financial assets	38.98	34.17	58.18
Total Financial Assets	54,370.72	41,775.03	39,055.30
II. Non-Financial assets			
(a) Current tax assets (net)	-	341.92	206.42
(b) Property, plant and equipment	336.53	357.06	390.00
(c) Intangible assets under development	7.49	-	3.33
(d) Goodwill	2,603.92	2,603.92	2,603.92
(e) Other intangible assets	23.54	32.87	17.21
(g) Other non-financial assets	122.20	39.54	35.72
Total Non-Financial Assets	3,093.68	3,375.31	3,256.60
TOTAL ASSETS	57,464.40	45,150.34	42,311.90
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) Payables			
(A) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	2.96	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	89.34	80.73	52.70
(B) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	40.45	6.30
(b) Debt securities	454.03	454.03	1,584.47
(c) Borrowings (other than debt securities)	36,936.59	28,945.04	26,097.27
(d) Other financial liabilities	2,509.83	2,501.17	2,267.08
Total Financial Liabilities	40,029.03	32,021.42	30,007.82
II. Non-Financial Liabilities			
(a) Current tax liabilities (net)	0.53	-	-
(b) Provisions	1.32	2.47	2.25
(c) Deferred tax liabilities (net)	125.91	194.51	234.86
(d) Other non-financial liabilities	34.93	60.27	15.89
Total Non-Financial Liabilities	162.69	257.25	253.00
TOTAL LIABILITIES	40,191.72	32,278.67	30,260.82
EQUITY			
(a) Equity share capital	8,895.72	8,068.00	7,966.74
(b) Other equity	8,376.96	4,803.67	4,084.34

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
(c) Non Controlling Interest	-	-	-
TOTAL EQUITY	17,272.68	12,871.67	12,051.08
TOTAL LIABILITIES AND EQUITY	57,464.40	45,150.34	42,311.90

Restated Statement of Profit and Loss

Particulars	(₹ In Million)		
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
(I) Revenue from operations			
Interest income	6,541.52	4,731.47	4,631.66
Fees and commission income	412.52	272.39	241.53
Net gain on fair value changes	119.76	157.22	91.06
Net gain on derecognition of financial instruments under amortised cost category	28.30	-	39.68
Other operating income	226.02	129.44	67.06
Total Revenue from operations	7,328.12	5,290.52	5,070.99
(II) Other income	75.49	16.50	44.34
(III) Total Income (I+II)	7,403.61	5,307.02	5,115.33
Expenses			
Finance costs	2,764.52	2,206.17	2,384.56
Net Loss on derecognition of financial instruments under amortised cost category	-	106.92	-
Impairment on financial instruments	320.56	360.88	336.40
Employee benefits expense	1,601.23	1,095.34	841.83
Depreciation and amortisation expense	127.14	117.81	95.40
Other expenses	576.50	552.94	316.49
(IV) Total expenses	5,389.95	4,440.06	3,974.68
(V) Profit before tax (III - IV)	2,013.66	866.96	1,140.65
Tax expense			
- Current tax	584.90	262.12	300.24
- Deferred tax charge/ (credit)	(68.60)	(40.37)	(9.69)
(VI) Total tax expense	516.30	221.75	290.55
(VII) Profit after tax (V-VI)	1,497.36	645.21	850.10
(VIII) Other comprehensive income			
(A) Items that will not be reclassified to profit or loss			
- Remeasurement of Net defined benefit plan	1.89	3.72	1.76
- Income tax relating to items that will not be reclassified to profit or loss	(0.48)	(0.94)	(0.44)
(B) Items that will be reclassified to profit or loss	-	-	-
Other Comprehensive Income	1.41	2.78	1.32
(IX) Total comprehensive income for the period/ year (VII + VIII)	1,498.77	647.99	851.42
Profit for the year attributable to:	1,497.36	645.21	850.10
Owners of the Company	1,497.36	645.21	850.10
Non-controlling interest	-	-	-
Other Comprehensive Income attributable to:	1.41	2.78	1.32
Owners of the Company	1.41	2.78	1.32
Non-controlling interest	-	-	-
Total Comprehensive Income attributable to:	1,498.77	647.99	851.42
Owners of the Company	1,498.77	647.99	851.42
Non-controlling interest	-	-	-
(X) Earnings per equity share (Face value ₹ 10/- per share)			

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Basic (₹)	1.71	0.81	1.09
Diluted (₹)	1.62	0.79	1.06

Restated Statement of Cash Flows

(₹ In Million)			
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from Operating activities			
Profit before tax	2,013.66	866.96	1,140.65
Adjustments for:			
Depreciation and amortisation expenses	127.14	117.81	95.40
Interest income on loans	(5,952.92)	(3,825.40)	(2,773.92)
Interest income on investment in PTC	(416.28)	(835.61)	(1,719.62)
Interest income on investment in Government Securities	(26.62)	-	-
Interest income on fixed deposits	(145.70)	(70.46)	(138.12)
Fees and commission income	(412.52)	(272.39)	(241.53)
Finance costs on borrowings and debt securities	2,752.14	2,189.06	2,362.63
Finance costs on lease liability	11.66	16.81	19.68
Net gain on financial instruments at fair value through profit or loss	(119.76)	(157.22)	(91.06)
Net gain/ loss on derecognition of financial instruments under amortised cost	(28.30)	106.92	(39.68)
Impairment on financial instruments	320.56	360.88	336.40
Employee share based payment	89.32	29.60	38.92
Net gain on termination of lease liability	(4.55)	1.11	(0.37)
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35	0.87
Operational Cash Flows:			
Cash inflow from interest on loans	5,686.18	3,893.66	2,709.71
Cash inflow from interest on investment in PTC	432.84	870.43	1,775.79
Cash inflow from interest on investment in Government Securities	81.67	-	-
Cash inflow from interest on fixed deposits	133.02	131.87	104.53
Cash inflow from fees and commission income	474.49	40.83	37.46
Cash outflow towards finance cost on borrowings & debt securities	(2,730.76)	(2,234.37)	(2,398.73)
Operating Profit before working capital changes	2,292.97	1,233.84	1,219.01
Changes in working capital:			
Increase/ (Decrease) in payables	7.40	62.18	(2.35)
Increase/ (Decrease) in Other financial liabilities	48.84	288.47	1,207.72
Increase/ (Decrease) in Other non-financial liabilities	(25.34)	44.38	2.82
Increase/ (Decrease) in provision	0.74	3.00	3.57
(Increase)/ Decrease in trade receivables	(87.58)	178.55	192.07
(Increase)/ Decrease in loans and advances	(14,382.80)	(9,672.32)	(5,485.36)
(Increase)/ Decrease in other financial assets	21.33	46.88	0.43
(Increase)/ Decrease in other non-financial assets	297.54	12.32	544.92
Cash flows used in Operating activities	(11,826.90)	(7,802.70)	(2,317.17)
Income taxes refund/ (paid)	(622.65)	(413.74)	(434.79)
Net cash used in Operating activities	(12,449.55)	(8,216.44)	(2,751.96)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash flow from Investing activities			
Purchase of property, plant and equipment	(77.75)	(73.43)	(127.93)
Purchase of intangible assets (including intangible assets under development)	(7.65)	(23.65)	(15.54)
Proceeds from sale of property, plant and equipment	0.34	0.01	-
Purchase of investments at fair value through profit and loss	(18,714.34)	(20,452.13)	(21,351.89)
Sale of investments at fair value through profit and loss	21,178.46	21,480.25	17,488.85
Redemption/ Sale of investment in PTC	2,807.02	5,455.63	7,846.20
Purchase of investment in Government Securities	(3,160.32)	-	-
Redemption/ Sale of investment in Government Securities	352.54	-	-
Placement of fixed deposits	(3,364.03)	(1,694.89)	(1,395.94)
Maturity/ Redemption of fixed deposits	3,044.89	1,826.37	1,306.83
Net cash generated from Investing activities	2,059.16	6,518.16	3,750.58
Cash flow from Financing activities			
Proceeds from issuance of equity share capital including securities premium	2,813.67	143.02	1,037.08
Share issue expenses	(1.23)	(0.02)	(1.11)
Proceeds from borrowings other than debt securities	17,115.74	8,930.00	4,571.61
Repayment of borrowings other than debt securities	(9,145.57)	(6,097.35)	(5,659.85)
Debt securities issued	-	430.00	1,500.00
Debt securities repaid	-	(1,500.00)	(3,250.00)
Principal repayment of lease liabilities	(60.88)	(58.52)	(44.70)
Interest paid on lease liabilities	(11.66)	(16.81)	(19.68)
Net cash (used in)/ generated from Financing activities	10,710.07	1,830.32	(1,866.65)
Net increase in cash and cash equivalents	319.68	132.04	(868.03)
Cash and cash equivalents at beginning of period/ year	1,514.76	1,382.72	2,250.75
Cash and cash equivalents at end of period/ year	1,834.44	1,514.76	1,382.72
Cash and cash equivalents at the end of the year/ period comprises of:			
Cash in hand	67.31	75.26	67.35
Balance with banks			
- In current accounts	1,167.04	399.40	905.32
- In fixed deposit with original maturity of less than 3 months	600.09	1,040.10	410.05
TOTAL	1,834.44	1,514.76	1,382.72

GENERAL INFORMATION

Registered and Corporate Office

SBFC Finance Limited

103, 1st Floor, C&B Square,
Sangam Complex, Andheri Kurla Road,
Village Chakala, Andheri (East),
Mumbai 400 059
Maharashtra, India

CIN: U67190MH2008PLC178270

Registration number: 178270

RBI registration number: N-13.01913

For details of our incorporation and changes to our name and our registered office address, see “*History and Certain Corporate Matters*” on page 240.

Address of the RoC

Our Company is registered with the RoC, located at the following address:

Registrar of Companies, Maharashtra at Mumbai

100, Everest, Marine Drive
Mumbai 400 002
Maharashtra, India

Board of Directors

The details regarding the Board as on the date of this Prospectus is set forth below:

Name	Designation	DIN	Address
Neeraj Swaroop	Independent Director and Chairperson	00061170	1104, Signia Isles, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra
Aseem Dhru	Managing Director and Chief Executive Officer	01761455	B-12, 12 th Floor, Ahuja Tower, Rajabhau Anant Desai Marg, Prabhadevi, Mumbai - 400025, Maharashtra
Amol Jain	Non-Executive Nominee Director*	00334710	301, 3 rd Floor, Le Papeyon, Mount Mary Road, Bandra West, Mehboob Studio, Mumbai – 400050, Maharashtra
Arjun Sakhuja	Non-Executive Nominee Director**	08669224	Tower X.1, Apartment – 402, Beauport Tower, Marsa, Dubai – 488008, UAE
John Mescall	Non-Executive Nominee Director**	08385575	Villa-A4V-06, 393-AI Thanyah Fifth, Premise Number: 393091449, Dubai – 506991, UAE
Jonathan Tadeusz Tatur	Non-Executive Nominee Director**	08639243	1208 Damac Park Tower A, Dubai, UAE
Rajesh Mannalal Agrawal	Independent Director	00302467	4504 45th Floor, Tower- B, Three Sixty West, Dr. Annie Besant Road, Worli, Mumbai – 400025, Maharashtra
Surekha Marandi	Independent Director	06952573	Flat No. 301, Wing A, Neelsidhi Garden, CHS Takka, Plot No. 417/418, Panvel, Raigarh, Maharashtra, 410206

* Nominee of Arpwood Group

** Nominee of SBFC Holdings Pte. Ltd.

For brief profiles and further details in respect of our Directors, see “*Our Management*” on page 247.

Company Secretary and Compliance Officer

Jay Mistry

103, 1st Floor, C&B Square,
Sangam Complex, Andheri Kurla Road,
Village Chakala, Andheri (East),
Mumbai 400 059

Maharashtra, India
Tel: 022 6787 5344
E-mail: complianceofficer@sbfc.com

Statutory Auditors

M/s Suresh Surana & Associates LLP, Chartered Accountants

308-309, Technopolis Knowledge Park,
Mahakali Caves Road, Andheri (East),
Mumbai 400093
Maharashtra, India
Tel: +91 22 6108 5555
E-mail: ramesh@ss-associates.com
Peer Review No.: 014084
Firm Registration No.: 121750W/W-100010

Changes in statutory auditors

Except as disclosed below, there has been no change in the statutory auditors of our Company during the last three years:

Name of auditor	Date of change	Reason for change
M/s Suresh Surana & Associates LLP, Chartered Accountants 308-309, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai 400093 Maharashtra, India Tel: +91 22 6191 5555 E-mail: ramesh@ss-associates.com Peer Review No.: 011592 Firm Registration No.: 121750W/W100010	September 16, 2021	Appointment as statutory auditors
M/s Deloitte Haskins & Sells LLP, Chartered Accountants One International Center, 32 nd Floor, Tower-3, Senapati Bapat Marg, Elphinstone (West), Mumbai 400 013 Maharashtra, India Tel.: +91 22 6185 4000 E-mail: mujain@deloitte.com Peer Review No.: 013179 Firm Registration No.: 117366W/W100018	August 26, 2021	Resignation due to ineligibility to continue as statutory auditor of the Company pursuant to RBI circular on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

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: sbfc.ipo@icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Sameer Purohit/ Sumit Singh
SEBI Registration No.: INM000011179

Axis Capital Limited

1st Floor, Axis House
C-2 Wadia International Centre
PB Marg, Worli
Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
E-mail: sbfc.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor Grievance E-mail: complaints@axiscap.in
Contact Person: Mayuri Arya/ Harish Patel
SEBI Registration No.: INM000012029

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: sbfcfinance.ipo@kotak.com
Website: https://investmentbank.kotak.com
Investor Grievance E-mail:
 kmcccredressal@kotak.com
Contact Person: Ganesh Rane
SEBI Registration No.: INM000008704

Statement of *inter se* allocation of responsibilities among the Book Running Lead Managers

The responsibilities and co-ordination by the Book Running Lead Managers for various activities in this Offer are as follows:

S. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	I-Sec, Axis, Kotak	I-Sec
2.	Drafting and approval of all statutory advertisement	I-Sec, Axis, 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, Axis, Kotak	Kotak
4.	Appointment of intermediaries - Registrar to the Offer and advertising agency, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Axis, Kotak	I-Sec
5.	Appointment of intermediaries - Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	I-Sec, Axis, Kotak	Axis
6.	Preparation of road show presentation and FAQs for the road show team	I-Sec, Axis, Kotak	Kotak
7.	International institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> • Institutional marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule 	I-Sec, Axis, Kotak	Kotak
8.	Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> • Marketing strategy; • Finalizing the list and division of investors for one-to-one meetings; and • Finalizing road show and investor meeting schedule 	I-Sec, Axis, Kotak	I-Sec
9.	Conduct non-institutional marketing of the Offer, which will cover, <i>inter-alia</i> : <ul style="list-style-type: none"> • Finalising media, marketing and public relations strategy; • Formulating strategies for marketing to Non-Institutional Investors 	I-Sec, Axis, Kotak	Axis
10.	Retail marketing of the Offer, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> • 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, Axis, Kotak	Axis
11.	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, Axis, Kotak	Kotak
12.	Managing the book and finalization of pricing in consultation with the Company and Promoter Selling Shareholders	I-Sec, Axis, Kotak	I-Sec
13.	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 Promoter Selling Shareholders and coordination with	I-Sec, Axis, Kotak	Axis

S. No.	Activity	Responsibility	Coordinator
	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		

Syndicate Member

Kotak Securities Limited

4th Floor, 12BKC, G Block,
 Bandra Kurla Complex,
 Bandra (East), Mumbai 400 051
 Maharashtra, India
Tel: +91 22 62185410
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Umesh Gupta
SEBI Registration No: INRZ000200137

Legal Counsel to the Issuer

Shardul Amarchand Mangaldas & Co.

24th Floor, Express Towers
 Nariman Point
 Mumbai 400 021
 Maharashtra, India
Tel: +91 22 4933 5555

Registrar to the Offer

KFin Technologies Limited

Selenium, Tower B,
 Plot 31 & 32, Financial District,
 Nanakramguda, Serilingampally,
 Hyderabad, Rangareddi 500 032,
 Telangana, India
Tel: +91 40 6716 2222 / 7961 1000
E-mail: Sbfc.ipo@kfintech.com
Investor Grievance E-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M. Muralikrishna
SEBI Registration No: INR00000022

Bankers to the Company

Kotak Mahindra Bank Limited

27BKC, Plot no. C-27, G-Block
 3rd Floor, Bandra Kurla Complex
 Bandra (East), Mumbai – 400 051
Tel.: 022 61660397
Contact Person: Pallavi Surati
Website: www.kotak.com
Email: pallavi.surti@kotak.com
CIN: L65110MH1985PLC038137

IndusInd Bank Limited

IndusInd Bank Limited, 11th Floor
 Tower 1, One World Centre, 841, S.B. Marg
 Elphinstone Road, Mumbai – 400013

Tel.: +91 9820197879
Contact Person: Tajinder Singh Setia
Website: www.indusind.com
Email: tajindersingh.setia@indusind.com
CIN: L65191PN1994PLC076333

The Federal Bank Limited

Federal Bank, Corporate Client Service Center,
32/34, Churchgate House,
Veer Nariman Road, Fort
Tel.: +91 22 49174422/24/25/26/28/29/30
Contact Person: Jyothi Menon
Website: www.federalbank.co.in
Email: ccscfort@federalbank.co.in
CIN: L65191KL1931PLC000368

State Bank of India

Backbay Reclamation Branch, Tulsiani Chambers
1st Floor, Free Press Journal Marg
Nariman Point, Mumbai - 400021
Tel.: 022-22745830
Contact Person: Mr. Chirojeet Sarkar
Website: www.sbi.co.in
Email: rmamt3.01593@sbi.co.in

Axis Bank Limited

Jeevan Prakash Building
Fort, Mumbai – 400001
Tel.: 022-40867464
Contact Person: Mr. Bhushan Mhatre
Website: www.axisbank.com
Email: fort.operationshead@axisbank.com
CIN: L65110GJ1993PLC020769

ICICI Bank Ltd.

4th Floor, West Wing
North Tower, ICICI Bank Tower
Bandra Kurla Complex, Mumbai - 400 051
Tel.: 022-4008742
Contact Person: Mr. Amit Bijalwan
Website: www.icicibank.com
Email: amit.bijalwan@icicibank.com
CIN: L65190GJ1994PLC021012

HDFC Bank Ltd.

HDFC Bank House, Senapati Bapat Marg
Lower Parel (W), Mumbai- 400013
Tel.: 022 397 60054
Contact Person: Ms. Poonam Raikar / Mr. Santosh Mishra
Website: www.hdfcbank.com
Email: poonam.raikar@hdfcbank.com / santosh.mishra@hdfcbank.com
CIN: L65920MH1994PLC080618

Indian Bank

Ground Floor, Right Wing
P M Road (United India Bldg),
Fort, Mumbai – 400 001
Tel.: +91 22 2082 0229
Contact Person: Mr. Ayan Das
Website: www.Indianbank.in
Email: msmemcb.mumbai@indianbank.co.in

AU Small Finance Bank Limited

Corporate House, E Block, 5th Floor,
Kanakia Zillion, Junction of LBS and CST Marg,
BKC Annex, Kurla (West), Mumbai – 400 070
Tel.: 022 62490600

Contact Person: Harshal Patkar

Website: www.aubank.in

Email: nbfcsupport@aubank.in

CIN: L36911RJ1996PLC011381

Yes Bank Limited

Yes Bank House,
6th Floor, South Wing,
Off Western Express Highway, Santacruz (E), Mumbai – 400 055
Tel.: +91 9619026268

Contact Person: Mr. Vishal Kumar

Website: www.yesbank.in

Email: vishal.kumar5@yesbank.in

CIN: L65190MH2003PLC143249

Bankers to the Offer**Escrow Collection Banks****Axis Bank Limited**

Ground Floor, Jeevan Prakash Building,
Sir PM Road, Fort, Mumbai – 400001
Maharashtra, India

E-mail: Fort.branchhead@axisbank.com

Tel: 9619698042

Website: www.axisbank.com

Contact person: Mr. Mehdiali Fatteh

SEBI Registration No.: INBI00000017

CIN: L65110GJ1993PLC020769

Kotak Mahindra Bank Limited

Kotak Infiniti, 6th Floor, Building No.21,
Infinity Park, Off Western Express Highway,
General AK Vaidya Marg, Malad (East), Mumbai – 400 097
Maharashtra, India

E-mail: cmsipo@kotak.com

Tel: 022-66056588

Website: www.kotak.com

Contact person: Mr. Siddhesh Shirodkar

SEBI Registration No.: INB100000927

CIN: L65110MH1985PLC038137

Public Offer Account Bank(s)**ICICI Bank Limited**

163, 5th Floor, HT Parekh Marg,
Backbay Reclamation, Churchgate,
Mumbai – 400 020,
Maharashtra, India

E-mail: sagar.welekar@icicibank.com

Tel: 022-68052182

Website: www.icicibank.com

Contact person: Mr. Sagar Welekar

SEBI Registration No.: INBI00000004

CIN: L65190GJ1994PLC021012

Refund Bank(s)

Axis Bank Limited

Ground Floor, Jeevan Prakash Building,
Sir PM Road, Fort, Mumbai – 400001
Maharashtra, India
E-mail: Fort.branchhead@axisbank.com
Tel: 9619698042
Website: www.axisbank.com
Contact person: Mr. Mehdiali Fatteh
SEBI Registration No.: INBI00000017
CIN: L65110GJ1993PLC020769

Sponsor Bank(s)

Axis Bank Limited

Ground Floor, Jeevan Prakash Building,
Sir PM Road, Fort, Mumbai – 400001
Maharashtra, India
E-mail: Fort.branchhead@axisbank.com
Tel: 9619698042
Website: www.axisbank.com
Contact person: Mr. Mehdiali Fatteh
SEBI Registration No.: INBI00000017
CIN: L65110GJ1993PLC020769

ICICI Bank Limited

163, 5th Floor, HT Parekh Marg,
Backbay Reclamation, Churchgate,
Mumbai – 400 020,
Maharashtra, India
E-mail: sagar.welekar@icicibank.com
Tel: 022-68052182
Website: www.icicibank.com
Contact person: Mr. Sagar Welekar
SEBI Registration No.: INBI00000004
CIN: L65190GJ1994PLC021012

Designated Intermediaries

SCSBs

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

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs mobile applications (apps) whose names appear on the website of the SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43> respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. 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 Stock Exchanges at <https://www.bseindia.com> and <https://www.nseindia.com>, as updated from time to time.

Collecting Registrar and Share Transfer Agents

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

Grading of the Offer

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

Appraising Entity

The object for which the Net Proceeds will be utilised has not been appraised by any agency.

Monitoring Agency

Our Company has appointed ICRA Limited, a credit rating agency registered with SEBI as the Monitoring Agency, pursuant to a resolution of our Board dated July 12, 2023 to monitor the utilisation of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency agreement dated July 12, 2023 executed between the Company and the Monitoring Agency.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Experts

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

Our Company has received written consent dated July 15, 2023 from the Statutory Auditors, M/s Suresh Surana & Associates LLP, Chartered Accountants, to include their name, as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this 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 July 12, 2023 on the Restated Financial Information; and (ii) their report dated July 15, 2023 on the statement of possible special tax benefits in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus.

In addition, our Company has received a written consent dated August 8, 2023 from, S K Patodia & Associates, Chartered Accountants, as the independent chartered accountants to include its name as an “expert” under Section 2(38) of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 in its capacity as an independent chartered accountant, in respect of the certificates dated July 26, 2023 and August 8, 2023, and such consent has not been withdrawn as on the date of this Prospectus.

Credit rating

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

Debenture Trustees

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

Filing of the Offer Documents

A copy of the Draft Red Herring Prospectus was uploaded on the SEBI intermediary portal at <https://siportal.sebi.gov.in> as specified in Regulation 25(8) of the SEBI ICDR Regulations.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed, was filed with the RoC in accordance with Section 32 of the Companies Act, 2013 on July 27, 2023, and a copy of this Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and minimum Bid Lot was determined by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, and advertised in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper) and all editions of Navshakti (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where the Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date and was made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price was determined by our Company and the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers after the Bid/Offer Closing Date. For details, see “*Offer Procedure*” on page 468.

All Bidders, except Anchor Investors, used the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount was blocked by SCSBs. In addition to this, the UPI Bidders have participated 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 were not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Category and Non-Institutional Investors Bidding in the Non-Institutional Category were 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 Investors (subject to the Bid Amount being up to ₹200,000) and Eligible Employees Bidding in the Employee Reservation Portion could have revised their Bids during the Bid/Offer Period and withdrawn their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors) was on a proportionate basis while allocation to the Anchor Investors was on a discretionary basis.

For further details on the method and procedure for Bidding and book building procedure, see “*Offer Structure*” and “*Offer Procedure*” on pages 464 and 468, respectively.

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

Bidders should note the Offer is also subject to: (i) filing of this Prospectus with the RoC, and (ii) obtaining final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

Our Company and the Promoter Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated August 8, 2023. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6807 7100 E-mail: sbfc.ipo@icicisecurities.com	59,963,317	3,416.67
Axis Capital Limited 1 st Floor, Axis House C-2, Wadia International Centre P. B. Marg, Worli Mumbai - 400 025 Maharashtra, India Tel: +91 22 4325 2183 E-mail: sbfc.ipo@axiscap.in	59,963,317	3,416.67
Kotak Mahindra Capital Company Limited 1 st Floor, 27 BKC Plot No. 27, "G" Block, BKC, Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000 Website: https://investmentbank.kotak.com E-mail: sbfcfinance.ipo@kotak.com	59,963,216	3,416.66
Kotak Securities Limited 4 th Floor, 12BKC, G Block, BKC, Bandra (East), Mumbai 400 051 Maharashtra, India Tel: +91 22 62185410 E-mail: umesh.gupta@kotak.com	100	0.01
Total	179,889,950	10,250.00

The abovementioned amounts are provided for indicative purposes only and will be finalised after the finalization of the Basis of Allotment and actual allocation and are subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of the Board of Directors (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are merchant bankers registered with SEBI under Section 12(1) of the SEBI Act or registered as stock brokers with the Stock Exchanges. The Board of Directors, at its meeting held on August 8, 2023, 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 commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement. 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 subscriptions for/ subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

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

<i>(in ₹, except share data)</i>		
	Aggregate value at face value	Aggregate value at Offer Price*
A AUTHORISED SHARE CAPITAL⁽¹⁾		
1,300,000,000 Equity Shares bearing face value of ₹10 each	13,000,000,000.00	-
Total	13,000,000,000.00	-
B ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER, AS OF THE DATE OF THIS PROSPECTUS		
958,908,906 Equity Shares bearing face value of ₹10 each	9,589,089,060.00 [^]	-
Total	9,589,089,060.00 [^]	-
C OFFER		
Offer of 179,889,950 ^{**} Equity Shares aggregating to ₹ 10,250 million ^{*** (2)(3)}	1,798,899,500	10,249,999,878 ^{***}
<i>Comprising:</i>		
Fresh Issue of 105,328,548 Equity Shares aggregating to ₹ 6,000 million ^{***}	1,053,285,480	5,999,999,964 ^{***}
Offer for Sale of 74,561,402 Equity Shares aggregating to ₹ 4,250 million ^{***}	745,614,020	4,249,999,914
<i>Which includes:</i>		
Employee Reservation Portion of 1,863,636 Equity Shares aggregating to ₹ 102.50 million ^{*** (4)}	18,636,360	102,499,980 ^{***}
Net Offer of 178,026,314 Equity Shares aggregating to ₹ 10,147.50 million	1,780,263,140	10,147,499,898 ^{***}
D ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER*		
1,064,237,454 Equity Shares bearing face value of ₹10 each	10,642,374,540	60,657,807,606 ^{***}
E SECURITIES PREMIUM ACCOUNT <i>(in million)</i>		
Before the Offer		5,976.54 [^]
After the Offer		10,923.25

* Subject to finalisation of the Basis of Allotment.

** Including 1,863,636 Equity Shares to be issued under Employee Reservation Portion at a price of ₹ 55 per Equity Share

*** A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

The total paid-up share capital and the securities premium includes the amounts pertaining to the Equity Shares held through the SBFC Employee Welfare Trust.

- For details in relation to the changes in the authorised share capital of the Company, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association in the last 10 years" on page 241.
- The Offer has been authorized by a resolution dated October 14, 2022 passed by our Board and the Fresh Issue has been approved by a special resolution dated October 15, 2022 passed by our Shareholders. Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million. For further details in relation to the Pre-IPO Placement, see "Capital Structure" and "Risk Factors – Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price." on pages 80 and 35, respectively.
- Each Promoter Selling Shareholder confirms that its respective portion of the Offered Shares have been held by it for a period of at least one year prior to the filing of the Previous DRHP and DRHP with SEBI and are eligible in accordance with Regulation 8 of the SEBI ICDR Regulations. For details of the authorization of each of the Promoter Selling Shareholders in relation to their respective Offered Shares, see "The Offer" on page 63.
- Eligible Employees Bidding in the Employee Reservation Portion must ensure that the maximum Bid Amount does not exceed ₹500,000 (net of Employee Discount, if any). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount, if any). Only in the event of under-subscription in the Employee Reservation Portion, such unsubscribed portion will be available for allocation and Allotment proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount, if any), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount, if any).

Notes to Capital Structure

(i) 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	Details of the allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Reason for/nature of allotment	Nature of consideration
January 25, 2008	2,000,000	1,999,999 equity shares were allotted to MAPE Advisory Group Private Limited and 1 equity share was allotted to M. Ramprasad	10	10	Initial subscription to Memorandum of Association	Cash
March 3, 2008	50,000	50,000 equity shares were allotted to MAPE Advisory Group Private Limited	10	10	Further issue	Cash
September 28, 2017	673,950,000	558,052,500 equity shares were allotted to Lyra Partners Ltd and 115,897,500 equity shares were allotted to Arpwood Partners Investment Advisors LLP	10	12.50	Rights Issue	Cash
March 15, 2019	10,840,000	10,840,000 equity shares were allotted to SBFC Employee Welfare Trust under the ESOP 2018 - I.	10	12.50	Allotment of equity shares under the ESOP 2018 – I	Cash
June 3, 2019	80,654,506	60,374,506 partly paid-up equity shares were allotted to Arpwood Partners Investment Advisors LLP; 16,224,000 partly paid-up equity shares were allotted to Aseem Dhru; 4,056,000 partly paid-up equity shares were allotted to Mahesh Dayani	10	13.10 ⁽¹⁾	Private placement	Cash
June 25, 2020	52,650,776	40,040,000 equity shares were allotted to SBFC Holdings Pte. Ltd.; 11,719,790 equity shares were allotted to Arpwood Capital Private Limited; 890,986 equity shares were allotted to Eight45 Services Ltd.	10	19.08	Rights Issue	Cash
October 13, 2020	1,703,400	1,310,300 equity shares were allotted to Pankaj Poddar; 262,100 equity shares were allotted to Deepak Mudalgikar; 131,000 equity shares were allotted to Manu Mahajan	10	19.08	Private placement	Cash
December 23, 2021	2,825,000	2,825,000 equity shares were allotted to Vistra ITCL (India) Limited ⁶ (in its capacity as trustee for the SBFC Employee Welfare Trust) under the ESOP 2021 – I	10	19.00	Allotment of equity shares under ESOP 2021 – I	Cash
January 14, 2022	7,350,000	4,200,000 partly paid-up equity shares were allotted to Aseem Dhru; 2,100,000 partly paid-up equity shares were allotted to Mahesh Dayani; 525,000 partly paid-up equity shares were allotted to Narayan Barasia; 525,000 partly paid-up equity shares were allotted to Pankaj Poddar	10	21.45 ⁽²⁾	Private placement	Cash
February 14, 2022	2,500,000	2,500,000 equity shares were allotted to Mahesh Dayani under the ESOP 2018 - II	10	12.50	Allotment of equity shares under ESOP 2018 – II	Cash
April 8, 2022	62,500,000	50,000,000 equity shares allotted to SBFC Holdings Pte Ltd.; 12,500,000 equity shares allotted to Malabar India Fund Limited	10	40.00	Private placement	Cash
May 23, 2023	27,272,727	27,272,727 fully paid up equity shares allotted to Amansa Investments Ltd	10	55.00	Private placement	Cash
July 12, 2023	5,72,497	5,72,497 equity shares were allotted to the employees pursuant to exercise of options under SBFC Stock Option Policy 2021 - II	10	40.00	Allotment of equity shares under SBFC	Cash

Date of allotment of equity shares	Number of equity shares allotted	Details of the allottees	Face value per equity share (in ₹)	Issue price per equity share (in ₹)	Reason for/ nature of allotment	Nature of consideration
July 12, 2023	3,40,40,000	3,40,40,000 equity shares were allotted to Mr. Aseem Dhru and Mr. Mahesh Dayani pursuant to exercise of options under SBFC Stock Option Policy II 2018 (Previously Small Business FinCredit Stock Option Policy II 2018)	10	12.50	Stock Option Policy 2021 - II Allotment of equity shares under SBFC Stock Option Policy II 2018	Cash

* The private placements were in accordance with Section 42 of the Companies Act, 2013 a separate bank account had been opened for receipt of monies out of such private placements.

- [&] a) *Vistra ITCL (India) Limited* (“Vistra”) is a SEBI registered entity bearing registration no. IND000000578 for debenture trusteeship;
b) *Vistra* is the trustee of *SBFC Employee Welfare Trust*, holding 4,751,000 Equity Shares in its capacity as a trustee of the *SBFC Employee Welfare Trust* for implementation of *ESOP 2018 – I* and *ESOP 2021 – I* schemes of the Company;
c) *Vistra* has no rights on the *Equity Shares* held and has no beneficial interest therein as it is acting as a custodian on behalf of employees of the Company, in its capacity of a trustee;
d) *Vistra* is not a Shareholder of the Company, it does not hold common directorship or a position of control in the Company and is not related to the Company in any manner.
- (1) Allotment of 80,654,506 partly paid-up shares, i.e., ₹ 0.50 paid per Equity Shares allotted on June 3, 2019. Out of 80,654,506 Equity Shares (a) 16,700,000 Equity Shares were fully-paid up on June 24, 2019; (b) 43,674,506 Equity Shares were fully-paid up on August 30, 2019; (c) 5,190,713 Equity Shares were fully-paid up on October 3, 2019; (d) 2,820,954 Equity Shares were fully-paid up on September 14, 2022; and (e) 12,268,333 Equity Shares were fully paid up on October 19, 2022.
- (2) Allotment of 7,350,000 partly paid-up shares, i.e., ₹ 5.36 (including securities premium of ₹ 2.86) paid per Equity Shares allotted on January 14, 2022. The 7,350,000 Equity Shares were converted into fully paid up on October 19, 2022.

(ii) Equity shares issued or for consideration other than cash or out of revaluation reserves

Our Company has not issued equity shares or preference shares for consideration other than cash or out of revaluation reserves, on the date of this Prospectus.

Our Company has not issued any shares out of revaluation reserves since incorporation.

(iii) Issue of equity shares and preference shares pursuant to any scheme approved under Sections 230 to 234 of the Companies Act, 2013

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

(iv) Issue of equity shares under employee stock option schemes

For details of equity shares issued by our Company pursuant to the exercise of options which have been granted under *ESOP 2018 – I*, *ESOP 2018 – II*, *ESOP 2021 – I*, *ESOP 2021 – II*, *ESOP 2021 – III*, *ESOP 2021 – IV*, *ESOP 2021 – V* and *ESOP 23 - I*, see “– *Share capital history of our Company*” on page 81.

(v) Equity shares issued in the preceding one year below the Offer Price

Except as disclosed above under “– *Notes to Capital Structure – Share capital history of our Company*” on page 81, our Company has not issued any equity shares at a price which is lower than the Offer Price during a period of one year preceding the date of this Prospectus.

(vi) Shareholding Pattern of our Company

The table below presents the shareholding pattern of our Company, as on the date of this Prospectus:

Category (I)	Number of shareholders (II)	Number of fully paid up Equity Shares held (III)	Number of Partly paid up Depository Receipts held (IV)	Number of underlying shares (V)	Total number of shares held (VI)	Shareholding as a % of total number of shares (VII)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)*		Number of Equity Shares held in dematerialized form (XIV)	
							Class e.g.: Shares	Class e.g.: Other	Total			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)		
(A) Promoters and Promoter Group	4	755,917,628	0	0	755,917,628	78.83%	755,917,628	0	755,917,628	78.83%	0	78.83%	-	-	-	-	755,917,628
(B) Public	87	198,240,278	0	0	198,240,278	20.67%	198,240,278	0	198,240,278	20.67%	0	20.67%	-	-	31,849,311	16.07%	198,240,278
(C) Non Promoter- Non Public	1	4,751,000	0	0	4,751,000	0.50%	4,751,000	0	4,751,000	0.50%	0	0.50%	-	-	-	-	4,751,000
(C1) Shares underlying depository receipts	0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	-	-	-	-	0
(C2) Shares held by employee trusts	1	4,751,000	0	0	4,751,000	0.50%	4,751,000	0	4,751,000	0.50%	0	0.50%	-	-	-	-	4,751,000
Total	92	958,908,906	0	0	958,908,906	100.00%	958,908,906	0	958,908,906	100.00%	0	100.00%	-	-	31,849,311	16.07%	958,908,906

*Certain Shareholders have pledged a portion of their Equity Shares to certain lenders.

(vii) **Details of equity shareholding of the major Shareholders of our Company:**

- Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of this Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of the Equity Share capital (%)	Percentage of the Equity Share capital on a fully diluted basis(%)*
1	SBFC Holdings Pte. Ltd	622,813,525	64.95%	60.94%
2	Arpwood Partners Investment Advisors LLP	98,837,596	10.31%	9.67%
3	Aseem Dhru	42,958,167	4.48%	4.20%
4	Amansa Investments Ltd.	40,909,091	4.27%	4.00%
5	Arpwood Capital Private Limited	24,257,337	2.53%	2.37%
6	Malabar India Fund Limited	22,909,635	2.39%	2.24%
7	Steadview Capital Mauritius Limited	18,181,818	1.90%	1.78%
8	Massachusetts Institute of Technology	13,636,363	1.42%	1.33%
9	Mahesh Dayani	12,150,166	1.27%	1.19%
10	Malabar Select Fund	12,036,364	1.26%	1.18%
11	Eight45 Services LLP	10,009,170	1.04%	0.98%
	Total	918,699,232	95.82%	89.88%

* Assuming exercise of all options under the ESOP Schemes that are granted as of the date of this Prospectus

- Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of 10 days prior to the date of this Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of the Equity Share capital (%)	Percentage of the Equity Share capital on a fully diluted basis (%)*
1	SBFC Holdings Pte.Ltd.	622,813,525	64.95%	60.93%
2	Arpwood Partners Investment Advisors LLP	98,837,596	10.31%	9.67%
3	Aseem Dhru	42,958,167	4.48%	4.20%
4	Amansa Investments Ltd	40,909,091	4.27%	4.00%
5	Arpwood Capital Private Limited	24,257,337	2.53%	2.37%
6	Malabar India Fund Limited	22,909,635	2.39%	2.24%
7	Steadview Capital Mauritius Limited	18,181,818	1.90%	1.78%
8	Massachusetts Institute of Technology	13,636,363	1.42%	1.33%
9	Mahesh Dayani	12,150,166	1.27%	1.19%
10	Malabar Select Fund	12,036,364	1.26%	1.18%
11	Eight45 Services LLP	10,009,170	1.04%	0.98%
	Total	918,699,232	95.82%	89.87%

* Assuming exercise of all options under the ESOP Schemes that are granted as of the relevant date

3. Set forth below are details of Shareholders holding 1% or more of the paid-up equity share capital of our Company as of one year prior to the date of this Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of the Equity Share capital (%)	Percentage of the Equity Share capital on a fully diluted basis (%)*
1	SBFC Holdings Pte.Ltd.	650,040,000	72.47%	67.10%
2	Arpwood Partners Investment Advisors LLP	122,217,177	13.62%	12.62%
3	Arpwood Capital Private Limited	29,995,300	3.34%	3.10%
4	Eight45 Services LLP	24,272,805	2.71%	2.51%
5	Aseem Dhru	19,918,167	2.22%	2.06%
6	Malabar India Fund Limited	16,000,544	1.78%	1.65%
	Total	862,443,993	96.14%	89.04%

* Assuming exercise of all options under the ESOP Schemes that are granted as of the relevant date

4. Set forth below are details of Shareholders holding 1% or more of the paid-up equity share capital of our Company as of two years, prior to the date of this Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of the Equity Share capital (%)	Percentage of the Equity Share capital on a fully diluted basis (%)*
1	SBFC Holdings Pte. Ltd.	600,040,000	73.01%	69.58%
2	Arpwood Partners Investment Advisors LLP	130,873,506	15.92%	15.18%
3	Arpwood Capital Private Limited	32,119,790	3.91%	3.72%
4	Eight45 Services LLP	25,991,986	3.16%	3.01%
5	Aseem Dhru	16,224,000	1.97%	1.88%
6	Vistra ITCL (India) Limited (Trustee of SBFC Employee Welfare Trust)	10,840,000	1.32%	1.26%
	Total	816,089,282	99.29%	94.63%

* Assuming exercise of all options under the ESOP Schemes that are granted as of the relevant date

(viii) **Details of Equity Shareholding of our Promoters and members of the Promoter Group in our Company**

As on the date of this Prospectus, our Promoters hold an aggregate of 755,917,628 Equity Shares, constituting 78.83% of the issued, subscribed and paid-up Equity Share capital of our Company.

The details regarding our Promoters' shareholding are set forth below:

- *Build-up of Promoters' 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 (₹)	Acquisition/ transfer price per equity share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%) [^]
(A) Arpwood Partners Investment Advisors LLP							
August 1, 2017	Transfer from Rajeev Gupta	82,000	Cash	10	12.50	0.01	0.01
August 1, 2017	Transfer from Amol Jain	20,500	Cash	10	12.50	0.00	0.00
September 28, 2017	Rights Issue	115,897,500	Cash	10	12.50	12.08	10.89
July 25, 2018	Transfer to Eight45 Services LLP	(18,701,000)	Cash	10	12.50	(1.95)	(1.76)
September 29, 2018	Transfer to Eight45 Services LLP	(6,400,000)	Cash	10	12.50	(0.67)	(0.60)
June 3, 2019	Private Placement	60,374,506	Cash	10	13.10	6.30	5.67
June 21, 2019	Transfer to Arpwood Capital Private Limited	(16,700,000)	Cash	10	13.10	(1.74)	(1.57)
August 4, 2020	Transfer to Arpwood Capital Private Limited	(3,700,000)	Cash	10	19.18	(0.39)	(0.35)
February 24, 2022	Transfer to Malabar India Fund Limited	(781,329)	Cash	10	40.00	(0.08)	(0.07)
February 24, 2022	Transfer to Malabar Select Fund	(7,875,000)	Cash	10	40.00	(0.82)	(0.74)
May 23, 2023	Transfer to Steadview Capital Mauritius Limited	(10,000,000)	Cash	10	55.00	(1.04)	(0.94)
May 23, 2023	Transfer to Malabar India Fund Limited	(6,909,091)	Cash	10	55.00	(0.72)	(0.65)
May 23, 2023	Transfer to Malabar Midcap Fund	(1,259,553)	Cash	10	55.00	(0.13)	(0.12)
July 28, 2023	Transfer to SBI Optimal Equity Fund – Long Term	(877,193)	Cash	10	57.00	(0.09%)	(0.08)
July 28, 2023	ICICI Prudential Banking and Financial Services Fund	(877,193)	Cash	10	57.00	(0.09%)	(0.08)
July 28, 2023	HDFC Banking and	(3,456,551)	Cash	10	57.00	(0.36%)	(0.32)

Date of allotment/ transfer	Nature of transaction	Number of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Acquisition/ transfer price per equity share (₹)	Percentage of the pre-Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)^
Financial Services Fund							
Sub - Total (A)		98,837,596				10.31	9.29
(B) Eight45 Services LLP							
July 25, 2018	Transfer from Arpwood Partners Investment Advisors LLP	18,701,000	Cash	10	12.50	1.95	1.76
September 29, 2018	Transfer from Arpwood Partners Investment Advisors LLP	6,400,000	Cash	10	12.50	0.67	0.60
June 25, 2020	Rights Issue	890,986	Cash	10	19.08	0.09	0.08
February 24, 2022	Transfer to Malabar India Fund Limited	(1,719,181)	Cash	10	40.00	(0.18)	(0.16)
May 23, 2023	Transfer to Massachusetts Institute of Technology	(13,636,363)	Cash	10	55.00	(1.42)	(1.28)
May 23, 2023	Transfer to Siddharth Parekh	(99,566)	Cash	10	55.00	(0.01)	(0.01)
July 28, 2023	Transfer to HDFC Banking and Financial Services Fund	(527,706)	Cash	10	57.00	(0.06)	(0.05)
Sub-Total (B)		10,009,170				1.04	0.94
(C) Arpwood Capital Private Limited							
June 21, 2019	Transfer from Arpwood Partners Investment Advisors LLP	16,700,000	Cash	10	13.10	1.74	1.57
June 25, 2020	Rights Issue	11,719,790	Cash	10	19.08	1.22	1.10
August 4, 2020	Transfer from Arpwood Partners Investment Advisors LLP	3,700,000	Cash	10	19.18	0.39	0.35
February 23, 2022	Transfer to Malabar Midcap Fund	(2,124,490)	Cash	10	40.00	(0.22)	(0.20)
May 23, 2023	Transfer to Siddharth Parekh	(264,070)	Cash	10	55.00	(0.03)	(0.02)
May 23, 2023	Transfer to Paragon Partners Equity Fund	(363,636)	Cash	10	55.00	(0.04)	(0.03)
May 23, 2023	Transfer to Malabar Midcap Fund	(2,376,811)	Cash	10	55.00	(0.25)	(0.22)
June 26, 2023	Transfer to Dovetail Global Fund PCC - Paragon Partners Equity Fund	(1,454,545)	Cash	10	55.00	(0.15)	(0.14)
July 28, 2023	Transfer to HDFC Banking and Financial Services Fund	(1,278,901)	Cash	10	57.00	(0.13)	(0.12)

Date of allotment/ transfer	Nature of transaction	Number of equity shares allotted/ transferred	Nature of consideration	Face value per equity share (₹)	Acquisition/ transfer price per equity share (₹)	Percentage of the pre- Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)^
Sub-Total (C)		24,257,337				2.53	2.29
(D) SBFC Holdings Pte. Ltd.							
May 29, 2019	Transfer from Lyra Partners Ltd	560,000,000	Cash	10	13.18	58.40	52.62
June 25, 2020	Rights Issue	40,040,000	Cash	10	19.08	4.18	3.76
April 8, 2022	Private Placement	50,000,000	Cash	10	40.00	5.21	4.70
September 20, 2022	Transfer from Aseem Dhru	4,000,000	Cash	10	60.00	0.42	0.38
September 20, 2022	Transfer from Mahesh Dayani	3,000,000	Cash	10	60.00	0.31	0.28
May 23, 2023	Transfer to Amansa Investments Ltd	(13,636,364)	Cash	10	55.00	(1.42)	(1.28)
May 23, 2023	Transfer to Malabar Select Fund	(3,636,364)	Cash	10	55.00	(0.38)	(0.34)
May 23, 2023	Transfer to Steadview Capital Mauritius Limited	(8,181,818)	Cash	10	55.00	(0.85)	(0.77)
July 28, 2023	Transfer to SBI Retirement Benefit Fund - Aggressive Plan	(2,728,420)	Cash	10	57.00	(0.28)	(0.26)
July 28, 2023	Transfer to SBI Retirement Benefit Fund - Aggressive Hybrid Plan	(1,439,210)	Cash	10	57.00	(0.15)	(0.14)
July 28, 2023	Transfer to SBI Retirement Benefit Fund - Conservative Hybrid Plan	(163,510)	Cash	10	57.00	(0.02)	(0.02)
July 28, 2023	Transfer to SBI Retirement Benefit Fund - Conservative Plan	(54,825)	Cash	10	57.00	(0.01)	(0.01)
July 28, 2023	ICICI Prudential Banking and Financial Services Fund	(4,385,964)	Cash	10	57.00	(0.46)	(0.41)
Sub-Total (D)		622,813,525				64.95	(58.51)
Total (A + B + C+D)		755,917,628				78.83	71.03

[^]Subject to finalisation of Basis of Allotment

One of our Promoters, Clermont Financial Pte. Ltd. does not directly hold any Equity Shares in our Company.

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

- *Shareholding of our Promoters, members of our Promoter Group and the directors of Promoters*

The details of shareholding of our Promoters, members of the Promoter Group and the directors of Promoters as on the date of this Prospectus are set forth below:

Sr. No.	Name of the Shareholder	Pre-Offer Number of Equity Shares	Percentage of the Pre-Offer Equity Share capital (%)	Percentage of the Pre- Offer Equity Share capital on a fully diluted basis (%)*	Post- Offer Number of Equity Shares	Percent age of the Post- Offer Equity Share capital (%)^
Promoters						
a)	SBFC Holdings Pte. Ltd.	622,813,525	64.95	60.94	622,813,525	58.52
b)	Clermont Financial Pte. Ltd.	Nil	Nil	Nil	Nil	Nil
c)	Arpwood Partners Investment Advisors LLP	98,837,596	10.31	9.67	45,109,526	4.24
d)	Arpwood Capital Private Limited	24,257,337	2.53	2.37	11,071,022	1.04
e)	Eight45 Services LLP	10,009,170	1.04	0.98	2,362,153	0.22
Members of the Promoter Group						
a)	Arpwood Consultants LLP	Nil	Nil	Nil	Nil	Nil
b)	Vastrapur Investment Advisors LLP	Nil	Nil	Nil	Nil	Nil
c)	Clermont Corporation Pte. Ltd.	Nil	Nil	Nil	Nil	Nil
d)	Indie Holdings Pte. Ltd.	Nil	Nil	Nil	Nil	Nil
Directors of Promoters						
a)	John Mescall	Nil	Nil	Nil	Nil	Nil
b)	Leroy Langeveld	Nil	Nil	Nil	Nil	Nil
c)	Russell Low	Nil	Nil	Nil	Nil	Nil
d)	Rajeev Gupta	Nil	Nil	Nil	Nil	Nil
e)	Raj Kumar Kataria	Nil	Nil	Nil	Nil	Nil
Total		755,917,628	78.83	73.96	681,356,226	64.02

*Assuming exercise of all options under the ESOP Schemes that are granted as of the date of this Prospectus.

^Subject to finalisation of Basis of Allotment

Except as disclosed above, none of our Promoters, members of our Promoter Group or the directors of Promoters hold any Equity Shares or preference shares as on date of this Prospectus.

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

Pursuant to Regulation 14 and Regulation 16(1)(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be considered as minimum promoters' contribution and locked-in for a period of 18 months from the date of Allotment ("**Promoters' Contribution**").

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

Name of the Promoter	Number of Equity Shares locked-in ⁽¹⁾	Date of allotment/ transfer/acquisition	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 [^]
SBFC Holdings Pte. Ltd.	225,468,727	May 29, 2019	Transfer from Lyra Partners Ltd	10	13.18	22.06	20.00

^Subject to finalisation of Basis of Allotment

- (1) *All Equity Shares were fully paid-up at the time of allotment/transfer.*
- (2) *Assuming exercise of all options under ESOP Schemes that are granted as on the date of the Prospectus*
- (3) *For the purpose of above calculation, number of equity shares has been adjusted on account of the proceeds of Fresh Issue of ₹.6,000 million considering the allotment at Cap Price of the Offer.*
- (4) *Equity Shares eligible for Promoter's Contribution has been computed on the basis of the post -Offer expanded capital assuming exercise of all options outstanding, if any as on the date of this Prospectus*

The Promoters have given their 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.

Our Company undertakes that the Equity Shares that are being locked-in will not be 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 “– *Details of Equity Shareholding of our Promoters and members of the Promoter Group in our Company*” on page 85.

In this connection, we confirm the following:

- (i). 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 by revaluation of assets or by capitalisation of intangible assets; and (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;
- (ii). 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 were offered to the public in the Offer;
- (iii). Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company;
- (iv). The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge with any creditor; and
- (v). All the Equity Shares held by the Promoters are held in dematerialised form.

- *Details of Equity Shares locked-in for six months:*

In addition to 20% of the fully diluted post-Offer shareholding of our Company held by our Promoters and locked-in for 18 months, 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 shall be locked-in for a period of six months from the date of Allotment, except for (i) the Equity Shares transferred pursuant to the Offer for Sale; (ii) any Equity Shares allotted to employees, whether currently employees or not and including the legal heirs or nominees of any deceased employees or ex-employees, pursuant to the ESOP Schemes prior to the Offer; (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that (a) such Equity Shares shall be locked in for a period of at least six months from the date of purchase by such VCF or AIF or FVCI; and (b) such VCF or AIF of category I or category II or a FVCI

holds, individually or with persons acting in concert, less than 20% of pre-Offer Equity Share capital of the Company (on a fully diluted basis).

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 SEBI Takeover Regulations, as applicable. Further, 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 SEBI Takeover Regulations.

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.

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

The Equity Shares held by the Promoters, which are locked-in, may be pledged only with scheduled commercial banks or public financial institutions or NBFC-ND-SIs or housing finance companies, 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. In terms of Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of 18 months from the date of Allotment may be pledged only with the entities mentioned above, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans. Further, pursuant to Regulation 21(b) of the SEBI ICDR Regulations, 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 the entities mentioned above, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

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

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

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

50% of the Equity Shares allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% shall be locked in for a period of 30 days from the date of Allotment.

- (ix) As on the date of filing of this Prospectus, our Company has 92 Shareholders, comprising 958,908,906 Equity Shares.
- (x) Except as disclosed under "*Build-up of Promoters' Equity Shareholding in our Company*" on page 85, our Promoters, the directors of our Promoters, any member of our Promoter Group, our Directors, or any of their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Prospectus.
- (xi) Except for the (i) allotment of Equity Shares pursuant to the Offer; and (ii) issuance of Equity Shares pursuant to exercise of options granted under the ESOP Schemes our Company presently does not intend or propose and is not under negotiations or considerations to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity

Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.

- (xii) There have been no financing arrangements whereby the Promoters, members of the Promoter Group, the Directors and their relatives (as defined in the Companies Act, 2013) and the directors of the corporate Promoters have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during a period of six months immediately preceding the date of this Prospectus.
- (xiii) Our Company, our Directors and the Book Running Lead Managers have not entered into any buy-back arrangements for purchase of Equity Shares from any person.
- (xiv) As on the date of this Prospectus, the Book Running Lead Managers and their respective associates (as defined under the SEBI Merchant Bankers Regulations) do not hold any Equity Shares.
- (xv) Except as stated below, none of our Directors or Key Managerial Personnel or Senior Management hold any Equity Shares in our Company:

S. No.	Shareholder	Number of Equity Shares	% of the pre-Offer Equity Share Capital	Number of employee stock options outstanding	% of the post-Offer Equity Share Capital [^]
a)	Aseem Dhru	42,958,167	4.48%	19,766,667	4.04
b)	Mahesh Dayani	12,150,166	1.27%	15,503,333	1.14
c)	Narayan Barasia	2,405,000	0.25%	7,240,833	0.23
d)	Saiprashant Menon	420,000	0.04%	1,240,000	0.04
e)	Pankaj Poddar	3,435,300	0.36%	6,720,833	0.32
f)	Sanket Agrawal	210,000	0.02%	930,000	0.02
g)	VM Maneesh	-	0.00%	1,000,000	0.00
h)	Sumeet Ghai	-	0.00%	450,000	0.00
i)	Jay Mistry	-	0.00%	80,000	0.00
j)	Viney Vaid	227,500	0.02%	572,500	0.02
k)	Ganesh Vaidya	-	0.00%	350,000	0.00

[^]Subject to finalisation of Basis of Allotment

- (xvi) All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.
- (xvii) Except for the Equity Shares or employee stock options that may be allotted or granted pursuant to the ESOP Schemes there are no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments of our Company into, or which would entitle any person any option to receive, Equity Shares as on the date of this Prospectus.
- (xviii) 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.
- (xix) There shall 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 Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be, other than in connection with the (i) Offer; and (ii) issuance of Equity Shares pursuant to exercise of options granted under the ESOP Schemes.
- (xx) Our Company shall ensure that transactions in the Equity Shares by our Promoters and the Promoter Group between the date of filing of this Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.
- (xxi) As on the date of this Prospectus, the BRLMs and their respective associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company.
- (xxii) None of the Promoters or other members of our Promoter Group will participate in the Offer except to the extent of their participation in the Offer for Sale.

- (xxiii) No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Directors, our Promoter, members of our Promoter Group or Group Company, shall offer or make payment of any incentive, whether direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.
- (xxiv) There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

Employee stock options plan of our Company

A. SBFC Stock Option Policy I 2018

Our Board of Directors approved the SBFC Stock Option Policy I 2018 (the “**ESOP 2018 - I**”) pursuant to a resolution dated September 24, 2018 and our Shareholders approved the ESOP 2018 - I pursuant to a resolution dated September 29, 2018. Subsequently, our Board of Directors approved the amendment of the ESOP 2018 - I pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2018 - I pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2018 - I, options to acquire Equity Shares may be granted to eligible “employees” (as defined in the ESOP 2018 - I) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2018 - I is compliant with the SEBI SBEB Regulations. The ESOP 2018 - I contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2018 - I shall not exceed 1,08,40,000 Equity Shares. The ESOP 2018 - I is being implemented through the SBFC Employee Welfare Trust.

The following table sets forth the particulars of the ESOP 2018 - I, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	1,190,000	200,000	-	-
Options vested during the year / period	2,779,000	3,376,000	1,412,250	233,250
Options exercised (including options pending for allotment)	-	5,789,500	423,500	2,039,000
Options forfeited/ lapsed/ cancelled	634,500	208,500	141,500	10,000
Options outstanding (total of vested and unvested)	10,650,500	4,852,500	4,287,500	2,238,500
Exercise price of options	12.5	12.5	12.5	12.5
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	10,650,500	4,852,500	4,287,500	2,238,500
Variation in terms of options	N/A	Start date of the exercise period updated	N/A	N/A
Money realised by exercise of options	-	72,368,750	5,293,750	25,487,500
Total no. of options in force (vested and unvested options)	10,650,500	4,852,500	4,287,500	2,238,500
Employee wise details of options granted to:				
(i) Key management personnel and Senior management				
Saiprashant Menon	600,000	-	-	-
Sanket Agrawal	300,000	-	-	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2022	Bhavin Umesh Vakil*		20,000	
	Meera Rajesh Jotangia*		10,000	
	Akhilesh Kumar		20,000	

Grant Date	October 1, 2018	October 1, 2018	December 24, 2018	December 24, 2018	March 15, 2019	May 29, 2019	February 15, 2020	March 30, 2020	December 23, 2020	May 26, 2021
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 9 months	3 years 6 months

Pursuant to the ESOP 2018 - I, the Company has issued 8,252,000 Equity Shares to 59 employees of the Company, as of the date of this Prospectus.

B. SBFC Stock Option Policy II 2018

Our Board of Directors approved the SBFC Stock Option Policy II 2018 (the “**ESOP 2018 - II**”) pursuant to a resolution dated September 24, 2018 and our Shareholders approved the ESOP 2018 - II pursuant to a resolution dated September 29, 2018. Subsequently, our Board of Directors approved the amendment of the ESOP 2018 - II pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2018 - II pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2018 - II, options to acquire Equity Shares may be granted to specific “employees” (as defined in the ESOP 2018 - II), i.e., Mahesh Dayani and Aseem Dhru. The ESOP 2018 - II is compliant with the SEBI SBEB Regulations. The ESOP 2018 - II contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2018 - II shall not exceed 40,560,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2018 - II, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	-	-	-
Options vested during the year / period	10,140,000	10,140,000	-	-
Options exercised (including options pending for allotment)	-	25,00,000	-	34,040,000
Options forfeited/ lapsed/ cancelled	-	-	-	-
Options outstanding (total of vested and unvested)	40,560,000	38,060,000	38,060,000	40,200,000
Exercise price of options	12.5	12.5	12.5	12.5
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	40,560,000	38,060,000	38,060,000	40,200,000
Variation in terms of options	N/A	N/A	N/A	N/A
Money realised by exercise of options	-	31,250,000	-	425,500,000
Total no. of options in force (vested and unvested options)	40,560,000	38,060,000	38,060,000	4,020,000
Employee wise details of options granted to:				
(i) Key management personnel/ Senior Management	-	-	-	-
(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	Name of Employee	Total no. of options granted		
Fiscal 2021	-	-		
Fiscal 2022	-	-		
Fiscal 2023	-	-		
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	Not Applicable			
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on ‘Earnings Per Share’	1.06	0.79	1.62	1.62 (for the year ended March 31, 2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have	Not Applicable as the Company has used fair value of stock options for accounting			

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company				
Description of the pricing formula and the 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 note below	
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years			Not Applicable	
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any			Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares; - Aseem Dhru - 135,00,000 Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares; - Mahesh Dayani - 5,00,000	
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial personnel, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)			Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares; Aseem Dhru - 13,50,000	

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC Stock Option Policy II 2018
Dividend yield	-
Expected volatility	20.00%
Risk free interest rate	8.00%
Expected life of the option	5 years

Pursuant to the ESOP 2018 - II, the Company has issued 36,540,000 Equity Shares to 2 employees of the Company, as of the date of this Prospectus.

C. SBFC Stock Option Policy 2021 – I

Our Board of Directors approved the SBFC Stock Option Policy 2021 - I (the “**ESOP 2021 - I**”) pursuant to a resolution dated October 20, 2021 and our Shareholders approved the ESOP 2021 - I pursuant to a resolution dated October 20, 2021. Subsequently, our Board of Directors approved the amendment of the ESOP 2021 - I pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2021 - I pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2021 - I, options to acquire Equity Shares may be granted to eligible “employees” (as defined in the ESOP 2021 - I) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director

who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2021 - I is compliant with the SEBI SBEB Regulations. The ESOP 2021 - I contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 - I shall not exceed 30,00,000 Equity Shares. The ESOP 2021 - I is being implemented through the SBFC Employee Welfare Trust.

The following table sets forth the particulars of the ESOP 2021 - I, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	3,000,000	-	-
Options vested during the year / period	-	-	831,000	339,750
Options exercised (including options pending for allotment)	-	-	-	662,000
Options forfeited/ lapsed/ cancelled	-	70,000	167,000	45,500
Options outstanding (total of vested and unvested)	-	2,930,000	2,763,000	2,055,500
Exercise price of options	-	19.0	19.0	19.0
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	2,930,000	2,763,000	2,055,500
Variation in terms of options	-	N/A	N/A	N/A
Money realised by exercise of options	-	-	-	12,578,000
Total no. of options in force (vested and unvested options)	-	2,930,000	2,763,000	2,055,500
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Ganesh Vaidya	-	60,000	-	-
Viney Vaid	-	200,000	-	-
(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				
	Name of Employee		Total no. of options granted	
	Ish Chawla		300,000	
	Ashish Singh		300,000	
Fiscal 2022	Vinay Agrawal		300,000	
	Sarjeet Singh Dhaka		200,000	
	Kiran Kumar Lade		200,000	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
	Not Applicable			
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 note below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any			Not Applicable	
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial personnel, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)			Not Applicable	

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2021 - I
Dividend yield	-
Expected volatility	49.18%
Risk free interest rate	4.55%
Expected life of the option	3 years 6 months

Pursuant to the ESOP 2021 - I, the Company has issued 662,000 Equity Shares to 18 employees of the Company, as of the date of this Prospectus.

D. SBFC Stock Option Policy 2021 – II

Our Board of Directors approved the SBFC Stock Option Policy 2021 - II (the “ESOP 2021 - II”) pursuant to a resolution dated December 23, 2021 and our Shareholders approved the ESOP 2021 - II pursuant to a resolution dated December 23, 2021. Subsequently, our Board of Directors approved the amendment of the ESOP 2021 - II pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2021 - II pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2021 - II, options to acquire Equity Shares may be granted to specific “employees” (as defined in the ESOP 2021 - II) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2021 - II is compliant with the SEBI SBEB Regulations. The ESOP 2021 - II contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 - II shall not exceed 63,75,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2021 - II, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	6,055,000	1,414,000	-
Options vested during the period	-	-	1,210,250	851,688

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options exercised (including options pending for allotment)	-	-	-	572,497
Options forfeited/ lapsed/ cancelled	-	404,000	939,750	90,750
Options outstanding (total of vested and unvested)	-	5,651,000	6,125,250	5,462,003
Exercise price of options	-	40.0	40.0	40.0
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	5,651,000	6,125,250	5,462,003
Variation in terms of options	-	N/A	N/A	N/A
Money realised by exercise of options	-	-	-	22,899,880
Total no. of options in force (vested and unvested options)	-	5,651,000	6,125,250	5,462,003
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Saiprashant Menon	-	2,49,000	211,000	-
Sanket Agrawal	-	2,43,000	110,000	-
Sumeet Ghai	-	-	260,000	-
VM Maneesh	-	-	710,000	-
Jay Mistry	-	50,000	-	-
Ganesh Vaidya	-	94,000	-	-
Viney Vaid	-	184,000	-	-
Deepak K Mudalgikar*	-	312,000	-	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2022	Vinay Agrawal		3,19,000	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 notes below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any	Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares; - Sai Prashant Menon- 634,938 (90,000 to be vested on September 23, 2023) - Sanket Agarwal- 346,125 shares (45,000 shares to be vested on September 23, 2023)			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial	Not applicable			

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
personnel, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)				

*Erstwhile Senior Management

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2021 - II
Dividend yield	-
Expected volatility	46.37%
Risk free interest rate	5.25%
Expected life of the option	5 years

Pursuant to the ESOP 2021 – II, the Company has issued 572,497 shares to 28 employees of the Company, as of the date of this Prospectus.

E. SBFC Stock Option Policy 2021 – III

Our Board of Directors approved the SBFC Stock Option Policy 2021 - III (the “ESOP 2021 - III”) pursuant to a resolution dated December 23, 2021 and our Shareholders approved the ESOP 2021 - III pursuant to a resolution dated December 23, 2021. Subsequently, our Board of Directors approved the amendment of the ESOP 2021 - III pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2021 - III pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2021 - III, options to acquire Equity Shares may be granted to eligible “employees” (as defined in the ESOP 2021 - III) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2021 - III is compliant with the SEBI SBEB Regulations. The ESOP 2021 - III contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 - III shall not exceed 29,75,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2021 - III, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	2,975,000	559,000	-
Options vested during the year / period	-	-	-	-
Options exercised (including options pending for allotment)	-	-	-	-
Options forfeited/ lapsed/ cancelled	-	199,000	409,500	63,000
Options outstanding (total of vested and unvested)	-	2,776,000	2,925,500	2,862,500
Exercise price of options	-	40.0	40.0	40.0
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	2,776,000	2,925,500	2,862,500
Variation in terms of options	-	N/A	N/A	N/A
Money realised by exercise of options	-	-	-	-

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Total no. of options in force (vested and unvested options)	-	2,776,000	2,925,500	2,862,500
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Saiprashant Menon	-	51,000	289,000	-
Sanket Agrawal	-	157,000	90,000	-
Sumeet Ghai	-	-	90,000	-
VM Maneesh	-	-	90,000	-
Ganesh Vaidya	-	56,000	-	-
Viney Vaid	-	116,000	-	-
Deepak K Mudalgikar*	-	188,000	-	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2022	Ish Chawla		202,000	
	Ashish Singh		234,000	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
	Not Applicable			
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 notes below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any	Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares; - Sai Prashant Menon - 634,938 (90,000 to be vested on September 23, 2023) - Sanket Agarwal - 346,125 shares (45,000 shares to be vested on September 23, 2023)			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial personnel, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)	Not Applicable			

*Erstwhile Senior Management

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2021 - III
Dividend yield	-
Expected volatility	47.26%
Risk free interest rate	5.68%
Expected life of the option	6 years

Pursuant to the ESOP 2021 - III - Special Grant, the Company has not yet issued any shares of the Company, as of the date of this Prospectus.

F. SBFC Stock Option Policy 2021 – IV

Our Board of Directors approved the SBFC Stock Option Policy 2021 - IV (the “ESOP 2021 - IV”) pursuant to a resolution dated December 23, 2021 and our Shareholders approved the ESOP 2021 - IV pursuant to a resolution dated December 23, 2021. Subsequently, our Board of Directors approved the amendment of the ESOP 2021 - IV pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2021 - IV pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2021 - IV, options to acquire Equity Shares may be granted to eligible “employees” (as defined in the ESOP 2021 - IV), i.e., Aseem Dhru, Mahesh Dayani, Narayan Barasia and Pankaj Poddar. The ESOP 2021 - IV is compliant with the SEBI SBEB Regulations. The ESOP 2021 - IV contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 - IV shall not exceed 1,42,91,666 Equity Shares.

The following table sets forth the particulars of the ESOP 2021 - IV, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	14,291,666	-	-
Options vested during the year / period	-	-	-	-
Options exercised (including options pending for allotment)	-	-	-	-
Options forfeited/ lapsed/ cancelled	-	-	-	-
Options outstanding (total of vested and unvested)	-	14,291,666	14,291,666	14,291,666
Exercise price of options	-	21.45	21.45	21.45
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	14,291,666	14,291,666	14,291,666
Variation in terms of options	-	N/A	N/A	N/A
Money realised by exercise of options	-	-	-	-
Total no. of options in force (vested and unvested options)	-	14,291,666	14,291,666	14,291,666
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Aseem Dhru	-	8,166,667	-	-
Mahesh Dayani	-	4,083,333	-	-
Pankaj Poddar	-	1,020,833	-	-
Narayan Barasia	-	1,020,833	-	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2022	-		-	
Fiscal 2023	-		-	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
	Aseem Dhru			
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on ‘Earnings Per Share’	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 note below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any	<p>Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;</p> <ul style="list-style-type: none"> - Aseem Dhru- 13,500,000 - Narayan Barasia- 2,000,000 (120,000 to be vested on August 15, 2023) <p>Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares;</p> <ul style="list-style-type: none"> - Mahesh Dayani- 5,000,000 - Pankaj Poddar- 1,600,000 			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, key managerial personnel, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)	<p>Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;</p> <p style="text-align: right;">Aseem Dhru- 13,500,000</p>			

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2021 - IV
Dividend yield	-
Expected volatility	48.77%
Risk free interest rate	5.07%
Expected life of the option	5 years

Pursuant to the ESOP 2021 – IV, the Company has not yet issued any shares of the Company, as of the date of this Prospectus.

G. SBFC Stock Option Policy 2021 - V

Our Board of Directors approved the SBFC Stock Option Policy 2021 - V (the “ESOP 2021 - V”) pursuant to a resolution dated December 23, 2021 and our Shareholders approved the ESOP 2021 - V pursuant to a resolution dated December 23, 2021. Subsequently, our Board of Directors approved the amendment of the ESOP 2021 - V pursuant to its resolution dated October 14, 2022 and our Shareholders approved the amendment of the ESOP 2021 - V pursuant to a special resolution dated October 15, 2022. Pursuant to the ESOP 2021 - V, options to acquire Equity Shares may be granted to eligible employees (as defined in the ESOP 2021 - V), i.e., Aseem Dhru,

Mahesh Dayani, Narayan Barasia and Pankaj Poddar. The ESOP 2021 - V is compliant with the SEBI SBEB Regulations. The ESOP 2021 - V contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2021 - V shall not exceed 10,500,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2021 - V, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	10,500,000	-	-
Options vested during the year / period	-	-	-	-
Options exercised (including options pending for allotment)	-	-	-	-
Options forfeited/ lapsed/ cancelled	-	-	-	-
Options outstanding (total of vested and unvested)	-	10,500,000	10,500,000	10,500,000
Exercise price of options	-	40.0	40.0	40.0
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	10,500,000	10,500,000	10,500,000
Variation in terms of options	-	N/A	N/A	N/A
Money realised by exercise of options	-	-	-	-
Total no. of options in force (vested and unvested options)	-	10,500,000	10,500,000	10,500,000
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Aseem Dhru	-	4,200,000	-	-
Mahesh Dayani	-	2,100,000	-	-
Pankaj Poddar	-	2,100,000	-	-
Narayan Barasia	-	2,100,000	-	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2022	-		-	
Fiscal 2023	-		-	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 note below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock	Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;			
	-	Aseem Dhru- 13,500,000		

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the initial public offer, if any	-	Narayan Barasia- 2,000,000 (120,000 to be vested on August 15, 2023)		
		Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares;		
	-	Mahesh Dayani- 5,000,000		
	-	Pankaj Poddar- 1,600,000		
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)			Aseem Dhru- 13,500,000	
		Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;		

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2021 - V
Dividend yield	-
Expected volatility	48.77%
Risk free interest rate	5.07%
Expected life of the option	5 years

Pursuant to the ESOP 2021 - V, the Company has not yet issued any shares of the Company, as of the date of this Prospectus.

H. SBFC Stock Option Policy 2023 – I

Our Board of Directors approved the SBFC Stock Option Policy 2023 - I (the “ESOP 2023 - I”) pursuant to a resolution dated February 13, 2023 and our Shareholders approved the ESOP 2023 - I pursuant to a resolution dated February 20, 2023. Pursuant to the ESOP 2023 - I, options to acquire Equity Shares may be granted to “eligible employees” (as defined in the ESOP 2023 - I) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2023 - I is compliant with the SEBI SBEB Regulations. The ESOP 2023 - I contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2023 - I shall not exceed 60,00,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2023 - I, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	-	5,730,000	140,000*
Options vested during the period	-	-	-	-
Options exercised (including options pending for allotment)	-	-	-	-
Options forfeited/ lapsed/ cancelled	-	-	-	200,000
Options outstanding (total of vested and unvested)	-	-	5,730,000	5,670,000
Exercise price of options	-	-	60.0	55.0

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	-	5,730,000	5,670,000
Variation in terms of options	-	-	N/A	Change in exercise price from Rs. 60 to Rs. 55 as per EGM dated May 19, 2023
Money realised by exercise of options	-	-	-	-
Total no. of options in force (vested and unvested options)	-	-	5,730,000	5,670,000
*Out of the above, 60,000 options were originally granted at exercise price of Rs. 60 which was later revised to Rs. 55				
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Saiprashant Menon	-	-	260,000	-
Sanket Agrawal	-	-	240,000	-
Sumeet Ghai	-	-	100,000	-
VM Maneesh	-	-	200,000	-
Jay Mistry	-	-	30,000	-
Ganesh Vaidya	-	-	100,000	-
Viney Vaid	-	-	200,000	-
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2023	Ashish Singh		400,000	
	Ish Chawla		300,000	
For the period April 1, 2023 till the date of this Prospectus	Harish Nandkishor Mundada		60,000	
	Krunal Shah		10,000	
	Sanjay Tanaji Jadhav		30,000	
	Mamidi Bhaskar Kumar		20,000	
	Ajomon M G		20,000	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31, 2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 note below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
Intention of the key managerial personnel, Senior Management and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three	Out of total shareholding across all ESOP Schemes, following SMP are intending to sell their Equity shares; - Saiprashant Menon- 634,938 (90,000 to be vested on September 23, 2023)			

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
months after the date of listing of the Equity Shares in the initial public offer, if any	-	Sanket Agarwal- 346,125 shares (45,000 shares to be vested on September 23, 2023)		
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)			Not Applicable	

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2023 - I
Dividend yield	-
Expected volatility	54.84%
Risk free interest rate	7.41%
Expected life of the option	4 years 6 months

Pursuant to the ESOP 2023 – I, the Company has not yet issued any shares of the Company, as of the date of this Prospectus.

I. SBFC Stock Option Policy 2023 – II

Our Board of Directors approved the SBFC Stock Option Policy 2023 - II (the “**ESOP 2023 - II**”) pursuant to a resolution dated July 12, 2023 and our Shareholders approved the ESOP 2023 - II pursuant to a resolution dated July 13, 2023. Pursuant to the ESOP 2023 - II, options to acquire Equity Shares may be granted to “eligible employees” (as defined in the ESOP 2023 - II) including (i) an employee as designated by the Company, who is exclusively working in India or outside India; or (ii) a director of the Company, whether a whole time director (as defined under relevant provisions of the Act) or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or (iii) an employee as defined in (i) or (ii) above, of a group company including Subsidiary or its associate company, in India or outside India, or of a Holding Company of the company; but shall not include an employee who is a promoter or a person belonging to the promoter group; or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company. The ESOP 2023 - II is compliant with the SEBI SBEB Regulations. The ESOP 2023 - II contemplates that the total number of Equity Shares to be issued pursuant to exercise of options under the ESOP 2023 - II shall not exceed 20,300,000 Equity Shares.

The following table sets forth the particulars of the ESOP 2023 - II, including options granted during the last three Fiscals, and as on the date of this Prospectus:

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Options granted	-	-	-	20,300,000
Options vested during the period	-	-	-	-
Options exercised (including options pending for allotment)	-	-	-	-
Options forfeited/ lapsed/ cancelled	-	-	-	-
Options outstanding (total of vested and unvested)	-	-	-	20,300,000
Exercise price of options	-	-	-	55.00
Total no. of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)	-	-	-	20,300,000
Variation in terms of options	-	-	-	-

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the period April 1, 2023 till the date of this Prospectus
Money realised by exercise of options	-	-	-	-
Total no. of options in force (vested and unvested options)	-	-	-	20,300,000
Employee wise details of options granted to:				
(i) Key management personnel and Senior Management				
Assem Dhru	-	-	-	7,400,000
Mahesh Dayani	-	-	-	5,300,000
Pankaj Poddar	-	-	-	3,600,000
Narayan Barasia	-	-	-	4,000,000
(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				
	Name of Employee		Total no. of options granted	
Fiscal 2023	-		-	
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant				
Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable Indian Accounting Standard on 'Earnings Per Share'	1.06	0.79	1.62	1.62 (for the year ended March 31,2023)
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable as the Company has used fair value of stock options for accounting			
Description of the pricing formula and the 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 note below			
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	Not Applicable			
	Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;			
	- Aseem Dhru- 13,500,000			
	- Narayan Barasia- 2,000,000			
	(120,000 to be vested on August 15, 2023)			
	Out of total shareholding across all ESOP Policies, following SMP are intending to sell their Equity shares;			
	- Mahesh Dayani- 5,000,000			
	- Pankaj Poddar- 1,600,000			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by directors, Senior Management and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)	Out of total shareholding across all ESOP Policies, following KMP are intending to sell their Equity shares;			
	Aseem Dhru- 13,500,000			

Note:

Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model are:

Particulars	SBFC STOCK OPTION POLICY 2023 - II
Dividend yield	-
Expected volatility	53.66%
Risk free interest rate	7.24%
Expected life of the option	4 years 6 months

Pursuant to the ESOP 2023 – II, the Company has not yet issued any shares of the Company, as of the date of this Prospectus.

(xxv) Other Matters

The following transfers contemplated under the Promoter Secondary Transactions have been undertaken at a transfer price of ₹57 per Equity Share and such transfers were completed prior to the Bid/ Offer Opening Date.

Secondary Transaction	No. of Equity Shares	Date of share purchase agreement	Acquirer	Date of transfer
Arpwood Partners SPAs (Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP and SBI Funds Management Limited (<i>in its capacity as an investment manager of SBI Optimal Equity Fund – Long Term</i>))	877,193	July 25, 2023	SBI Optimal Equity Fund – Long Term	July 28, 2023
Arpwood Partners SPAs (Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP and ICICI Prudential Banking and Financial Services Fund)	877,193	July 25, 2023	ICICI Prudential Banking and Financial Services Fund	July 28, 2023
Arpwood Group SPA (Share purchase agreement dated July 25, 2023 between the Company, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited, Eight45 Services LLP and HDFC Asset Management Company Limited (<i>in its capacity as an investment manager of HDFC Banking and Financial Services Fund</i>))	5,263,158	July 25, 2023	HDFC Banking and Financial Services Fund	July 28, 2023
Clermont SPAs (Share purchase agreement dated July 25, 2023 between the Company, SBFC Holdings Pte. Ltd. and SBI Funds Management Limited (<i>acting as an asset management company to the following mutual fund schemes, namely, SBI Retirement Benefit Fund - Aggressive Plan, SBI Retirement Benefit Fund - Aggressive Hybrid Plan, SBI Retirement Benefit Fund - Conservative Hybrid Plan, and SBI Retirement Benefit Fund - Conservative Plan</i>))	2,728,420	July 25, 2023	SBI Retirement Benefit Fund - Aggressive Plan	July 28, 2023
	1,439,210	July 25, 2023	SBI Retirement Benefit Fund - Aggressive Hybrid Plan	July 28, 2023
	163,510	July 25, 2023	SBI Retirement Benefit Fund - Conservative Hybrid Plan	July 28, 2023
	54,825	July 25, 2023	SBI Retirement Benefit Fund - Conservative Plan	July 28, 2023
Clermont SPAs (Share purchase agreement dated July 25, 2023 between the Company, SBFC Holdings Pte. Ltd. and ICICI Prudential Banking and Financial Services Fund)	4,385,964	July 25, 2023	ICICI Prudential Banking and Financial Services Fund	July 28, 2023

OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue of 105,328,548 Equity Shares[^], aggregating to ₹6,000 million by our Company and an Offer for Sale of 74,561,402 Equity Shares[^], aggregating to ₹4,250 million by the Promoter Selling Shareholders. For details of the Promoter Selling Shareholders and their respective portion of the Offered Shares, see “*The Offer*” on page 63.

[^]*Subject to finalisation of Basis of Allotment*

Offer for Sale

Each Promoter Selling Shareholder will be entitled to its respective share of the proceeds of the Offer for Sale after deducting its respective proportion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale by the Promoter Selling Shareholders and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. For further details, see “- *Offer related expenses*” on page 110 below.

Fresh Issue

Our Company proposes to utilize the Net Proceeds towards augmenting our Company’s capital base to meet our future capital requirements arising out of the growth of our business and assets (“**Object**”). For further details, please see “- *Net Proceeds*” on page 109.

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

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

Net Proceeds

The details of the proceeds from the Fresh Issue are set forth in the table below:

	<i>(in ₹ million)</i>
Particulars	Estimated amount
Gross Proceeds from the Fresh Issue	6,000 ^{##}
(Less) Offer related expenses in relation to the Fresh Issue [^]	(409.17) [^]
Net Proceeds*	5590.83

^{*}*Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million.*

^{##}*Subject to finalisation of Basis of Allotment*

[^]*Only those apportioned to our Company.*

Requirement of funds and utilisation of Net Proceeds

Augmenting the capital base of our Company

As an NBFC, registered with the RBI, offering Secured MSME Loans and Loans against Gold, we are subject to regulations relating to capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our balance sheet and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum Capital to Risk Weighted Assets Ratio (“**CRAR**”) of 15% consisting of Tier I and Tier II capital. Additionally, we are required to maintain a Tier I capital of 10% at all times.

As of March 31, 2023 our Company’s CRAR was ₹ 14,135.76 million (equivalent to 31.90%) of which the Tier I capital was ₹ 14,049.52 million (equivalent to 31.71%) and our Tier II capital was ₹ 86.24 million (equivalent to 0.19%). We anticipate that the Net Proceeds will be sufficient to satisfy our Company’s Tier- I capital requirements.

The object of the Issue is to augment the capital base of our Company. Accordingly, we intend to utilise the Net Proceeds to meet our future capital requirements, which are expected to arise out of growth of our business and assets, including but not limited to, onward lending under our Company’s lending verticals viz., MSME loans, loans against gold ensuring compliance with applicable regulatory requirements, payments of operating

expenditure and funding growth opportunities for above mentioned verticals. For further details, see “Key Regulations and Policies” beginning on page 226 and “Risk Factors – We are subject to laws and regulations governing the financial services industry and our operations in India, including laws in relation to capital adequacy ratios. Changes in regulations governing us could adversely affect our business, results of operations and prospects” on page 34.

Means of finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our arrangements with the lenders. Our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management subject to applicable law. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

The entire requirement of funds towards the Object will be met from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue or through existing identifiable internal accruals.

Offer related expenses

The total expenses in relation to the Offer are estimated to be approximately ₹713.39 million. The expenses in relation to the Offer include, among others, listing fees, underwriting commission, selling commission, fees payable to the BRLMs, fees payable to legal counsel, fees payable to the Registrar to the Offer, Banker(s) to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

All costs and expenses in relation to the Offer (other than the listing fee, audit fees, fees payable to domestic legal counsel to the Company and all corporate publicity, other than strictly Offer-related advertisements, which shall be solely borne by the Company) shall be shared between the Company and the Promoter Selling Shareholders pursuant to the Offer in accordance with applicable law, provided that the Promoter Selling Shareholders shall be liable to only such proportionate fees, costs and expenses to the extent of its respective portion of the Equity Shares they have offered and sold in the Offer. It is clarified that all the payments shall be made first by the Company on behalf of such Promoter Selling Shareholders and each of the Promoter Selling Shareholders agree, severally and not jointly, it shall reimburse the Company, on a pro-rata basis, in proportion to its respective portion of the shares they have offered and sold in the Offer.

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

Sr. No	Activity	Estimated amount ⁽¹⁾ (in ₹ million)	As a % of total estimated offer expenses ⁽¹⁾	As a % of Offer Size ⁽¹⁾
1.	BRLMs’ fees and commissions (including underwriting commission, brokerage and selling commission, if any)*	331.43	46.45%	3.23%
2.	Commission/ processing fee for SCSBs, processing fees and bidding charges for the Members of the Syndicate, Registered Brokers, RTAs and CDP ⁽⁴⁾⁽⁵⁾	67.46	9.46%	0.66%
3.	Fees payable to the Registrar to the Offer	5.66	0.79%	0.06%
4.	Other expenses:			
	(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	95.04	13.32%	0.93%
	(ii) Printing and stationery expenses	21.89	3.07%	0.21%
	(iii) Advertising and marketing expenses	96.97	13.59%	0.95%
	(iv) Fees payable to auditors/other advisors to the Offer			
	a. Statutory Auditors;	14.71	2.06%	0.14%
	b. Independent Chartered Account	0.83	0.12%	0.01%
	c. Industry expert.	8.24	1.16%	0.08%

Sr. No	Activity	Estimated amount ⁽¹⁾ (in ₹ million)	As a % of total estimated offer expenses ⁽¹⁾	As a % of Offer Size ⁽¹⁾
(v)	Miscellaneous, if any	71.16	9.98%	0.69%
	Total estimated Offer Expenses	713.39	100.00%	6.96%

*Includes the fees and commissions payable to the BRLMs pursuant to the Offer and the Pre-IPO placement

- (1) Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.
- (2) For the computation of percentage of total offer, proceeds from the Pre-IPO placement and various secondary selling before offer by the promoters have not been taken into consideration.
- (3) All costs and expenses in relation to the Offer (other than the listing fee, audit fees, fees payable to domestic legal counsel to the Company and all corporate publicity, other than strictly Offer-related advertisements, which shall be solely borne by the Company) shall be shared between the Company and the Promoter Selling Shareholders pursuant to the Offer in accordance with applicable law, provided that the Promoter Selling Shareholders shall be liable to only such proportionate fees, costs and expenses to the extent of its respective portion of the Equity Shares they have offered and sold in the Offer.
- (4) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors*	0.15% of the Amount Allotted* (plus applicable taxes)
Portion for Eligible Employees*	0.25% of the Amount Allotted* (plus applicable taxes)

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

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

- (5) Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees (excluding UPI Bids) 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 Investors, Non-Institutional Investors and Eligible Employees*	₹ 10/- per valid Bid cum Application Form (plus applicable taxes)
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* Processing fees payable to the SCSBs for capturing Syndicate Member/Sub-syndicate(Broker)/Sub-broker code on the ASBA Form for Non-Institutional Investors and Qualified Institutional Bidders with bids above ₹ 0.5 million would be Rs. 10 plus applicable taxes, per valid application

- (6) Selling commission on the portion for Retail Individual Investors (up to ₹ 0.2 million), Non-Institutional Investors (from ₹ 0.2 - ₹ 0.5 million) and Eligible Employees which are procured by Members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Investors	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Investors	0.15% of the Amount Allotted* (plus applicable taxes)
Portion for Eligible Employees	0.25% of the Amount Allotted* (plus applicable taxes)

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

The selling commission payable to the Syndicate / Sub-Syndicate Members will be determined (i) for RIIs, NIIs and Eligible Employees (upto ₹ 0.5 million), on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member; and (ii) for NIIs (above ₹ 0.5 million), Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the Syndicate / Sub-Syndicate members and not the SCSB.

Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members) on the applications made using 3-in-1 accounts would be ₹ 10 plus applicable taxes, per valid application bid by the Syndicate (including their sub- Syndicate Members). Bidding charges payable to SCSBs on the QIB Portion and NIIs (excluding UPI Bids) which are procured by the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSBs for blocking and uploading would be ₹ 10 per valid application (plus applicable taxes).

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

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

Portion for Retail Individual Investors, Non-Institutional Investors and Eligible Employees	₹ 10/- per valid Bid cum Application Form (plus applicable taxes)
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- (7) Uploading Charges

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

Members of the Syndicate / RTAs / CDPs (uploading charges)	₹ 30/- per valid application (plus applicable taxes)
ICICI Bank Limited	₹ NIL 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, NPCI and such other parties as required in

	<i>connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.</i>
<i>Axis Bank Limited</i>	<i>₹ NIL upto 400,000 per valid Bid cum Application Form (plus applicable taxes). From 400,001 per valid Bid cum Application Form the charges would be ₹ 7 (plus applicable taxes)</i> <i>The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.</i>

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

The total uploading charges / processing fees payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers as listed under (4) will be subject to a maximum cap of ₹10.00 million (plus applicable taxes). In case the total uploading charges/processing fees payable exceeds ₹10.00 million, then the amount payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers would be proportionately distributed based on the number of valid applications such that the total uploading charges / processing fees payable does not exceed ₹10.00 million.

Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories). Accordingly, Syndicate / sub-Syndicate Member shall not be able to Bid the Application Form above ₹ 5 lakhs and the same Bid cum Application Form need to be submitted to SCSB for blocking of the fund and uploading on the Stock Exchange bidding platform. To identify bids submitted by Syndicate / sub-Syndicate Member to SCSB a special Bid-cum-application form with a heading / watermark "Syndicate ASBA" may be used by Syndicate / sub-Syndicate Member along with SM code and broker code mentioned on the Bid-cum Application Form to be eligible for brokerage on allotment. However, such special forms, if used for RIB and NIB bids up to ₹ 5 lakhs will not be eligible for brokerage."

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/M dated March 16, 2021.

Interim use of Net Proceeds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilisation of the Net Proceeds towards the Object, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by the Board.

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

Bridge financing facilities

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

Monitoring utilisation of funds

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company has appointed ICRA Limited, a credit rating agency registered with SEBI as the Monitoring Agency to monitor the utilisation of the Net Proceeds, pursuant to a resolution of our Board dated July 12, 2023 to monitor the utilisation of the Net Proceeds, and the monitoring agency agreement dated July 12, 2023 executed between the Company and the Monitoring Agency. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay, in accordance with applicable law. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such Fiscals as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised.

Pursuant to Regulation 18(3) and Regulation 32(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis, disclose to the Audit Committee the use and application of the Net Proceeds. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the object of the Fresh Issue as stated above, until such time as the proceeds of the Fresh Issue have been fully utilised or the purpose for which the proceeds have

been raised have been achieved. This information will also be uploaded onto our website. The explanation for such variation (if any) will be included in our Directors' report in the annual report.

Variation in the Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Object without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“**Notice**”) shall specify the prescribed details, including justification for such variation and shall be published and placed on website of our Company, as required under the Companies Act, 2013 read with applicable rules. The Notice shall simultaneously be published in the newspapers, one in English and one in Marathi, being the vernacular language of the jurisdiction where the Registered and Corporate Office is situated. The Promoters and the controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the Objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations.

Appraising agency

The Object has not been appraised by any bank or financial institution or any other independent agency.

Other confirmations

Except to the extent of the proceeds received from the Offer for Sale, no part of the proceeds from the Offer will be paid by our Company to the Directors, Promoters, the Key Managerial Personnel or Senior Management. Our Company has not entered into and there are no anticipated transactions with our Promoters, members of the Promoter Group, Directors, Key Managerial Personnel and Senior Management in relation to the utilisation of the Net Proceeds.

BASIS FOR OFFER PRICE

The Offer Price was determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 5.7 times the face value of the Equity Share. Investors should also see “Our Business”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” “Financial Statements” and “Summary of Financial Information” on pages 200, 26, 382, 285 and 65, respectively, to have an informed view before making an investment decision.

Qualitative Factors

- *Diversified pan-India presence with an extensive network to cater to our target customer segment;*
- *100% in-house sourcing, leading to superior business outcomes;*
- *Comprehensive credit assessment, underwriting and risk management framework;*
- *Extensive on-ground collections infrastructure leading to maintenance of robust asset quality;*
- *Healthy liability franchise with low cost of funds;*
- *Consistent financial performance backed by profitable growth; and*
- *Experienced, cycle-tested and professional management team with good corporate governance backed by marquee investors.*

For further details on each of the above qualitative factors, please see section titled “Our Business – Strengths” on page 203.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Information. For details, see “Financial Statements” on page 285.

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

Earnings per Share (“EPS”)

Year ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
For the year ended March 31, 2023	1.71	1.62	3
For the year ended March 31, 2022	0.81	0.79	2
For the year ended March 31, 2021	1.09	1.06	1
Weighted Average	1.31	1.25	-

Notes:

- *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*
- *Basic Earnings per Equity Share (₹) = Net profit after tax attributable to owners of the Company, as restated / Weighted average no. of Equity Shares outstanding during the year*
- *Diluted Earnings per Equity Share (₹) = Net Profit after tax attributable to owners of the Company, as restated / Weighted average no. of potential Equity Shares outstanding during the year*
- *Earnings per Share calculations are in accordance with the notified Indian Accounting Standard 33 ‘Earnings per share’.*
- *The figures disclosed above are based on the Restated Financial Information of the Company and its Subsidiary.*

Price/Earning (“P/E”) ratio in relation to Price Band of ₹54 to ₹57 per Equity Share:

Year ended	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2023	31.58	33.33
Based on diluted EPS for Fiscal 2023	33.33	35.19

Industry P/E ratio

Particulars	P/E Ratio	Name of the Company	Face value of equity shares (in ₹)
Highest	35.01x	AU Small Finance Bank Ltd (Standalone)	10
Lowest	24.80x	Aptus Value Housing Finance India Ltd (Consolidated)	2
Average	30.44x	-	-

Notes:

The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, please see the section entitled “– Comparison with Listed Industry Peers and Accounting Ratios” on page 120.

Return on Net worth (“RoNW”)

Year ended	RoNW (%)	Weight
As on March 31, 2023	9.93	3
As on March 31, 2022	5.18	2
As on March 31, 2021	7.67	1
Weighted Average	7.97	

Notes:

1. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year / Total of weights
2. Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company and its Subsidiary, as restated / Restated average net worth at the end of the year
3. ‘Net worth’ under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2020, March 31, 2021; March 31, 2022 and March 31, 2023, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Net Asset Value (“NAV”) per share

Financial Period	NAV per Equity Share (in INR)		
March 31, 2023	19.26		
	At the Floor Price	At the Cap Price	At the Offer Price
NAV after the completion of the Offer	23.08	23.22	23.22

Notes:

1. Net Asset Value per Equity Share = Net worth as per the Restated Financial Information / Number of equity shares outstanding (including shares issued to the ESOP Trust) as at the end of year
2. ‘Net worth’ under Ind-As: Net worth has been defined as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation as on March 31, 2023, in accordance with Regulation 2(1)(hh) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Key financial and operational metrics

The key financial and operational metrics disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals segments in comparison to our peers. The Bidders can refer to the below-mentioned key financial and operational metrics, being a combination of financial and operational key financial and operational metrics, to make an assessment of our Company’s performance in various business verticals and make an informed decision. The following table sets forth certain key financial and operational metrics for our Company as at/for the periods indicated:

(₹ in million, except per share and %)

Particulars	As of and for Fiscal		
	2023	2022	2021
Scale			
AUM ⁽¹⁾	49,428.23	31,921.81	22,213.23
AUM Growth (%) ⁽²⁾	54.84%	43.71%	34.77%
Product wise disbursement			
Secured MSME	22,768.20	13,328.28	5,955.21
Loan against Gold	13,233.64	11,270.03	8,300.43

Particulars	As of and for Fiscal		
	2023	2022	2021
Others	310.72	1,110.51	768.96
Capital			
Tangible Net Worth ⁽³⁾	14,668.76	10,267.75	9,447.16
Capital Adequacy Ratio (%)	31.90%	26.21%	26.25%
Total Borrowings ⁽⁴⁾ to Tangible Equity ratio ⁽⁵⁾	2.55	2.87	2.93
Profitability			
Total Income	7,403.61	5,307.02	5,115.33
Net interest income ⁽⁶⁾	3,789.38	2,542.41	2,269.03
Fee and other income ⁽⁷⁾	862.09	575.55	483.67
Profit After Tax	1497.36	645.21	850.1
Yield on Average Gross Loan Book ⁽⁸⁾	15.91%	14.89%	15.09%
Spread ⁽⁹⁾	7.69%	7.23%	6.98%
Return Ratio			
Net Income to Average AUM ⁽¹⁰⁾	11.44%	11.52%	14.23%
Net Interest Margin ⁽¹¹⁾	9.32%	9.39%	11.73%
Operating Expenses to Average AUM ⁽¹²⁾	5.70%	6.59%	6.59%
Credit cost to Average AUM ⁽¹³⁾	0.79%	1.73%	1.74%
PAT to Average AUM ⁽¹⁴⁾	3.68%	2.38%	4.39%
RoA (%) ⁽¹⁵⁾	2.92%	1.48%	2.01%
Return on Total Tangible Assets (%) ⁽¹⁶⁾	3.07%	1.57%	2.15%
Return on Tangible Equity (%) ⁽¹⁷⁾	12.01%	6.55%	10.02%
NPA			
Gross NPA (%) ⁽¹⁸⁾	2.43%	2.74%	3.16%
Net NPA (%) ⁽¹⁹⁾	1.41%	1.63%	1.95%
Provision Coverage Ratio (%) ⁽²⁰⁾	42.04%	40.44%	38.25%
Earning per share⁽²¹⁾			
Basic	1.71	0.81	1.09
Diluted	1.62	0.79	1.06
No. of States & UTs	18	18	18
No. of branches	152	135	124
Credit ratings			
ICRA	[ICRA]A+(Stable)	[ICRA]A(positive)	[ICRA]A(Stable)
India Ratings	Ind A+/ Stable	Ind A+/ Stable	Ind A/ Stable

- (1) AUM represents aggregate of Gross Loan book and share of Partner Bank for Loan under Co-origination as of the last day of the relevant period.
- (2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.
- (3) Tangible Net worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.
- (4) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.
- (5) Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.
- (6) Net Interest Income represents Interest Income less Adjusted Finance Costs, for the relevant period.
- (7) Fee and Other Income represents Total Income less Interest Income, for the relevant period.
- (8) Yield on Average Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period expressed as a percentage.
- (9) Spread represents average yield on Gross Loan Book less average cost of borrowings including collateralized borrowings.
- (10) Net Income to Average AUM represents the difference between total revenue and Adjusted finance cost for the period to the Average AUM for the period.
- (11) Net Interest Margin represents our net interest income on the loans for a period to the average AUM for the period, represented as a percentage.
- (12) Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.
- (13) Credit cost to Average AUM represents our Credit Cost for a period to the Average AUM for the period.
- (14) PAT to Average AUM represents our Profit After Tax for a period to the Average AUM for the period.
- (15) ROA represents profit after tax, divided by average of total assets on book. Total assets represents total assets as of the last day of the relevant period.
- (16) Return on Total Tangible Assets is calculated as the Profit After Tax for the relevant period as a percentage of Average Total Tangible Assets in such period.
- (17) Return on Tangible Equity is calculated as the Profit After Tax for the relevant period as a percentage of Average Tangible Net Worth in such period.
- (18) Gross NPA (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.
- (19) Net NPA % represents the Net NPA to the Gross loan book as of the last day of the relevant period.
- (20) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.

(21) *Basic and diluted earnings/(loss) per equity share: Basic and diluted earnings/(loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

The key financial and operational metrics, as disclosed in this section, are the only relevant and material key financial and operational metrics pertaining to our Company which may have a bearing on the Offer Price. The key financial and operational metrics set forth above, have been approved by the Audit Committee pursuant to its resolution dated July 25, 2023 and certified by, our Statutory Auditors, Suresh Surana & Associates LLP, Chartered Accountants by their certificate dated August 8, 2023. This certificate has been disclosed as part of the 'Material Contracts and Documents for Inspections' beginning on page 555. Further, the Audit Committee has on July 25, 2023 confirmed that other than the key financial and operational metrics set out above, the Company has not disclosed any other key performance indicators during the three years preceding this Prospectus with its investors.

All the key performance indicators have been defined, consistently and precisely in 'Definitions and Abbreviations – Conventional and General Terms and Abbreviations' on page 11. For details of our other operating metrics, see 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on pages 200 and 382, respectively.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, certified by our Statutory Auditors, at least once in a year (or for any lesser period as determined by the Board), for a duration of one year after the date of listing of the Equity Shares, or until the utilization of Offer Proceeds, whichever is later, on the Stock Exchanges pursuant to the Offer, or for such other period as may be required under the SEBI ICDR Regulations. In case of any change in these KPIs, during the aforementioned period, our Company shall provide an explanation for the same.

Explanation for the key financial and operational metrics:

1. AUM, AUM Growth and Disbursement - These metrics are used by the management to assess the Growth in terms of scale of distribution of the Company;
2. Capital - These metrics are used by the management to ensure the adequacy of Capital financial resources for the business growth of the Company;
3. Profitability - These metrics are used by the management for assessing the financial performance of the company during a particular period;
4. Return Ratios - These metrics are used by the management to assess the returns on the deployed Capital and the Assets in the business of the Company;
5. NPA - These metrics are used by the management to assess the asset quality of the portfolio;
6. Earnings per share - These metrics are used by the management to assess the Earnings on the Capital deployed in the business;
7. No. of States and No. of Branches - These metrics are used by the management to assess the geographical expansion of the business; and
8. Credit Ratings - These metrics help the management to track the overall credit ratings of the Company on the basis of the assessment by independent rating agencies.

Comparison of financial KPIs of our listed peers

The listed peers have been considered basis the business, relevant products, distribution network and target segment (*ticket sizes*) of the Company.

(₹ in Million)

Particulars	Aavas Financiers Limited			Home First Finance Company India Limited			Aptus Value Housing Finance India Limited			AU Small Finance Bank Limited			Five Star Business Finance Limited		
	As of and for Fiscal			As of and for Fiscal			As of and for Fiscal			As of and for Fiscal			As of and for Fiscal		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Scale															
AUM ⁽¹⁾	141,667	113,502	94,543	71,980	53,800	41,410	67,380.00	51,800.00	40,680.00	591,580	478,310	377,120	69,148.00	50,670.80	44,453.80
AUM Growth (%) ⁽²⁾	24.81%	20.05%	21.27%	33.79%	29.92%	14.46%	30.08%	27.34%	27.80%	23.68%	26.83%	22.07%	36.47%	14.00%	14.00%
Product wise disbursement															
Secured MSME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan against Gold	N.A.	N.A.	NA	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	-	N.A.	N.A.	N.A.
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital															
Tangible Net Worth ⁽³⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Adequacy Ratio (%)	46.94%	51.90%	54.40%	49.40%	58.61%	56.19%	80.79%	85.61%	73.63%	23.60%	21.00%	23.00%	67.17%	75.20%	58.86%
Total Borrowings ⁽⁴⁾ to Tangible Equity ratio ⁽⁵⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profitability															
Total Income	16,101.46	13,055.58	11,053.35	7,955.98	5,957.00	4,891.00	11,289.99	8,402.10	6,582.00	92,398.73	69,154.25	63,709.80	15,289.28	12,561.69	10,512.55
Net interest income ⁽⁶⁾	7,971.38	6,512.67	5,181.51	4,179.35	2,960.28	2,127.19	7,824.90	5,830.80	4,203.20	44,252.82	32,341.31	23,654.50	12,325.33	9,031.60	6,896.85
Fee and other income ⁽⁷⁾	2,219.61	1,767.88	1,289.41	733.74	840.05	589.82	705.99	485.50	313.50	10,344.64	9,936.94	14,209.30	301.44	524.09	363.79
Profit After Tax	4,300.72	3,567.99	2,894.95	2,282.92	1,860.98	1,000.00	5,030.10	3,701.40	2,669.40	14,279.25	11,298.34	11,706.80	6,034.96	4,535.45	3,589.94
Yield on Average Gross Loan Book ⁽⁸⁾	-	-	-	-	-	-	-	-	-	-	-	-	25.14%	24.74%	24.31%
Spread ⁽⁹⁾	6.89%	6.17%	5.29%	6.67%	5.89%	4.97%	9.66%	9.25%	8.10%	7.47%	6.81%	6.31%	17.31%	14.70%	13.08%
Return Ratio															
Net Income to Average AUM ⁽¹⁰⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Interest Margin ⁽¹¹⁾	6.25%	6.26%	6.01%	6.65%	6.22%	5.48%	13.13%	12.61%	11.59%	8.27%	7.56%	6.90%	20.57%	18.99%	16.55%
Operating Expenses to Average AUM ⁽¹²⁾	3.53%	3.37%	2.98%	2.78%	2.70%	2.72%	2.77%	2.53%	2.78%	6.43%	5.64%	4.83%	7.31%	6.43%	5.14%
Credit cost to Average AUM ⁽¹³⁾	0.10%	0.22%	0.43%	0.34%	0.53%	0.83%	0.57%	0.75%	0.16%	0.29%	1.60%	2.79%	0.34%	0.96%	0.84%
PAT to Average AUM ⁽¹⁴⁾	3.37%	3.43%	3.36%	3.63%	3.91%	2.58%	8.44%	8.00%	7.36%	2.67%	2.64%	3.41%	10.07%	9.54%	8.61%
RoA (%) ⁽¹⁵⁾	3.52%	3.57%	3.48%	3.85%	3.87%	2.50%	7.82%	7.25%	6.46%	1.79%	1.87%	2.50%	8.02%	7.47%	7.08%
Return on Total Tangible Assets (%) ⁽¹⁶⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return on Tangible Equity (%) ⁽¹⁷⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NPA															
Gross NPA (%) ⁽¹⁸⁾	0.92%	1.00%	1.00%	1.61%	2.30%	1.80%	1.15%	1.20%	0.70%	1.66%	2.00%	4.30%	1.36%	1.05%	1.02%
Net NPA (%) ⁽¹⁹⁾	0.68%	0.80%	0.70%	1.10%	1.80%	1.20%	0.86%	0.90%	0.50%	0.42%	0.50%	2.20%	0.69%	0.68%	0.84%
Provision Coverage Ratio (%) ⁽²⁰⁾	26.90%	23.06%	27.25%	33.96%	24.87%	35.96%	25.00%	25.31%	27.48%	75.03%	70.59%	49.73%	49.33%	34.89%	17.96%
Earnings per share⁽²¹⁾															
Basic	54.44	45.31	36.94	26.01	21.26	12.37	10.11	7.58	5.56	21.86	18.03	38.19	20.71	16.09	14.01
Diluted	54.32	45.02	36.62	25.20	20.85	12.18	10.08	7.53	5.55	21.74	17.85	37.86	20.49	15.92	13.61
No. of States & UT	12	13	11	13	13	12	5	5	4	24	20	17	8	9	9
No. of branches	346	314	280	111	80	72	231	208	190	1,027	919	744	373	300	262
Credit ratings															
CARE	CARE AA / CARE A1+ / (Stable)	CARE AA - / CARE A1+ (Positive)	CARE AA - / CARE A1+ (Stable)	CARE AA- (Stable)	CARE A+ (Stable)	CARE A+ (Stable)	CARE AA- (Stable)	CARE A+ (Positive)	CARE A+ (Stable)	CARE AA / CARE A1+ (Stable)	CARE AA / CARE A1+ (Stable)	CARE AA- / CARE A1+ (Stable)	CARE A+ / CARE A1+ (Stable)	CARE A+ / CARE A1+ (Stable)	CARE A / CARE A1 (Stable)
ICRA	ICRA AA / ICRA A1+ / (Stable)	ICRA AA- / ICRA A1+ / (Positive)	ICRA AA- / ICRA A1+ / (Stable)	ICRA AA- / ICRA A1+ / (Stable)	ICRA A+ / ICRA A1+ / (Positive)	ICRA A+ / ICRA A1+ / (Stable)	ICRA AA- (Stable)	ICRA AA- (Stable)	ICRA A+ (Stable)	-	-	-	ICRA AAA(CE) / ICRA AA- (Stable)	ICRA AAA(CE) / ICRA A+ (Stable)	ICRA AAA(CE) / ICRA A (Stable)
CRISIL Ratings	-	-	-	-	-	-	-	-	-	CRISIL AA+ / CRISIL AA / CRISIL A1+ (Stable)	CRISIL AA- / CRISIL AA+ / CRISIL A1+ (Positive)	CRISIL AA- / CRISIL A1+ (Stable)	-	-	-
India Ratings	IND A1+	IND A1+	IND A1+	IND AA- / IND A1+ (Stable)	IND AA- / IND A1+ (Stable)	IND A1+	-	-	-	IND AA / IND A1+ (Stable)	IND AA- / IND A1+ (Stable)	IND AA- / IND A1+ (Stable)	IND AA-	-	-

Source: Annual reports and filings to the Stock Exchanges of the company

Note: N.A. represents Not Applicable and '-' represents Not Available

(1) AUM represents aggregate of Gross Loan book and share of Partner Bank for Loan under Co-origination as of the last day of the relevant period.

- (2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.
- (3) Tangible Net worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.
- (4) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralized borrowing principal outstanding as of the last day of the relevant period.
- (5) Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.
- (6) Net Interest Income represents Interest Income less Adjusted Finance Costs, for the relevant period.
- (7) Fee and Other Income represents Total Income less Interest Income, for the relevant period.
- (8) Yield on Average Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period expressed as a percentage.
- (9) Spread represents average yield on Gross Loan Book less average cost of borrowings including collateralized borrowings.
- (10) Net Income to Average AUM represents the difference between total revenue and Adjusted finance cost for the period to the Average AUM for the period.
- (11) Net Interest Margin represents our net interest income on the loans for a period to the average AUM for the period, represented as a percentage.
- (12) Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.
- (13) Credit cost to Average AUM represents our Credit Cost for a period to the Average AUM for the period.
- (14) PAT to Average AUM represents our Profit After Tax for a period to the Average AUM for the period.
- (15) RoA is calculated as the profit after tax, divided by average of total assets on book. Total assets represents total assets as of the last day of the relevant period
- (16) Return on Total Tangible Assets is calculated as the Profit After Tax for the relevant period as a percentage of Average Total Tangible Assets in such period.
- (17) Return on Tangible Equity is calculated as the Profit After Tax for the relevant period as a percentage of Average Tangible Net Worth in such period.
- (18) Gross NPA (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.
- (19) Net NPA % represents the Net NPA to the Gross loan book as of the last day of the relevant period.
- (20) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.
- (21) Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).

Weighted average cost of acquisition, floor price and cap price

Past transactions	Weighted average cost of acquisition per Equity Share* (in ₹)	Floor price in ₹ 54	Cap price in ₹ 57
Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity/convertible securities), excluding shares issued under an employee stock option plan/employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of this Prospectus, where such issuance is equal to or more than 5 per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	40.00	1.35 times	1.43 times
Weighted average cost of acquisition for last 18 months for secondary sale / acquisition of shares (equity/convertible securities), where promoter / promoter group entities or Selling Shareholders or shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of this Prospectus, where either acquisition or sale is equal to or more than 5 per cent of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	55.00	0.98 times	1.04 times

*Note: As certified by our Statutory Auditors, pursuant to their certificate dated August 8, 2023.

Comparison with listed industry peers and accounting ratios

Name of Company	Face Value (₹ Per Share)	Closing price on July 7, 2023	Total Income for FY 2023 (in ₹ million)	EPS (₹) for FY 23		NAV (₹ per share) as on March 31, 2023	P/E ⁽⁴⁾ (FY23)	RONW ⁽⁵⁾ (FY23)	Networth FY23 (in ₹ million)	PAT FY23 (in ₹ million)	No. of Shares as on March 31, 2023	P/B ⁽⁶⁾ (FY23)
				Basic (1)	Diluted (2)							
SBFC Finance Limited (Standalone)	10	NA	7403.61	1.71	1.62	19.26	35.19*	9.93%	17,273.28	1,497.96	897023682	2.96*
Peer Companies												
Aavas Financiers Ltd (Consolidated)	10	1,562.90	16106.08	54.38	54.26	413.58	28.80x	13.14%	32,696.60	4,296.44	79056874	3.78x
Home First Finance Company India Ltd (Standalone)	2	784.10	7955.98	26.01	25.20	206.48	31.12x	12.56%	18,173.39	2,282.92	88016767	3.80x
Aptus Value Housing Finance India Ltd (Consolidated)	2	249.95	11289.99	10.11	10.08	67.05	24.80x	15.06%	33,393.31	5,030.15	498030251	3.73x
AU Small Finance Bank Ltd (Standalone)	10	761.05	92398.73	21.86	21.74	164.64	35.01x	13.01%	1,09,773.44	14,279.25	666745055	4.62x
Five Star Business Finance Limited (Standalone)	1	665.30	15289.28	20.71	20.49	148.94	32.47x	13.91%	43,395.345	6,034.96	291366120	4.47x

*Assuming at Offer Price. Subject to finalisation of basis of allotment.

Source:

(1) Basic EPS sourced from the annual report of the company for the year ended March 31, 2023.

(2) Diluted EPS refers to the Diluted EPS sourced from the annual report of the peers for the year ended March 31, 2023.

(3) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares as on March 31, 2023.

(4) P/E Ratio has been computed based on the closing market price of equity shares on July 7, 2023 on BSE, divided by the Diluted EPS provided under Note 2 above.

(5) 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.

(6) P/B is computed as closing market price of equity shares on BSE as on July 7, 2023, divided by NAV under note 3 above, as on March 31, 2023.

The Offer price is 5.7 times of the face value of the Equity Shares

The Offer Price of ₹57[#] has been determined by our Company and the Promoter Selling Shareholders in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statements*” on pages 26, 200, 382 and 285, respectively, to have a more informed view.

[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

STATEMENT OF POSSIBLE TAX BENEFITS

Date: July 15, 2023

To,

The Board of Directors

SBFC Finance Limited

(Formerly known as SBFC Finance Private Limited)

103, 1st Floor, C&B Square,

Sangam Complex, Andheri Kurla Road,

Village Chakala, Andheri (East)

Mumbai 400 059, Maharashtra, India

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

1. This certificate is issued in accordance with the terms of our engagement letter dated June 27, 2022 read along with the addendum dated February 23, 2023.
2. In connection with the Offer, the Company proposes to file (i) Red Herring Prospectus with Securities and Exchange Board of India (the “SEBI”), BSE Limited and National Stock Exchange of India Limited (the “Stock Exchanges”) and the Registrar of Companies, Maharashtra at Mumbai (“**Registrar of Companies/RoC**”) and such Red Herring Prospectus, the “**RHP**”); (ii) Prospectus with SEBI, the Stock Exchanges and the Registrar of Companies (the “**Prospectus**”); and (iii) any other documents or materials to be issued in relation to the Offer (collectively with the, RHP and Prospectus, the “**Offer Documents**”).
3. We hereby confirm that enclosed statement (“**Statement**”) in the Annexure prepared and issued by the Company, initialed by us for identification purposes, states the possible special tax benefits under the Income-tax Act, 1961 (‘**Act**’) presently in force in India as on the signing date viz. the Income-tax Act, 1961, the Income-tax Rules, 1962, (‘**Rules**’), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-2025 relevant to the financial year 2023-2024, possible special tax benefits under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“**GST Acts**”), the Customs Act, 1962 (“**Customs Act**”) and the Customs Tariff Act, 1975 (“**Tariff Act**”), as amended by the Finance Act 2023 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2023-24, available to the Company and its shareholders. These possible tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Rules /Act. Hence, the ability of the Company and its shareholders, to derive the 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 fulfil.
4. This Statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (‘**SEBI ICDR Regulations**’). While the term ‘special tax benefits’ has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the Statement. Any benefits under the Taxation Rules / Act other than those specified in the Statement are considered to be general tax benefits and therefore not covered within the ambit of this Statement. Further, any benefits available under any other laws within India, except for those specifically mentioned in the Statement, have not been examined and covered by this Statement.
5. 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.

The benefits stated in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them. Further, the Company incorporated a Subsidiary on 06 December 2022 which is not a material subsidiary.

6. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
7. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Statement and its contents is the responsibility of the management of the Company. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this Statement particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.
8. We conducted our examination of the information given in the Statement in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time; the aforesaid Guidance Note requires that we comply with the ethical requirements of the 'Code of Ethics' issued by the ICAI, as revised from time to time.

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', as revised from time to time.

9. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.
10. We do not express any opinion or provide any assurance whether:
 - The Company and its shareholders will continue to obtain these benefits in future;
 - The conditions prescribed for availing the benefits have been/would be met; and
 - The revenue authorities/courts will concur with the views expressed herein.
11. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.
12. This Statement is addressed to Board of Directors and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the company in connection with the proposed Offer. This report may be delivered to SEBI, the stock exchanges, to the Registrar of Companies, Maharashtra at Mumbai or to any other regulatory and statutory authorities by the BRLMs only when called upon by SEBI or the stock exchanges in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLMs in the Offer pertaining to subject matter of this report. We hereby give consent to include this Statement in the Red Herring Prospectus and the Prospectus and in any other material used in connection with the Proposed Offer, and it is not to be used, referred to or

distributed for any other purpose without our prior written consent. 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 certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in the Statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For Suresh Surana & Associates LLP,
Chartered Accountants
Firm's Reg. No:- 121750W/W-100010

Ramesh Gupta
Partner
Membership No: 102306
UDIN: 23102306BGWKWT3508
Certificate No: 23144
Place: Mumbai

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SBFC FINANCE LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

Outlined below are the possible Special Tax Benefits available to the Company and its shareholders under the Income Tax Act, 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have different interpretation on the benefits, which an investor can avail.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS OF THE COMPANY

Under the Income Tax Act, 1961 (‘the Act’)

1. Special tax benefits available to the company under the Act

Section 115BAA of the Act: Corporate Tax Rate as per new tax regime

- Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for tax rate of 22% plus surcharge @ 10% and health and education cess @ 4% (effective tax rate of 25.168%) for the financial year 2019-20 and onwards, provided the total income of the company is computed without claiming certain specified deductions and specified brought forward losses and claiming depreciation determined in the prescribed manner.
- In case a company opts for section 115BAA, provisions of Minimum Alternate Tax (MAT) would not be applicable and earlier years’ MAT credit will not be available for set – off.
- The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other subsequent assessment year.

Further, if the conditions mentioned in section 115BAA are not satisfied in any financial year, the option exercised shall become invalid for assessment year in respect of such financial year and subsequent assessment years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

- The company has represented to us that they have opted for tax regime under section 115BAA of the Act for AY 2020-2021 and onwards.

Section 80JJAA of the Act: Deduction in respect of employment of new employees

- In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a financial year, for 3 consecutive assessment years including the assessment year relevant to the financial year in which such additional employment cost is incurred.
- Additional employee cost means the total emoluments paid or payable to additional employees employed in the financial year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower effective tax rate of 25.168% as per the provisions of section 115BAA of the Act (as discussed above).
- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of section 80JJAA of the Act and satisfies the conditions as mentioned in the said section.

Section 80M of the Act: Deduction in respect of inter-corporate dividends

- Dividend received by a domestic company from any other domestic company or a foreign company or a business trust shall be eligible for deduction of dividend income under section 80M of the Act while computing its total income for the relevant assessment year subject to the fulfilment of prescribed conditions. The amount of such deduction would be restricted to the amount of dividend distributed by the shareholder (domestic company) up to 1 month prior to the due date for furnishing the return of income under section 139(1) of the Act. Where the company has investments in Indian subsidiaries and other companies, if any, it can avail the above-mentioned benefit under Section 80M of the Act.

2. Special tax benefits available to the shareholders under the Act

- Dividend income will be subject to tax in the hands of domestic shareholders at the applicable slab rate / corporate tax rate (plus applicable surcharge and cess). In case of non-resident shareholders, tax will be applicable at 20% (plus applicable surcharge and cess) or as per the applicable Double Tax Avoidance Agreements.
- In case of dividend income earned by domestic shareholders, income reported under the head “Income from other sources”, shall be computed after making deduction of a sum paid by way of interest on the capital borrowed for the purpose of investment. However, no deduction shall be allowed from the dividend income, other than deduction on account of interest expense, and in any financial year such deduction under section 57 of the Act shall not exceed 20% of the dividend income.
- Dividend received by a domestic company from any other domestic company or a foreign company or a business trust shall be eligible for deduction of dividend income under section 80M of the Act while computing its total income for the relevant assessment year subject to the fulfilment of prescribed conditions. The amount of such deduction would be restricted to the amount of dividend distributed by the shareholder (domestic company) up to 1 month prior to the due date for furnishing the return of income under section 139(1) of the Act.
- Separately, any dividend income received by the resident shareholders would be subject to tax deduction at source by the company under section 194 @ 10%. However, in case of individual resident shareholders, this would apply only if dividend income exceeds Rs 5,000. In case of non-resident shareholders, dividend income would be subject to tax deduction at source by the company under section 195 r.w. section 115A @ 20% plus applicable surcharge and cess, subject to applicability of beneficial provisions of Double Taxation Avoidance Agreement.
- As per section 2(29AA) read with section 2(42A) of the Act, a listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.
- Long term capital gains exceeding Rs. 1 lakhs on transfer on such shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 112A of the Act at 10% (plus applicable surcharge and cess). The benefit of indexation of costs shall not be available.
- Short term capital gains arising on transfer of shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 111A of the Act at 15% (plus applicable surcharge and cess).
- Non-resident shareholders including foreign portfolio investors may choose to be governed by the provisions of Double Taxation Avoidance Agreement, to the extent they are more beneficial and subject to provision of the prescribed documents.

Notes:

- These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
- This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income-tax consequences that apply to them.
- Surcharge rate shall be maximum 15% in case of capital gains. Further, the said cap is also applicable in case of dividend income earned by resident shareholders.

The Finance Act, 2023 has reduced surcharge rate from 37% to 25% on income exceeding Rs. 5 crore under the new tax regime specified under section 115BAC of the Act from Assessment Year 2024-25 and onwards. The new tax regime under section 115BAC of the Act is applicable to individual, Hindu undivided family, association of persons (other than a co-operative society), body of individuals and an

artificial juridical person provided the total income of such taxpayer is computed without claiming certain specified deductions and exemptions, specified brought forward losses and set-off of loss under the head “Income from house property” with any other head of income and claiming depreciation as determined in the prescribed manner.

Marginal relief, if any, can be claimed in cases where surcharge is leviable on tax amount.

- Health and Education Cess (‘cess’) @ 4% on the tax and surcharge as shall be applicable, is payable by all category of taxpayers.
- We understand that the Company has opted for concessional tax rate under section 115BAA of the Act. Hence, it will not be allowed to claim any of the following deductions;
 - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
 - Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
 - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
 - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
 - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
 - Deduction under section 35CCD (Expenditure on skill development)
 - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA and section 80M;
 - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;
 - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above
- Further, it is also clarified in section 115JB(5A) that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.
- The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS OF THE COMPANY

Outlined below are the possible tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Acts”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended by the Finance Act 2021 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2023-24, presently in force in India.

UNDER THE INDIRECT TAX

BENEFITS TO THE COMPANY UNDER VARIOUS INDIRECT TAX LAWS:

1. Special tax benefits available to the Company

- (i) The Company has a total of Nineteen (19) GSTIN’s operating in India.
- (ii) We understand that the Company is into a Non Banking Finance Company Financial Services. In the purview of Sub-Section (4) of Section 17, Non-Banking Financial Companies will benefit credit of tax paid regarding services & inputs.

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

- (i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company.

Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

- (ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

Notes:

1. This Statement covers only certain relevant Indirect tax law benefits and does not cover any other benefit under any other law.
2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Indirect Tax Regulation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
3. The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. the revenue authorities/courts will concur with the view expressed herein.
5. The above views are based on the existing provisions of laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV- ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Analysis of NBFC sector and select asset classes in India” dated June 2023 (the “CRISIL Report”), prepared and issued by CRISIL MI&A appointed on June 23, 2022, exclusively commissioned and paid for by our Company in connection with the Offer. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. A copy of the CRISIL Report is available on the website of our Company at <https://www.sbfsc.com/for-investors>. 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. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

While preparing its report, CRISIL MI&A has also sourced information from publicly available sources, including our Company’s financial statements available publicly. However, financial information relating to our Company presented in other sections of this Prospectus has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Prospectus.

Macroeconomic scenario

Global economy is witnessing tightening of monetary conditions

The global economy is witnessing tightening of monetary conditions in most regions. As per the IMF (World Economic Outlook Update – April 2023), global growth prospects are estimated to fall from 3.4% in 2022 to 2.8% in 2023 and then witness an increase in 2024 to 3.0%, the impact of which is expected to be witnessed in the Indian economy as well. Global trade is estimated to have reached a record level of approximately US\$32 trillion in 2022, but its growth had turned negative during the second half of 2022. The trade outlook for 2023 is expected to be negatively impacted because of geopolitical frictions, persisting inflation and lower global demand. Further, deceleration in domestic growth could lead to some reduction in imports.

The US economy grew by an annualised 1.1% in the first quarter of 2023, slowing compared with the previous quarter, which was 2.6%. The United Kingdom economy grew at 0.1% quarter-on-quarter in the first quarter, but the data for March 2023 shows that its gross domestic product (“GDP”) contracted 0.3% month-on-month. At the same time, manufacturing activity in China contracted for the first time since the country reopened after ending its zero-COVID policy. Inflation hardened in the eurozone in April 2023, while it eased only marginally in the US. Inflation remains high in several key economies, prompting central banks to continue with rate hikes. The US Federal Reserve, Bank of England and European Central Bank all hiked interest rates at their May 2023 policy meetings.

However, financial conditions in India eased in April 2023 after the RBI paused on rate hikes in its monetary policy, keeping the repo rates at 6.5%. While the RBI indicated its readiness to move if inflation provided to be on the upside, incoming headline inflation print, based on the consumer price index (“CPI”), eased to 4.3% in May, which was below the Monetary Policy Committee’s (“MPC”) upper threshold of 6%. Moreover, bond yields eased significantly as investors factored in a pause in rate hikes. FPIs increased their investment in the Indian markets as global risk sentiment revived with the US banking turmoil staying largely under control. Equity markets also gained amid the pause in rate hike and rising FPI inflows.

External risks remain high because of the possible impact of elevated interest rates in advanced economies on the leveraged market segments. However, India’s macroeconomic fundamentals are expected to improve in Fiscal 2024, which should cushion its vulnerability to global shocks. This, coupled with a pause on rate hikes by the RBI and US Federal Reserve, should limit tightening of domestic financial conditions going ahead.

India is expected to remain one of the fastest growing economies amid global slowdown

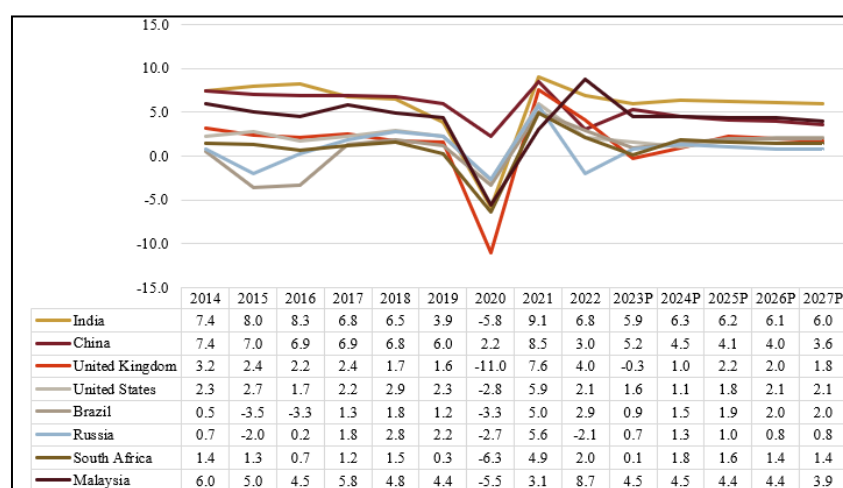
As the Indian economy battled COVID-19, geopolitical conflict, climate change and central bank actions, it has shown a fair degree of resilience. Despite global slowdown, tightening of monetary conditions and high inflation,

India recorded a higher economic growth rate compared with many peer economies owing to its relatively strong local consumption, lower reliance on global demand, and continued resilience to external factors.

The growth pattern, though, highlights two key features. First, the economy has recovered faster in nominal terms than in real terms because of high inflation. Second, official data revisions released in February 2023 pegs real GDP growth in Fiscal 2023 at 7.0% year-on-year, which reveals that the economy was more resilient than estimated earlier. This was largely owing to healthy domestic demand, aided by a catch-up in contact-based services, strong investment activity, government push for capital expenditure (“capex”), relatively accommodative financial conditions, and overall normal monsoon for the fourth time in a row.

CRISIL MI&A expects growth outlook for Fiscal 2024 to be fettered with multiple risks, including sluggish exports and lagged impact of rate hikes manifested fully into the economy. Nevertheless, India is expected to remain the fastest growing economy in the world with GDP growth of 6.0% projected in Fiscal 2024 as per CRISIL MI&A. The IMF too estimates India’s GDP to have grown by 6.8% in calendar year 2022 due to its broad range of fiscal, monetary and health responses. The IMF projects the growth to slow down to 5.9% in 2023, before reviving to 6.3% in 2024.

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



Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years, For India, data and forecasts are presented on a Fiscal year basis, with Fiscal 2021/22 starting in April 2021, hence 2023P numbers for India can be taken as actuals

P: Projected

Source: IMF (World Economic Outlook – April 2023 update)

Indian economy to be a major part of world trade

Along with being one of the fastest growing economies in the world, India ranked fifth in the world in terms of nominal GDP for 2023 according to IMF forecasts (World Economic Outlook – April Update). India overtook UK to become the fifth largest economy in the world in 2022. In terms of purchasing power parity (“PPP”), India is the third largest economy in the world, only after China and the United States.

GDP Ranking of key economies across the world (2023)

Country	GDP Rank	% share (World GDP)	PPP Rank	% share (GDP, PPP)
United States	1	25.4%	2	15.4%
People's Republic of China	2	18.4%	1	18.9%
Japan	3	4.2%	4	3.7%
Germany	4	4.1%	5	3.2%
India	5	3.5%	3	7.5%
United Kingdom	6	3.0%	10	2.2%
France	7	2.8%	9	2.2%
Italy	8	2.1%	12	1.8%
Canada	9	2.0%	15	1.4%
Brazil	10	2.0%	8	2.3%
Russian Federation	11	2.0%	6	2.9%
Republic of Korea	12	1.6%	14	1.7%

Source: IMF, CRISIL MI&A

With continuous growth in GDP, India is expected to become the third largest global economy by 2030, as per the Centre for Economics and Business Research. This growth in India's GDP is expected to be driven by rapid urbanisation, rising consumer aspiration and increasing digitalisation coupled with Government support in the form of reforms and policies that are expected to support growth.

Consumer Price Index ("CPI") inflation to average at 5.0% in Fiscal 2024

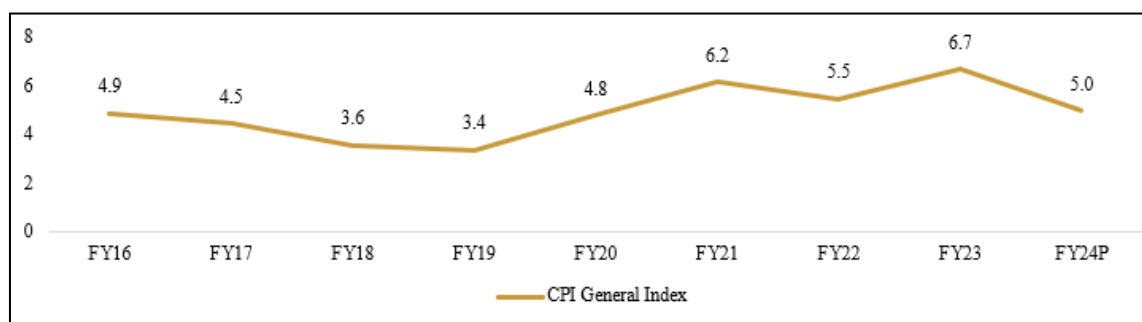
May 2023 saw CPI at 4.3%, down from 4.7% in April 2023 and considerably lower than 7.8% seen in April 2022. Four factors have influenced the fall in inflation over the last few months. First, a considerable part of the fall is due to a high base effect of last year when the Russia-Ukraine conflict had intensified, which consequently pushed up the fuel, metal and food prices. Second, a fall in global oil and commodity prices. The global energy index fell an average 31.1% on-year in the last four months, while the metals index fell 17% on average. Third, easing supply chain pressures leading to better availability of inputs and therefore reduced pressure on prices. Fourth, easing food inflation as the rabi crop enters the market which led to food inflation falling 0.2% on a seasonally adjusted month-on-month basis.

However, inflation in cereals, which is a major contributor to food inflation, remained high at 12.7% in May 2023, led by rice and wheat categories. Fuel inflation corrected from 5.5% in April to 4.6% in May, aided by high base effect. The slowdown was led by lower inflation in electricity and LPG. Core inflation, which has been a major concern over the past year, cooled significantly in April and remained the same as 5.1% in May.

Inflation moving below the 5% mark gives relief to the MPC, which in its recent policy review kept the repo rate unchanged leaving room to assess the cumulative impact of rate hikes on inflation. CPI inflation is expected to average 5% in Fiscal 2024 from 6.7% in Fiscal 2023 on the assumption of a normal monsoon. A high base should favour inflation rates for another a month or two. In the coming months, the key monitorable for food inflation will be the progress of monsoon given the El Nino risk. Core inflation, the pain point for the RBI due to its stickiness, is expected to see limited easing as producers continue to pass on input costs.

For Fiscal 2024, CRISIL MI&A expects CPI inflation to come down, averaging 5% year-on-year, within the RBI's target range of 4% - 6%. A combination of three factors: (i) impact of rising interest rates on domestic demand, (ii) a global demand slowdown leading to falling international commodity prices, and (iii) the base effect, should lead to lower inflation.

Annual Inflation (year-on-year%) trend



Source: CSO, Ministry of Industry and Commerce, CRISIL MI&A; E: Estimated, P: Projected

Financial conditions eased after RBI's surprise pause in April

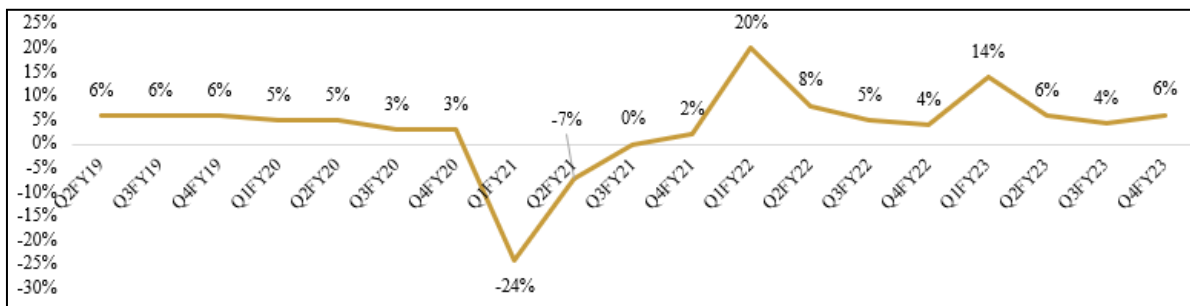
The MPC kept policy rate unchanged in April, keeping the repo rate at 6.5%, contrary to market expectations. While the RBI indicated its readiness to move if inflation surprised on the upside, incoming headline inflation print, based on the CPI, eased to 5.7% in March, below MPC's upper threshold of 6%. CPI eased further to 4.7% in April 2023. MPC kept the policy rates unchanged in the June meeting.

The GDP numbers showed India's growth slowing to 4.1% year-on-year in the fourth quarter of Fiscal 2022 compared to 5.4% in the previous quarter. The first quarter of Fiscal 2023 shows broadening recovery to the extent of 13.5%. However, the growth in the second quarter of Fiscal 2023 moderated to 6.3% while further coming down to 4.4% in the third quarter of Fiscal 2023. India's real GDP growth rose sharply to 6.1% year-on-year in the fourth quarter of Fiscal 2023. Fourth quarter growth was primarily driven by investment and net exports, with lower drag in net exports owing to rising exports and slowing imports. Fixed investment turned in the strongest growth on the demand side while private consumption growth was more subdued quarter-on-quarter.

Manufacturing and agriculture growth improved quarter-on-quarter on the supply side even as services growth remained strong, despite slowing marginally relative to the previous quarter.

While GDP growth was robust in Fiscal 2023, a slowdown is inevitable in Fiscal 2024 led by increase in borrowing costs. While major central banks have aggressively raised policy rates over the last 15 months, their transmission into the broader lending rates is taking place with a lag. CRISIL MI&A expects rates to peak in Fiscal 2024, hitting both global and domestic demand. External demand will take a bigger hit with most major economies facing the highest interest rates in over a decade. Major slowdown is expected in key economies such as US and Europe, which accounts for nearly 33% of India’s goods exports. Hence, exports will slowdown India’s growth in Fiscal 2024. India’s export and industrial growth was hit in Q2FY23 by a global demand slowdown which has continued into Q3FY23. As per MPC’s June meet, the real GDP growth for Fiscal 2024 is projected at 6.5%, the first quarter of Fiscal 2024 at 8%, the second quarter of Fiscal 2024 at 6.5%, the third quarter of Fiscal 2024 at 6.0% and the fourth quarter of Fiscal 2024 at 5.7%.

Trend in real GDP growth rate on quarterly basis

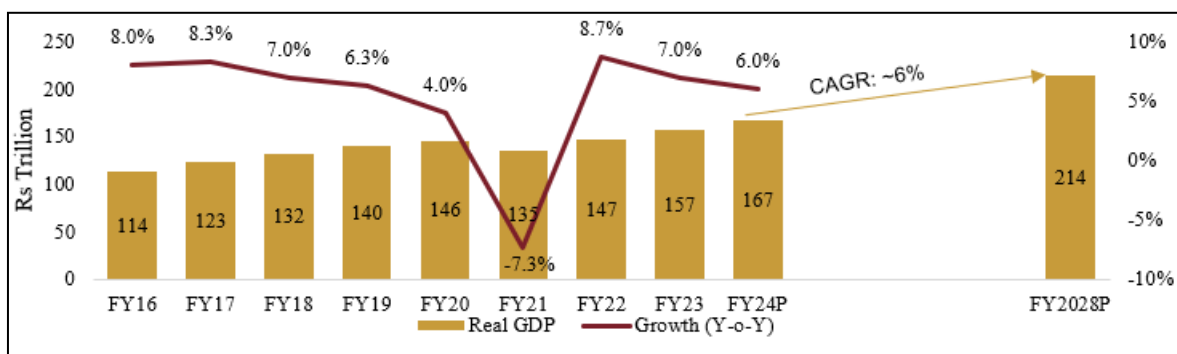


Source: CSO, RBI, CRISIL MI&A

The global slowdown is in the early stages. US and Europe performed reasonably well in the December quarter, but it was driven by less import sensitive sectors. The slowdown in exports is also because the pattern of consumption in the West after opening has become skewed towards services, which are not import sensitive. Demand momentum is expected to slow further due to transmission of the RBI’s rate hikes. The transmission is yet to be completed, which is likely to lead to a further rise in borrowing costs.

The advanced economies will inevitably face slower growth in 2023 as their interest rates are already at decadal highs. They account for 45% of India’s exports which will bear brunt of weaker demand. Besides the global slowdown, a forecast of El Nino which disturbs Indian monsoons, is another risk which could hit rural incomes. These factors are expected to slow India’s GDP growth to 6.0% in Fiscal 2024 from 7.0% in Fiscal 2023.

India’s economy to grow at 6.0% in Fiscal 2024



Note: Fiscal 2024 is projected based on CRISIL MI&A estimates. Fiscal 2025-Fiscal 2028 is projected based on IMF estimates
Source: CRISIL MI&A, IMF World Economic Outlook – April 2023

Macroeconomic outlook for Fiscal 2024

Macro variables	FY23	FY24P	Rationale for outlook
GDP (y-o-y)	7.0 [^] %	6.0%	Slowing global growth is likely to weaken India's export in fiscal 2024. Domestic demand could also come under pressure as Reserve Bank of India (RBI) rate hikes are transmitted to consumers.
Consumer price index (CPI) inflation (y-o-y)	6.7%	5.0%	Lower commodity prices, base effect, expectation of softer food prices and cooling off domestic demand is likely to help in moderating inflation in fiscal 2024.
10-year Government security yield (fiscal-end)	7.4%	7.0%	A moderate increase in gross market borrowings is budgeted for fiscal 2024. This, coupled with lower inflation and the RBI's rate cuts, is likely to moderate yields in fiscal 2024.
CAD (Current account balance)/GDP (%)	-2.5%	-2.0%	Lower crude prices and cooling of domestic demand is expected to lead to moderation of trade deficit in fiscal 2024
Rs/\$ (March average)	82.3	83.0	While a lower current account deficit (CAD) will support the rupee, challenging external financing conditions will continue to exert pressure in the next fiscal.

Note: ([^])National Statistics Office ("NSO") second advance estimates, E – Estimated, P – Projected
Source: Reserve Bank of India (RBI), NSO, CRISIL MI&A

Positive government measures to aid economic growth

Going forward, CRISIL MI&A expects India's GDP growth to decelerate to 6.0% in Fiscal 2024 from 7.0% in Fiscal 2023 due to global slowdown, monetary policy impact and volatile geopolitical scenario. However, some optimism can be seen in the form of moderating consumer inflation, capital and productivity increases, aided by better physical and digital infrastructure. This growth is expected to be supported by the following factors:

- Production linked incentive ("PLI") scheme, which aims to incentivise local manufacturing by giving volume-linked incentives, has been launched by the government for six of India's top 10 export verticals, which is likely to propel incremental exports. In Fiscal 2024, PLI-driven exports are expected to be the lone growth driver for India, helping improve the overall export growth to 2% - 4%.
- Focus on investments rather than consumption push, enhancing the productive capacity of the economy. Policy push and new age opportunities to lead capex growth in Fiscal 2024.
- Policies aimed towards greater formalisation of the economy, which are bound to lead to an acceleration in per capita income growth.

Despite the mark-down in near-term growth, India is expected to remain a growth outperformer over the medium run. Stronger domestic demand is expected to drive India's growth premium over peers in the medium run. Investment prospects are optimistic given the government's capex push, progress of PLI scheme, healthier corporate balance sheets, and a well-capitalised banking sector with low non-performing assets ("NPA's). India is also likely to benefit from the China-plus-one policy as global supply chains get reconfigured with shifting focus from efficiency towards resilience and friend-shoring. Private consumption (approximately 58% of GDP as of March 31, 2023) will play a supportive role in raising GDP growth over the medium run.

Announcements of Union Budget for 2023 – 2024:

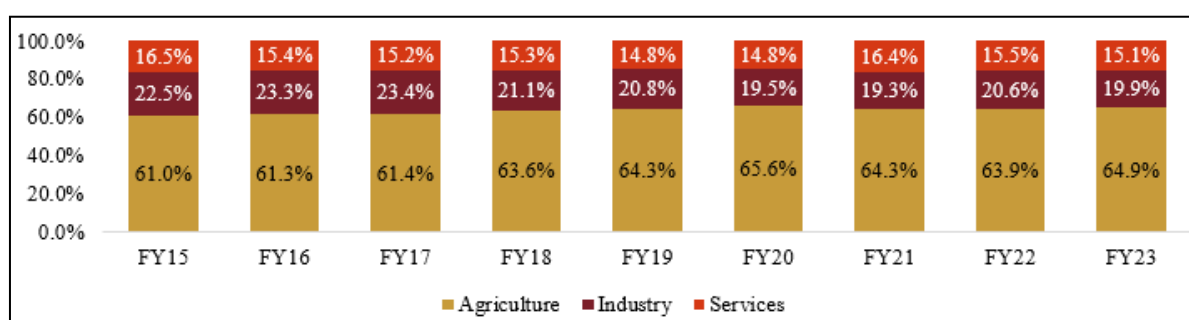
Announcement	Impact
Strong thrust towards capex seeing a 24% increase to ₹ 18,600 billion to support growth	Highest allocation seen in the infrastructure related sectors such as roads and railways. The allocation of tax-free loan from the Centre to states is also set to increase 30% to 1,300 billion, providing a further boost to the infrastructure sector.
Tax rebate for income up to ₹ 0.70 million (as per the new regime)	Provides the middle-income households mild relief by increasing their disposable income and cushion the impact of the external slowdown by improving domestic demand and consumer confidence
Simplification of the know-your-customer process through an expanded DigiLocker service and National Financial Information Registry	Support in technological advancement would promote financial inclusion, ensure better availability of customer data, enable faster and secure sharing of documents with financial institution and increase rural penetration. The aforesaid will lead to improving efficiency in terms of operating and credit cost for financial institutions.

Announcement	Impact
Setting up of three centres of excellence for realising the vision of 'Make AI in India and Make AI work for India'	The improvement in digital infrastructure will lead to a significant rise in the creation and consumption of digital data, and the demand for data storage and processing capabilities. This, coupled with the government's initiative of data embassies, is expected to attract private investments in the data centre ecosystem. For Fiscal 2024, data centre investments are estimated to be US\$ 4.8 billion – US\$ 5.0 billion

Contribution of various sectors to India's GDP

As compared to various developed economies, which witnessed a good contribution from manufacturing and industry first and subsequently in services, the Indian transformation story has been different. A notable feature of the Indian economy has been the services sector's rising contribution to the overall output of the economy. Over Fiscals 2018 to 2020, the service sector has grown at a rate of approximately 7%, thereby increasing the contribution of services sector to 65.6% in Fiscal 2020 in terms of Gross Value Added ("GVA") at constant prices. In Fiscal 2023, overall GVA expanded by approximately 7.0%.

Share of sector in GVA at constant prices

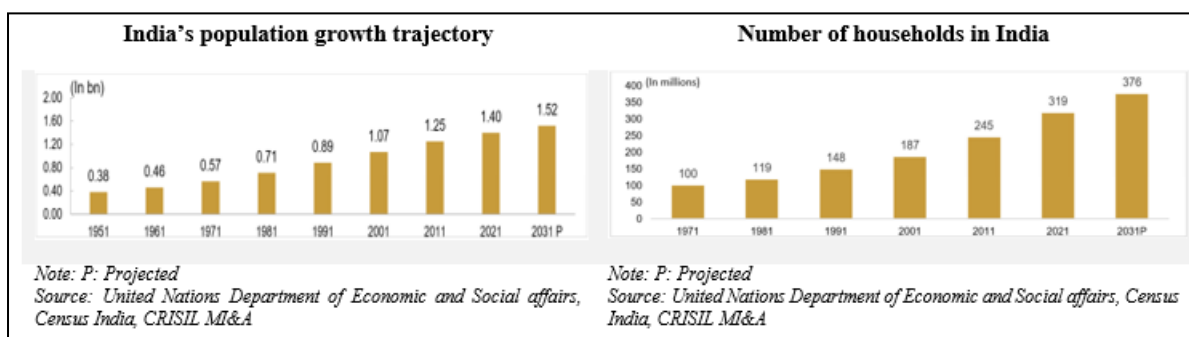


Source: RBI; CRISIL MI&A

Key growth drivers

India has world's largest population

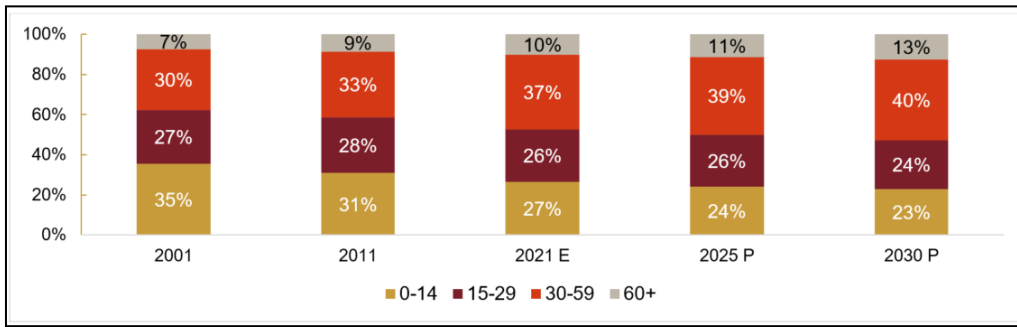
As per Census 2011, India's population was approximately 1.25 billion, and comprised nearly 245 million households. The population, which grew at nearly 1.5% CAGR between 2001 and 2011, is expected to increase at 1.1% CAGR between 2011 and 2021, to 1.4 billion. As of 2022, the population of India is more than 1.42 billion and it has surpassed China as of January 2023 as the most populous country in the world. The population is expected to reach 1.5 billion by 2031, and number of households are expected to reach approximately 376 million over the same period.



Favourable demographics

As of 2022, India has one of the largest young populations in the world, with a median age of 28 years. CRISIL MI&A estimates that approximately 90% of Indians are still below the age of 60 in calendar year 2021 and that 63% of them are 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.

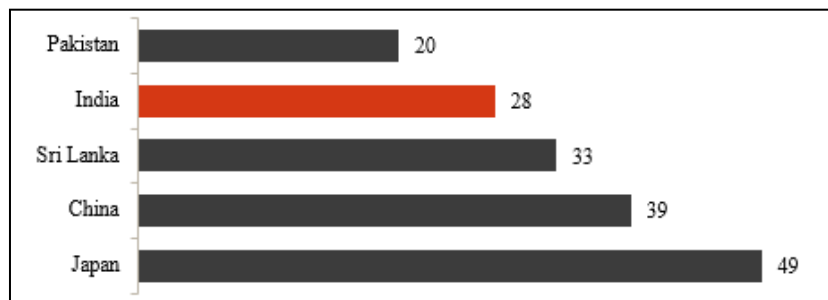
India's demographic dividend



Note: E: Estimated, P: Projected

Source: United Nations Department of Economic and Social affairs, CRISIL MI&A

Median age of South and Southeast Asian countries (2022)

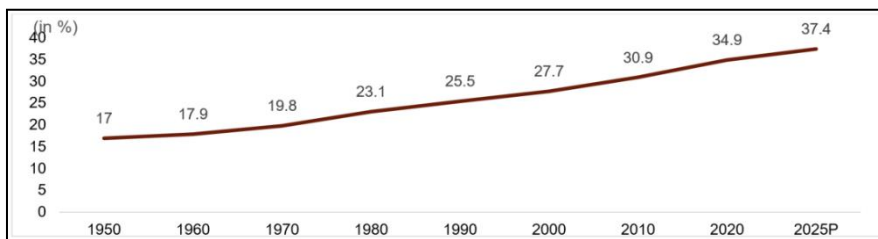


Source: United Nations' World Population Prospects 2022, CRISIL MI&A

Urbanisation

Urbanisation is one of India's most important economic growth drivers. It is expected to drive substantial investments in infrastructure development, which in turn is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. India's urban population has been rising consistently over the decades. In 1950, it was 17% of total population. As per the 2018 revision of world urbanization prospects, it was estimated at 34.9% for India. This is expected to reach 37.4% by 2025.

Urban population as a percentage of total population (%)



Note: P – Projected, Source: Census 2011, World Urbanization Prospects: The 2018 Revision (UN)

Increasing per capita GDP

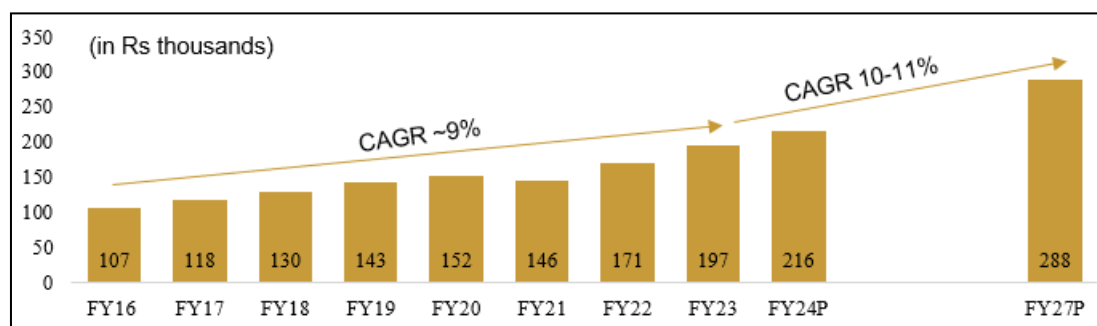
In Fiscal 2023, India's per capita income expanded by 6.0%. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 5% CAGR from Fiscals 2023 to Fiscal 2026.

Per capita income	Level in FY2023 [^] (INR '000)		Growth at constant prices (%)										
	Current prices	Constant prices	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY26P
	172	98	4.6	6.2	6.7	6.8	5.7	5.8	2.9	-7.6	7.6	6.0	5.3*

Note – P: Projected, (^) Per Capita NNI as per second advanced estimates of national income, 2022-23, (*) - 3-year CAGR growth (Fiscal 2023-Fiscal 2026), as per IMF estimates of April 2023; Source – Ministry of Statistics and Program Implementation (MOSPI), International Monetary Fund (IMF), CRISIL MI&A

As per IMF’s estimates, India’s nominal GDP per capita (at current prices) is projected to increase at a CAGR of 10% - 11% from Fiscal 2023 to Fiscal 2027.

Trend in Nominal GDP per capita (at current prices)

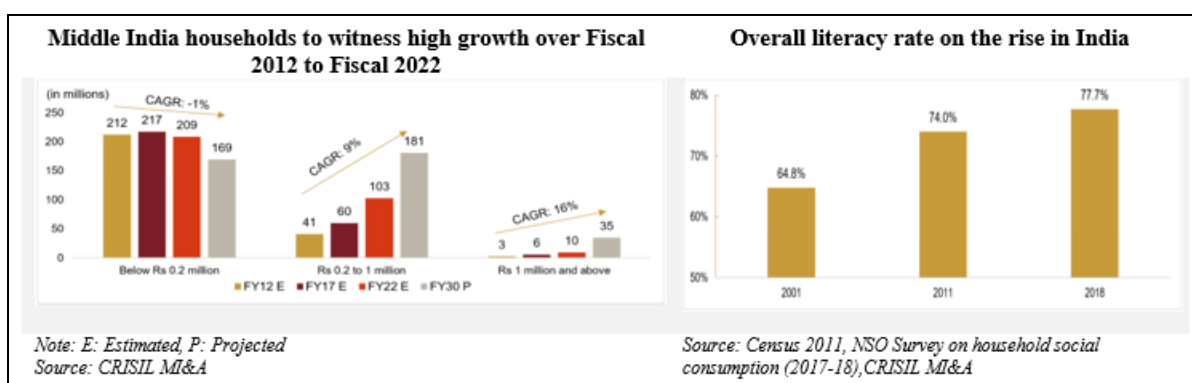


Note: P- Projected; Fiscal 2023 estimates based on second advanced estimated, Fiscal 2024 – Fiscal 2027 projections based on IMF; Source: MOSPI, IMF, CRISIL MI&A

Rising Middle India population to help sustain growth

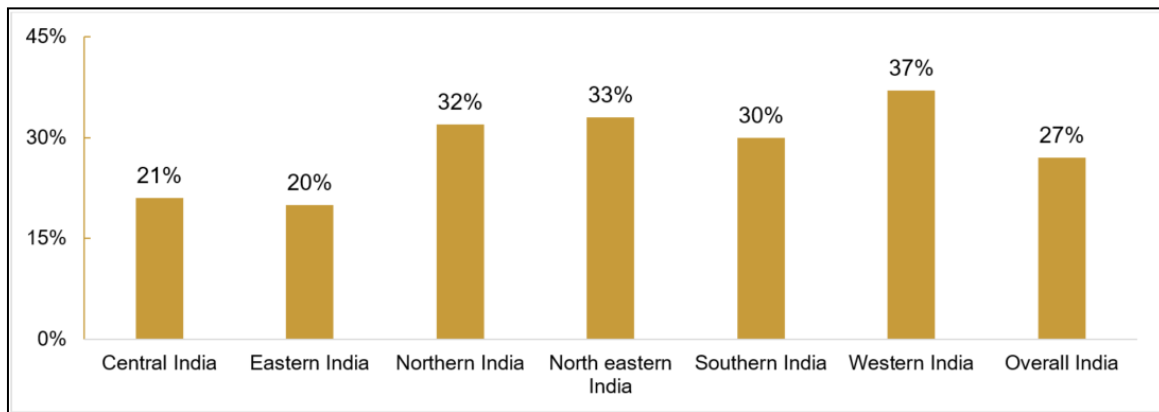
Proportion of Middle India (defined as households with annual income of between ₹ 0.2 million to ₹ 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes. To illustrate, CRISIL MI&A estimates that there were 41 million households in India in this category as of Fiscal 2012, and by Fiscal 2030, they are projected to increase to 181 million households translating into a CAGR of 9% over this time period. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and MSME financiers as well as consumer goods marketers. A large number of these households, which have entered the middle-income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

Consistent improvement in the literacy levels, increasing access to information and awareness, increase in the availability of basic necessities such as electricity, cooking gas, toilets and improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for financial service providers. In fact, some of these trends are already visible. Smart phone ownership, internet users and the proportion of users accessing social media is increasing at a breakneck speed. Smaller cities and towns (with population less than 1 million) account for a significant portion of sales of e-retailers.



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

Financial Literacy across India



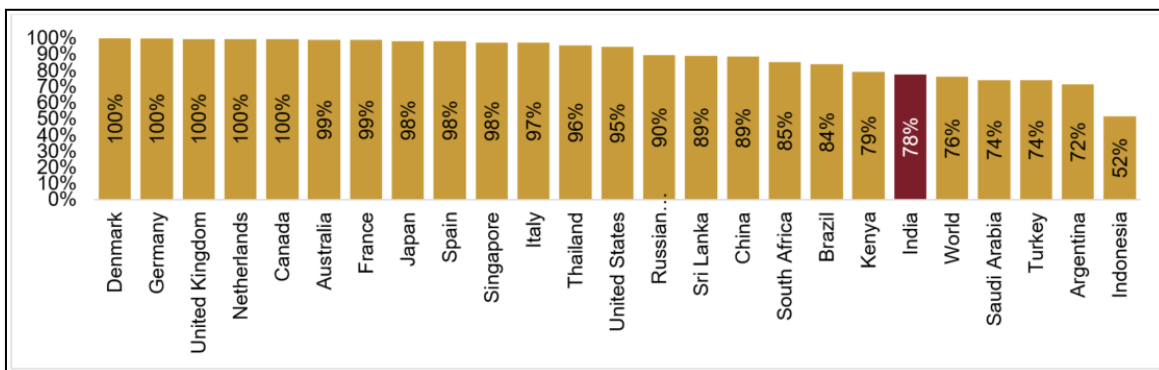
Source: National Financial Literacy and Inclusion Survey (NCFE-FLIS) 2019 Report, National Centre for Financial Education

Financial Inclusion on a fast path in India

Overall literacy in India is at 77.7% as per the results of recent NSSO survey conducted from July 2017 to June 2018 which is still below the world literacy rate of 86.5%. However, according to the National Financial Literacy and Inclusion Survey 2019, only 27% of Indian population is financially literate, thereby indicating huge gap and potential for financial services industry. The survey defines financial literacy as combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

According to the World Bank’s Global Findex Database 2021, the global average of adult population with an account opened with a bank, financial institution or mobile money provider, was approximately 78% in 2021. India’s financial inclusion has improved significantly over 2014 to 2021 as adult population with bank accounts increased from 53% to 78% (*Source: Global Findex Database*) due to the Indian government’s concentrated efforts to promote financial inclusion and the proliferation of supporting institutions.

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



Note: 1. Global Findex data for India excludes northeast states, remote islands and selected districts. 2. Account penetration is for the population within the age group of 15+, Source: World Bank - The Global Findex Database 2021, CRISIL MI&A

Pradhan Mantri Jan Dhan Yojana (“PMJDY”) launched in August 2014, is aimed at ensuring that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. PMJDY focuses on household coverage compared to the earlier schemes that focused on coverage of villages. It aims to extend banking facilities to all within a reasonable distance in each sub-service area (consisting of 1,000-1,500 households) across India.

Account Aggregators framework to build a financial data ecosystem in India

On September 2, 2021, RBI launched the Account Aggregators scheme, which is a framework to allow financial data more accessible by creating intermediaries called account aggregators. These intermediaries will collect and

share financial information to various entities. It is a big step towards creating a financial ecosystem where it will save transaction cost and ensure a person's credit worthiness.

PLI scheme to boost manufacturing in the long run

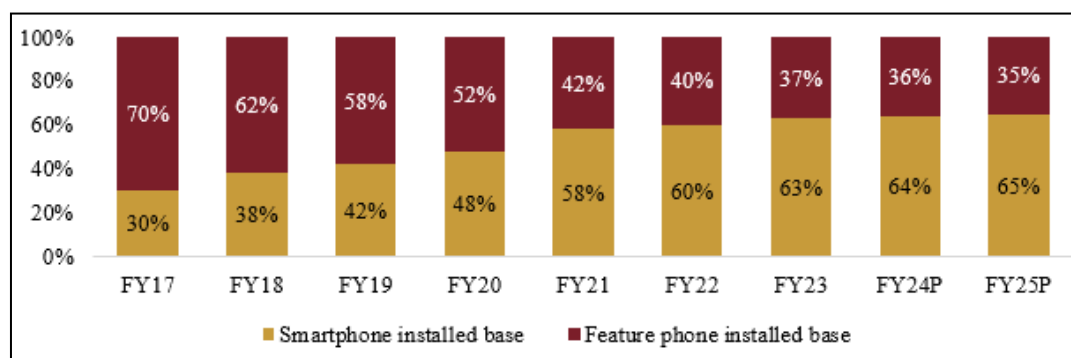
The Government has budgeted approximately ₹ 2 trillion to give incentives to the locally manufacturing units to 13 key sectors. The key sectors to get benefit from the scheme include automobiles, pharma, telecom, electronics, food, textile, steel, and energy. By incentivising production subject to achieving the desired scale, the scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the Government also hopes to reduce India's dependence on raw material imports from China. The scheme is expected to provide a boost to India's exports and economic growth over the medium-term and create more employment opportunities as many of these sectors are labour intensive in nature. Along with the PLI, entering into free trade agreements with key importing countries will also be critical. The rate of incentives offered under PLI are measured as a percentage of incremental sales over a five to seven year period varies between 4% - 6% for mobile phones and white goods, 5%-20% for pharma active ingredients and 8%-18% for auto and auto components. CRISIL MI&A expects the PLI scheme to lead a potential overall capex of ₹ 2.5 trillion to ₹ 3 trillion over the scheme period.

Digitisation to support economic growth and financial services

Technology is expected to play a pivotal role in taking the financial sector to the next level of growth, by helping to surmount challenges stemming from India's vast geography, which makes physical footprints in smaller locations commercially unviable. Technology is conducive for India, considering its demographic structure where the median age is less than 30 years. The young population is tech savvy and at ease with using it to conduct the entire gamut of financial transactions. With increasing smartphone penetration and faster data speeds, consumers are now encouraging digitisation as they find it more convenient. Digitisation will help improve efficiency and optimise cost. Players with better mobile and digital platforms will draw more customers and emerge as winners in the long term.

Mobile penetration: Higher mobile penetration, improved connectivity, and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

Data-savvy and younger users to drive adoption of smartphones



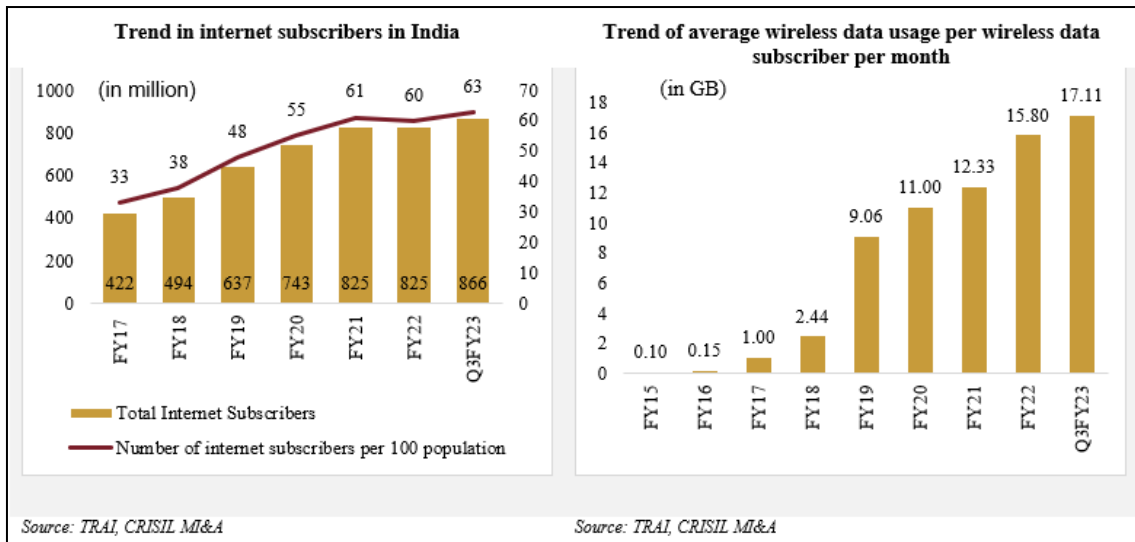
Note: E: Estimated, P: Projected

Source: CRISIL MI&A

Rise in 4G penetration and smartphone usage

India had 1,142.93 million wireless subscribers as of December 31, 2022, and the number is growing at a steady pace every year. The reach of mobile network, internet and electricity is continuously expanding the subscriber footprint to remote areas leading to rising smartphone and internet penetration in the country. Internet subscribers have risen sharply in India from 422 million subscribers in Fiscal 2017 to 866 million subscribers in the third quarter of Fiscal 2023 growing at a CAGR of 13%. In terms of number of internet subscribers per 100 population, number has almost doubled from 33 in Fiscal 2017 to 63 in the third quarter of Fiscal 2023.

Average wireless data usage per month per subscriber has seen an increasing trend over the last eight years. Per subscriber per month data usage was 0.1 GB in Fiscal 2015 which has increased to 17 GB in the third quarter of Fiscal 2023. This is due to increasing internet data penetration in the country.

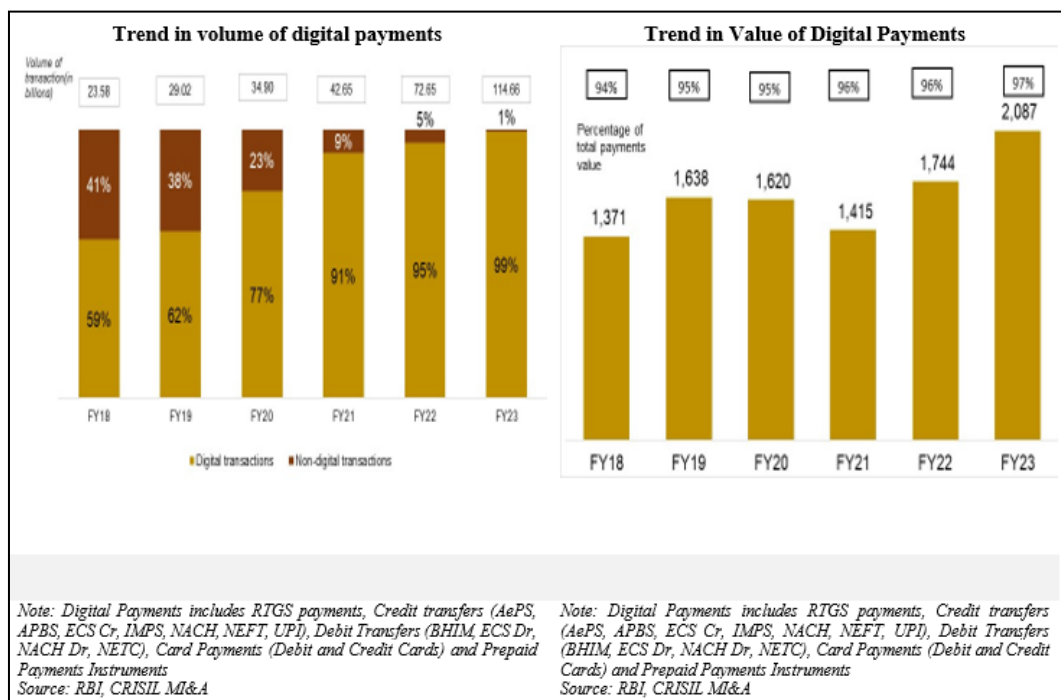


Increasing share of digital channels in domestic monetary transactions

The share of different channels in domestic money transfer has changed significantly over the past five years. Banks, for example, are witnessing a change in customer behaviour with fewer customers visiting bank branches for transactions. This change in behaviour was led by demonetisation when cash transactions slowed down, many new accounts were opened, and digital banking witnessed a surge in use and continued its growth trajectory. The preference has also shifted from cost factors to convenience and ease of performing transactions, which helps in saving time spent in queues, not disturbing the daily working hours and avoiding any potential monetary loss. Post-COVID, with consumers preferring to transact digitally rather than engage in physical exchange of any paper or face-to-face contact, digital transactions have received another shot in the arm.

Digital payments have witnessed substantial growth

Total digital payments in India have witnessed significant growth over the past few years. Between Fiscal 2016 and Fiscal 2023, the volume of digital payments transactions has increased from 6.3 billion to 113.9 billion, causing its share in overall payment transactions to increase from 39% in Fiscal 2016 to 99% in Fiscal 2023. During the same period, value of digital transactions has increased from ₹ 920 trillion in Fiscal 2016 to ₹ 2,087 trillion in Fiscal 2023.



Measures deployed to counter the pandemic's onslaught on growth

Reserve Bank of India goes all out to combat the crisis

The MPC of the Reserve Bank of India (RBI) slashed the repo rate by 115 bps to address financial market stress in the wake of the COVID-19 pandemic and the subsequent lockdown. In an unusual move, the MPC also asymmetrically slashed the reverse repo initially by 90 bps and by another 25 bps and 40 bps subsequently. The RBI also announced a host of other measures to address financial market stress due to the pandemic / lockdown:

- **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.
- **Supporting financial market liquidity:** The RBI initially announced targeted long-term repo operations of up to three years' tenure for a total of up to ₹ 1 trillion. Liquidity availed under the scheme by banks had to be deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures.
- **Measures during second wave of COVID-19:** In May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across the country. Resolution framework 2.0 was announced wherein individuals and MSMEs having aggregate loan exposure of up to ₹ 250 million, who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans.

Liquidity boost for NBFCs

The Indian 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.

ECLGS for MSMEs (₹ 4.5 trillion)

Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. MSMEs with up to ₹ 250 million outstanding credits and ₹ 1 billion turnover are eligible for these loans.

Subordinated debt to MSMEs (₹ 200 billion)

The Indian government is also facilitating the provision of ₹ 200 billion as subordinate debt for stressed assets of MSMEs. It 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.

Global tenders disallowed up to ₹ 2 billion

The Indian 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 billion)

Under this scheme, the Indian government has provided 2% interest subvention for loans given under Mudra-Shishu scheme. These loans are up to the ticket size of ₹ 50,000 and are mostly given by NBFC-MFIs that benefit low-income groups customers.

Special credit facility for street vendors (₹ 50 billion)

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 amounting to ₹ 2.65 trillion. Under the package, 12 stimulus measures were rolled out to, among other things, boost employment in the formal and informal economy, help housing infrastructure, enhance ease of doing business and extend the deadline for the Credit Line Guarantee Scheme.

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. 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 Budgeted Estimates for 2020-21 for PM Awaas Yojana (PMAY) - Urban through additional allocation and extra-budgetary resources.
5. Support for construction and infrastructure - Relaxation of earnest money deposit (EMD) and performance security on Government tenders.
 - Performance security on contracts to be reduced to 3% instead of 5-10%
 - EMD will not be required for tenders and will be replaced by Bid Security Declaration
 - 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 second wave

In September 2021, with a view to support various businesses impacted by the second wave of COVID 19 pandemic, the timeline for ECLGS has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 trillion is issued under the scheme, whichever is earlier. As of December 2021, loans sanctioned have crossed ₹ 3.19 trillion under the scheme. In June 2021, the government increased the overall admissible guarantee limit from ₹ 3.0 trillion to ₹ 4.5 trillion. In addition, the limit of admissible guarantee and outstanding loan amount is increased from 20% to 40% of outstanding for COVID-affected sectors like hospitality, travel and tourism, leisure and sporting and civil aviation sector, subject to a maximum of ₹ 2,000 million per borrower.

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

1. 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%;
2. Additional ECLGS assistance of up to 10% of the outstanding loans as on February 29, 2020 was allowed to borrowers covered under ECLGS 1.0;
3. Civil aviation was included in the list of sectors covered;
4. Ceiling of ₹ 5 billion of loan outstanding for eligibility under ECLGS 3.0 was removed, subject to maximum additional ECLGS assistance to each borrower being limited to 40% or ₹ 2 billion, whichever was lower; and
5. Borrowers who had availed loans under ECLGS 1.0 of overall tenure of four 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 five years (repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter).

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

Financial inclusion improved significantly with the help of schemes like PMJDY, Pradhan Mantri Jeevan Jyoti Bima Yojana (“PMJJBY”) and Pradhan Mantri Suraksha Bima Yojana (“PMSBY”)

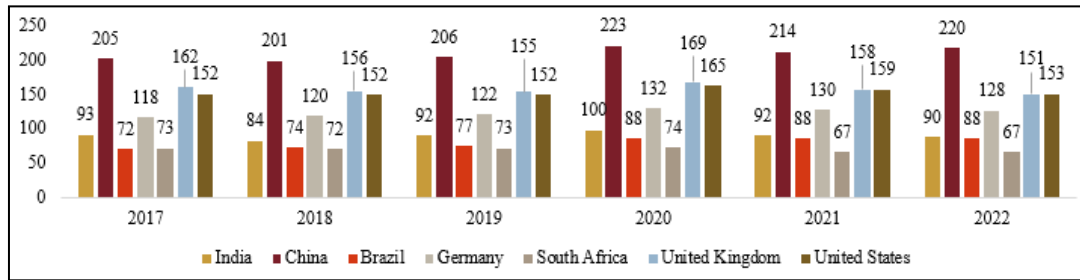
Further, GST has spawned structural changes in the supply chain and logistics network in the country which ensures that more players in the supply chain come under the tax ambit. The GST regime has been stabilising fast and is expected to bring more transparency and formalisation, eventually leading to higher economic growth. The PLI scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the Government also hopes to reduce India's dependence on raw material imports from China. The Insolvency and Bankruptcy Code is a reform that will structurally strengthen the identification and resolution of insolvency in India. It attempts to simplify legal processes, preserve value for creditors and provide them with greater certainty of outcome.

On September 20, 2019, the finance minister announced Taxation Laws (Amendment) Ordinance, 2019 to make certain amendments in the Income Tax Act, 1961, to allow any domestic company the option to pay income tax at the rate of 22%, subject to the condition that they will not avail of any exemption/incentive. The amendments could boost the capital base of the financial institutions and help revive growth in the financial services sector, which has been battling with high NPAs, increasing defaults and liquidity concerns.

Credit penetration is lower in India compared to other countries

In terms of the credit to GDP ratio, India has a low credit penetration compared with other developing countries, such as China indicating that the potential that can be tapped.

Credit to GDP ratio (%)



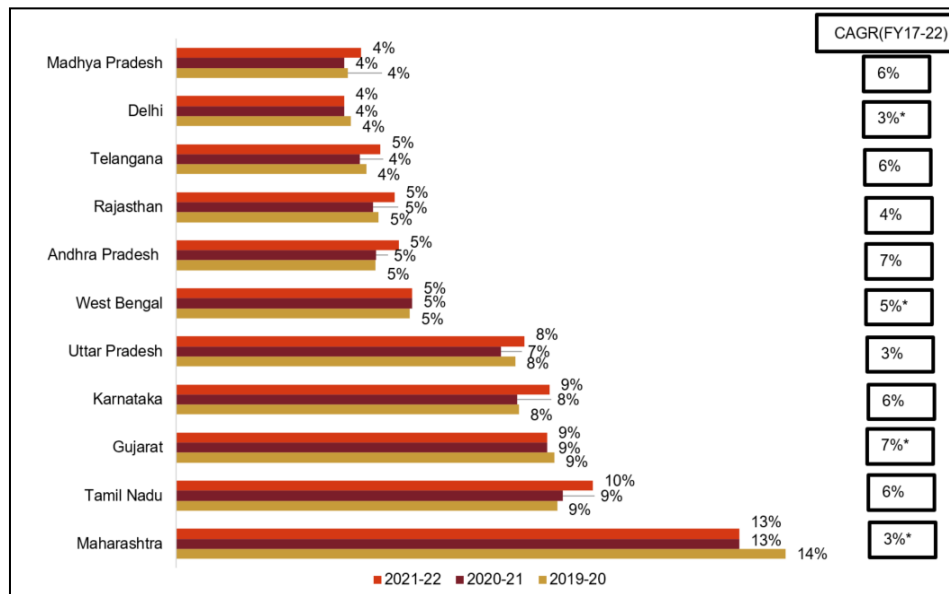
Note: Credit from all sectors to private non-financial sector.
Source: Bank of International Settlements, CRISIL MI&A

State-wise analysis

Contribution of states to Indian GDP

Maharashtra has the highest GSDP among Indian states, thereby contributing approximately 13% to overall GDP of the country. It is followed by Tamil Nadu (10% of India's GDP) and Gujarat (9% of India's GDP). Maharashtra has the highest share due to the large contribution of the industrial and services activities in the state. In terms of GDP growth, Mizoram, Tripura and Sikkim has witnessed the fastest 5-year CAGR of 11%, 9% and 8% respectively. Amongst the top 10 states, Gujarat and Andhra Pradesh has witnessed the fastest 5-year CAGR of 7%.

Top 10 Indian states with their contribution to India's GDP



Note: *: Calculated as CAGR from Fiscal 2016-2021
Source: MOSPI, CRISIL MI&A

Delhi, Maharashtra and Chandigarh have a higher credit penetration compared to other states

Delhi, Maharashtra, Telangana and Chandigarh have a credit to GDP ratio of more than 100% as of December 2022 which indicates that credit penetration in the state is higher as compared to other states in the country. Chandigarh has the highest credit penetration of 289% as of December 2022 followed by Delhi at 234%. Maharashtra has the third highest credit penetration in Indian States at 196% which has the highest contribution to Indian GDP. Delhi and Chandigarh which are smaller states have high credit concentration, for example Chandigarh has an urban credit share of 100% and Delhi has a metropolitan credit share of 99%.

Densely populated states like Bihar and Uttar Pradesh have rural credit share at 26% and 21%, respectively, which is low considering majority of the population lives in rural areas.

State-wise credit penetration as of December 2022

State	Credit Penetration as of December 2022	GSDP (Fiscal 2021-Fiscal 2022) in Rs billion	Percentage share in India's GDP	Rural Credit Share	Semi Urban Credit Share	Urban Credit Share	Metropolitan Credit Share
Maharashtra*	196%	18,893	12.7%	2%	4%	4%	90%
Tamil Nadu	91%	13,451	9.0%	12%	24%	14%	51%
Karnataka	73%	12,522	8.4%	11%	12%	16%	61%
Gujarat*	57%	12,482	8.4%	7%	13%	17%	63%
Uttar Pradesh	60%	11,231	7.5%	21%	16%	29%	33%
West Bengal*	60%	7,927	5.3%	15%	10%	19%	56%
Andhra Pradesh	80%	7,469	5.0%	18%	25%	29%	28%
Rajasthan	63%	7,330	4.9%	17%	23%	23%	37%
Telangana	102%	6,763	4.5%	9%	11%	9%	71%
Delhi	234%	6,224	4.2%	0%	0%	0%	99%
Madhya Pradesh	61%	6,217	4.2%	14%	22%	18%	46%
Haryana	65%	5,888	4.0%	10%	15%	67%	8%
Kerala	82%	5,509	3.7%	2%	52%	46%	0%
Bihar	48%	4,281	2.9%	26%	25%	23%	27%
Punjab	69%	4,275	2.9%	22%	27%	25%	26%
Odisha	46%	4,203	2.8%	22%	22%	55%	0%
Chhattisgarh*	59%	2,455	1.6%	11%	17%	26%	47%
Jharkhand	42%	2,368	1.6%	20%	20%	26%	34%
Assam*	44%	2,285	1.5%	24%	29%	46%	0%
Uttarakhand	37%	1,899	1.3%	22%	21%	57%	0%
Himachal Pradesh	35%	1,244	0.8%	60%	30%	10%	0%
Jammu & Kashmir	72%	1,215	0.8%	36%	26%	20%	18%
Goa*	46%	534	0.4%	18%	82%	0%	0%
Tripura	34%	405	0.3%	34%	27%	39%	0%
Chandigarh*	289%	279	0.2%	0%	0%	100%	0%
Puducherry	63%	266	0.2%	11%	20%	68%	0%
Meghalaya	41%	257	0.2%	37%	19%	44%	0%
Manipur*	48%	208	0.1%	31%	21%	48%	0%
Sikkim	27%	207	0.1%	28%	10%	62%	0%
Arunachal Pradesh*	36%	189	0.1%	28%	72%	0%	0%
Nagaland*	40%	180	0.1%	22%	46%	32%	0%
Mizoram*	47%	144	0.1%	17%	28%	56%	0%

Note: Credit penetration calculated as banking credit to states as of December 2022 divided by state GSDP (at constant prices) as of Fiscal 2022; Region wise credit % calculated as credit divided by total credit, GDP taken as GSDP at constant prices, Base Year: 2011-12., * GDSP taken for Fiscal 2021, Source: RBI, MOSPI, CRISIL MI&A Estimates

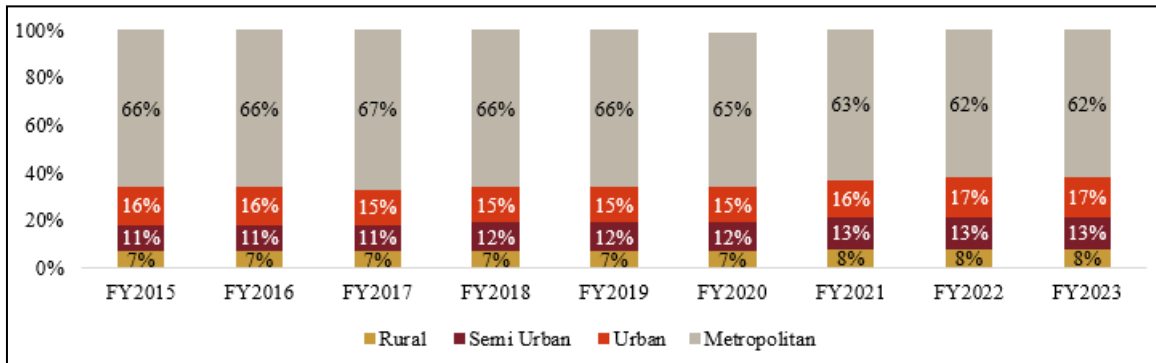
Rural India – Under penetration and untapped market presents a huge opportunity for growth

Credit to metropolitan areas has decreased over the past few years with its share decreasing from 66% in Fiscal 2015 to 62% in Fiscal 2023. Between the same period, credit share has witnessed a marginal rise in rural and urban areas. For semi-urban areas, credit share has gone up from 11% in Fiscal 2015 to 13% in Fiscal 2023.

At end of Fiscal 2022 rural areas, which account for 47% of GDP, received just 8% of the overall banking credit, which shows the vast market opportunity for banks and NBFCs to lend in these areas. With increasing focus of government towards financial inclusion, rising financial awareness, increasing smartphone and internet penetration, CRISIL MI&A expects delivery of credit services in rural area to increase.

Further, usage of alternative data to underwrite customers will also help the financiers to assess customers and cater to the informal sections of the society in these regions.

Share of rural and semi-urban credit has increased marginally between Fiscal 2015 and Fiscal 2023

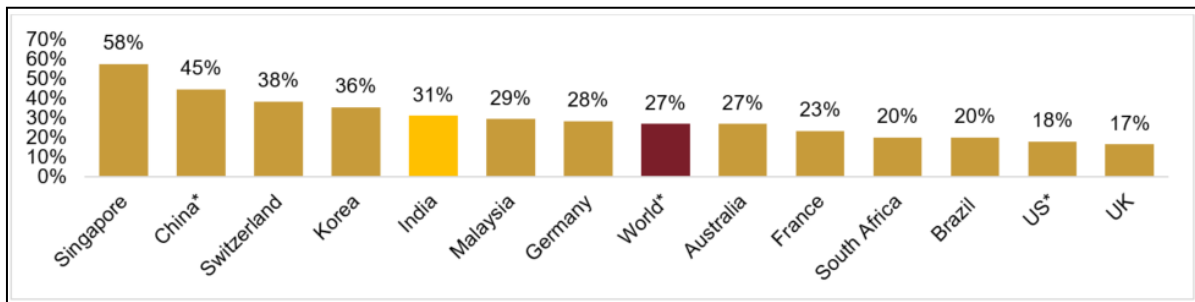


Source: RBI, MOSPI, CRISIL MI&A

Household savings to increase

India’s slowing economy took a toll on much-needed savings too, with the savings rate touching a 15-year low in Fiscal 2019 to 30.6%, and household savings also falling. Indian households contributed to about 62% of the country’s savings in Fiscal 2020. However, India remains favourable in terms of gross domestic savings rate compared with most other emerging market peers at 31% in 2021, greater than the world average of 27%.

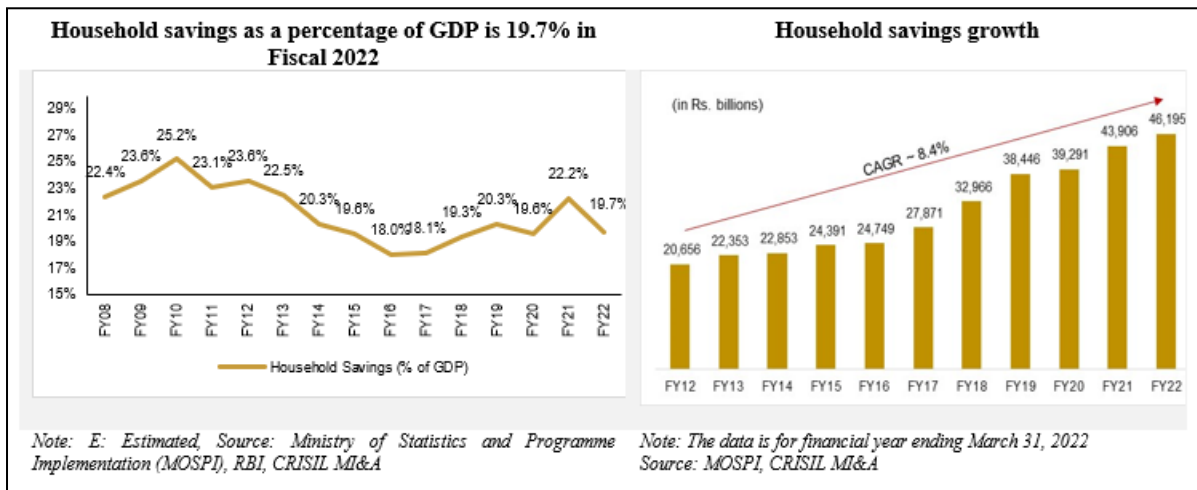
Gross Domestic Savings rate: India vs other countries (2021)



Note: Gross Domestic Saving consists of savings of household sector, private corporate sector and public sector; (*) Data as of 2020

Source: World Bank, Handbook of Statistics on Indian Economy 2020-21, RBI, MOSPI, CRISIL MI&A

Specifically, household savings as a percentage of GDP has been sliding since Fiscal 2012, with its share as a proportion of GDP falling significantly from 23.6% in Fiscal 2012 to 19.7% in Fiscal 2022.

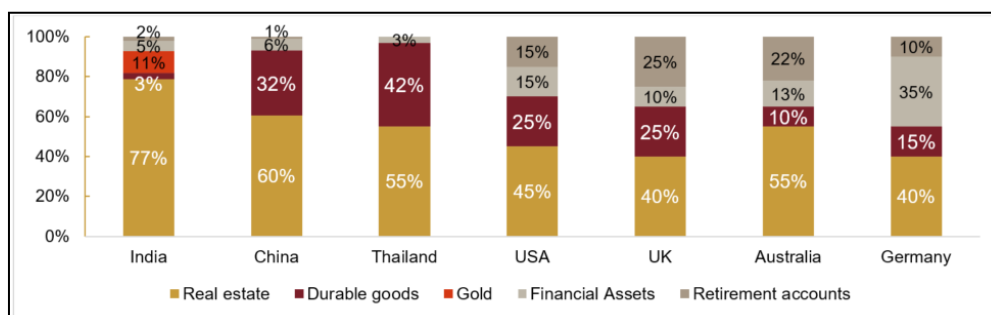


CRISIL MI&A expects India to continue being a high savings economy. CRISIL MI&A is also sanguine on savings rate increasing in the medium-term, as households become more focused post the pandemic-induced uncertainty on creating a nest egg for the future.

Physical assets still account for majority of the savings.

Unlike most other countries, where financial savings account for a significant proportion of savings, physical assets in the form of real estate, gold and silver still account for most household savings in India.

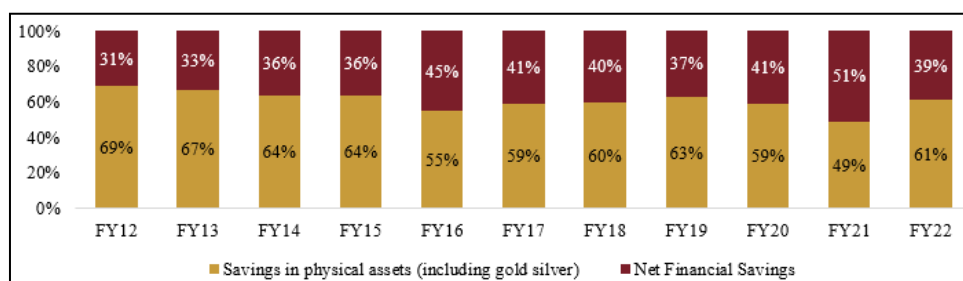
Trend of savings in India and other economies



Source: Report of the Household Finance Committee: July 2017, RBI, CRISIL MI&A

Although households’ savings in physical assets has declined to 49% in Fiscal 2021 from 69% in Fiscal 2012, it constitutes a substantial share in overall savings. On the other hand, the share of financial savings has witnessed an uptrend to 52% in Fiscal 2021 from 31% in Fiscal 2012. With volatility in the financial markets post COVID and the prevalent lower rates of return in the fixed income products on account of accommodative stance of RBI, some proportion of savings is expected to continue to remain in the physical assets. In the long-term, with increase in financial literacy, CRISIL MI&A expects the share of financial assets as a proportion of net household savings to increase over the next five years, thereby boosting investments in assets such as insurance and mutual funds.

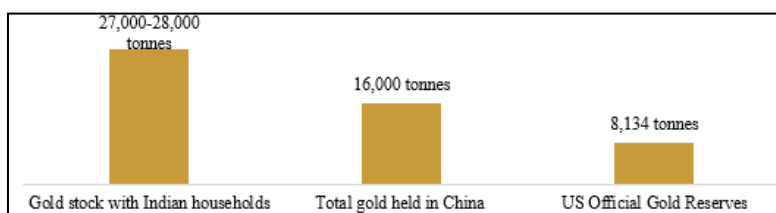
Trend of household savings in India



Note: The data is for financial year ending March 31, 2022, Source: Handbook of Statistics on Indian Economy 2018-19, RBI, MOSPI, CRISIL MI&A

As of March 2011, Indian households had gold stock of around 19,000 to 20,000 tonnes which has increased to approximately 28,000 tonnes as of March 2023, of which just around 7% is pledged with financiers, as per CRISIL MI&A estimates.

India has world’s largest private gold holdings (2022)



Note: Gold Stock with Indian households and Total Gold held in China as per MI&A estimates, US Official Gold reserves as per World Gold Council Report; Source: World Gold Council, CRISIL MI&A estimates

As more and more households become more open to monetising their gold holdings to meet either personal or business needs and the ease of obtaining a gold loan improves, the addressable market for financiers would expand significantly. At the average market price of ₹ 60,555 per 10 gram of gold in May 2023, monetising even 20% of the gold stock in the form of a loan at a 70% loan-to-value ratio (“LTV”) is expected to lead to a ₹ 23 trillion market opportunity for financiers.

NBFC Sector Assessment

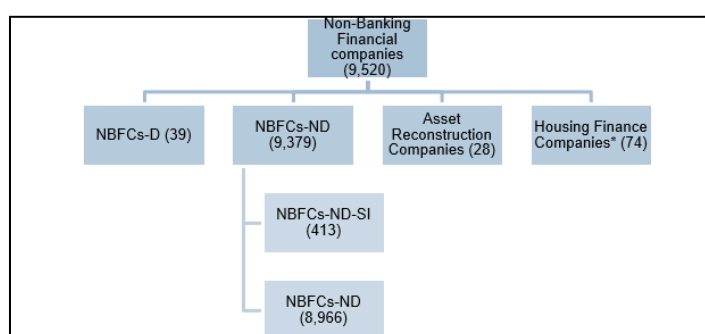
Constituents of NBFC industry in India

The Indian financial system includes banks and non-banking financial companies (NBFCs). Though the banking system dominates financial services, NBFCs have grown in importance by carving a niche for themselves by catering to customers in underbanked regions or those who would not be catered to by traditional financial institutions, due to absence of credit history or lack of proper collateral records.

Classification of NBFCs

NBFCs are classified on the basis of liabilities into two broad categories: a) deposit-taking; and b) non-deposit-taking. Deposit-taking NBFCs are subject to requirements of capital adequacy, liquid assets maintenance, exposure norms, etc. Further, in 2015, non-deposit-taking NBFCs with an asset size of ₹ 5 billion and above were labelled as ‘systemically important non-deposit taking NBFCs’ (“NBFC–ND–SI”) and separate prudential regulations were made applicable to them.

Classification of NBFCs based on liabilities



Note: (*) HFC which have more than 100 crores AUM. Figures in brackets represent the number of entities registered with RBI as of March 2023. Source: RBI, CRISIL MI&A

Key regulations pertaining to NBFCs

Given the importance of NBFCs in financial system especially by accessing public funds and inter-connectedness with banking, they are subject to prudential regulations by the Reserve Bank of India (RBI) as given below

Regulatory distinction between banks and NBFCs

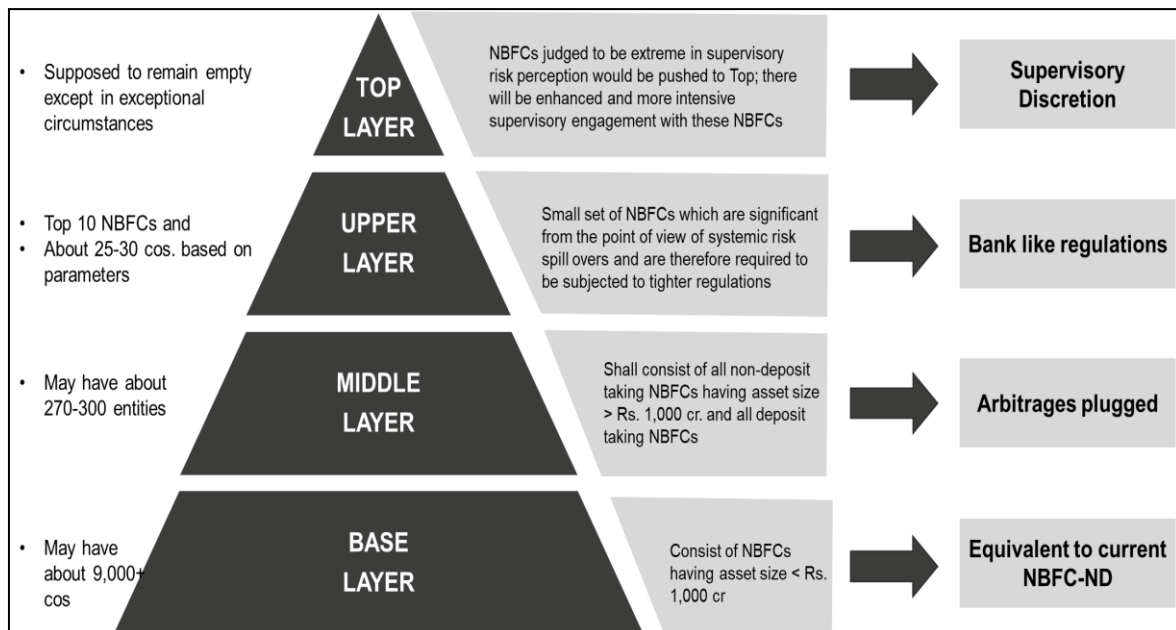
	NBFC – ND –SI	NBFC – D	Banks (Basel-III)
Minimum net owned funds	Rs. 20 million	Rs. 20 million	N.A.
Capital Adequacy	15.0%	15.0%	11.5%
Tier I Capital	10.0%	10.0%	9.5%
Stage III assets	90 days#	90 days#	90 days
Cash Reserve ratio (CRR)	N.A.	N.A.	3.0%
Statutory liquidity ratio (SLR)	N.A.	15.0%	18.00%
Priority Sector	N.A.	N.A.	40% of advances
SARFAESI eligibility	Yes*	Yes*	Yes
Exposure norms (% of NOF)	Single borrower: 15% (+10% for IFC)	Single borrower: 15%	Single borrower: 15% (+5% for infrastructure projects)
	Group of borrowers: 25% (+15% for IFC)	Group of borrowers: 25%	Group of borrowers: 30% (+10% for infrastructure projects)

Note: NA = Not applicable, Min. net owned funds for NBFC-MFI and NBFC - Factors is ₹ 50 million, while for IFC it is ₹ 3,000 million; *The Ministry of Finance in its union budget of 2021 has proposed the SARFAESI threshold to be reduced from the existing level of ₹5 million to ₹2 million, # Discretion with the audit committee of NBFCs to defer stage 3 classification beyond 90+dpd, Source: CRISIL MI&A

Scale based approach proposed for NBFCs

The Reserve Bank of India (RBI) in January 2021 had proposed a tighter regulatory framework for NBFCs by creating a four-tier structure with a progressive increase in intensity of regulation in a discussion paper titled ‘Revised Regulatory Framework for NBFCs - A Scale-based Approach’. Based on the inputs received, in October 2021, RBI put in place a revised regulatory framework for NBFCs, which is slated to be effective from October 2022.

In the framework for Scale Based Regulation for NBFCs, the RBI has said the regulatory and supervisory framework of NBFCs should be based on a four-layered structure based on their size, activity, and perceived riskiness: Base Layer, Middle Layer, Upper Layer and Top Layer. NBFCs in lower layer will be known as NBFC-Base Layer (“NBFC-BL”). NBFCs in middle layer will be known as NBFC-Middle Layer (“NBFC-ML”). An NBFC in the Upper Layer will be known as NBFC-Upper Layer (“NBFC-UL”) and will invite a new regulatory superstructure. There is also a top layer, ideally supposed to be empty.



Source: RBI, CRISIL MI&A

RBI has taken a balanced view, and instead of going for a one size fits all, it has opted for differential regulation based on size and the systemic importance of an NBFC. Further, the importance of NBFCs in providing credit to underserved customers has been recognised. The RBI has not proposed imposition of CRR and SLR on NBFCs, which would come as a relief to NBFCs.

The proposed 9% common equity tier-1 ratio should not be difficult to manage as majority of the NBFCs remain well capitalised. Cap on leverage levels would impact NBFCs in the mortgage business if limits are proposed in line with other asset classes. Differential standard asset provisioning will have a negative impact for NBFCs who have large exposure to sensitive sectors like commercial real estate (for example: CRE at the rate of 1.00%, CRE-RH at the rate of 0.75%; current norm for NBFCs is 0.4%). Cap of ₹ 0.01 billion on IPO financing per individual would hurt NBFCs operating in this space. Post this regulatory change, few NBFCs falling in the NBFC-UL category may consider conversion into universal banks. Overall, we believe the scale-based approach will translate into greater regulatory oversight and better governance practices, which will structurally strengthen the sector.

RBI tightens provisioning norms on Standard assets for NBFC Upper Layer

On June 6th, 2022, the RBI released a circular aligning provisioning for standard assets by NBFCs in the upper layer as per RBI's scale-based regulations with that prevalent with the banks, which would be effective from October 1, 2022. The impact of the norms is unlikely to be material as most large NBFCs already maintain Stage 1 and Stage 2 provisioning, which is comfortably higher than the required levels. The below table shows the provisioning that NBFC-ULs are required to maintain in respect of standard assets for the funded amount outstanding:

Provisioning norms for standard assets

Category of Assets	Rate of Provision
Individual housing loans and Small and Micro Enterprises	0.25%
Housing loans extended at teaser rates	2.00%, which will decrease to 0.40% after 1 year from the date on which the rates are reset at higher rates (if account remains standard)
Advances to Commercial Real Estate – Residential Housing (CRE - RH) sector	0.75%
Advances to Commercial Real Estate (other than CRE -RH) sector	1.00%
Restructured Advances	As stipulated in the applicable prudential norms for restructuring of advances
All other loans and advances not included above, including loans to Medium Enterprises	0.40%

Note: NBFC-UL includes non-banking financial companies and housing finance companies, Source: RBI, CRISIL MI&A

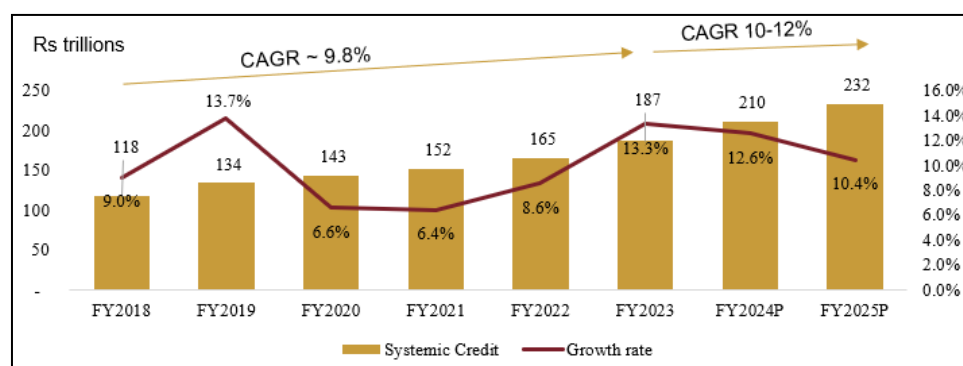
Systemic credit to grow at 10% -12% CAGR between Fiscal 2023-2025

Corporate credit determines the growth in overall credit as it accounts for nearly two-third of systemic credit. Overall systemic non-retail credit grew approximately 9% in Fiscal 2019, mainly driven by public sector undertakings and energy sector (oil and gas and power generation and distribution). The corporate credit of banks grew just approximately 3% year-on-year as of March 2019, as demand dropped sharply, and alternate capital market channels opened up. The financial sector, which was already reeling under the NBFC liquidity crisis, saw financial institutions turn cautious towards corporate lending and shift their focus towards the retail segment. While this shift has caused retail credit to drive overall credit growth, it witnessed a slowdown in growth from 18.3% in Fiscal 2018 to 15.4% in Fiscal 2019 on account of a slump in consumption. The slowdown in economic activity, coupled with heightened risk aversion among lenders, further tightened the overall credit growth to approximately 6.6% in Fiscal 2020. Retail credit grew by 16.3% in Fiscal 2020.

In Fiscal 2021, credit grew by approximately 6.4% supported by disbursements to MSMEs under the ECLGS and an uptick in economic activity post the COVID-19 lockdown.

In Fiscal 2022, the systemic credit growth picked up steam despite the second wave of COVID-19 hurting economic growth in the first quarter of the Fiscal. The systemic credit grew at 9% from the previous year to reach approximately ₹ 166 trillion. The growth was mainly driven by the budgetary push towards investments, pick-up in private investment, and business activity also slowly humming back to pre-COVID levels. In Fiscal 2023, systemic credit showed strong growth on back of pent-up retail demand from sectors like housing and auto. Credit demand also grew due to strong credit demand from NBFCs and trade segment. CRISIL MI&A projects systemic credit to grow at 10% - 12% CAGR between Fiscals 2023 and Fiscal 2025.

Systemic credit to grow by 10% - 12% between Fiscal 2023 and Fiscal 2025

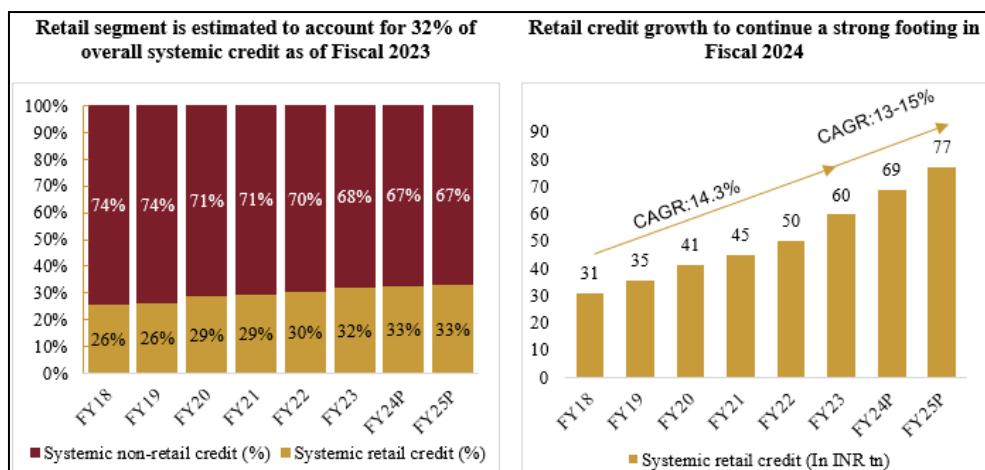


Note: E: Estimated; P: Projected; Systemic credit includes domestic banking credit, NBFC credit, commercial papers, external borrowings, corporate bonds excluding those issued by Banks and NBFC

Source: RBI, Company Reports, CRISIL MI&A

While systemic credit in India grew at a tepid rate of 9.8% CAGR annually between Fiscals 2018 and Fiscal 2023, systemic retail credit grew at a much faster rate of 14.3% CAGR during the same period. Retail credit growth in Fiscal 2020 was around approximately 16.3% which came down to approximately 9.5% in Fiscal 2021. However, post-pandemic, retail credit growth revived back to reach approximately 11.3% in Fiscal 2022. CRISIL MI&A estimated retail credit to have grown at approximately 19% - 20% year-on-year in Fiscal 2023. CRISIL MI&A

thus expects retail credit growth to continue in the long term with banks and NBFCs' continued focus on the segment.



Note: E: Estimated; P = Projected
Source: RBI, CRISIL MI&A

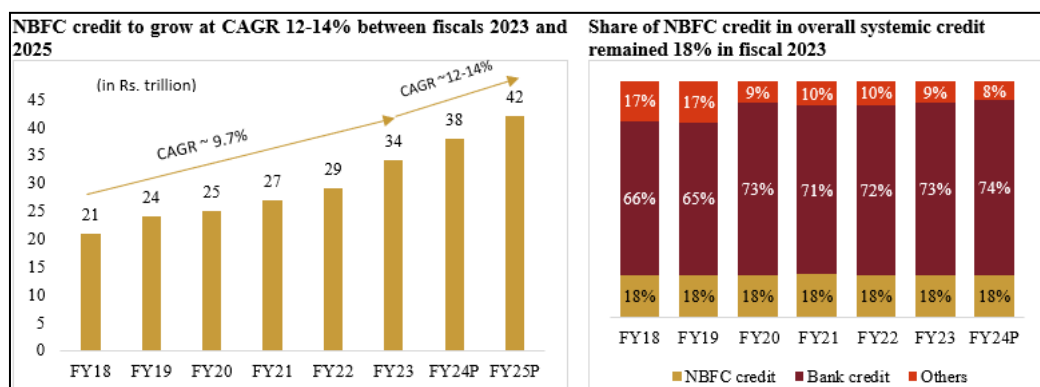
NBFC credit to grow faster than systemic credit between Fiscal 2023 and Fiscal 2025

Over the past decade, banking credit growth lagged systemic credit growth for several years as NBFCs grew at a much faster pace. However, the NBFCs suffered a blow after IL&FS defaulted in September 2018. NBFCs not having the advantage of size, rating and/or parentage had to grapple with a liquidity crisis and as raising funding became difficult. Initially, post the IL&FS crisis, banks were expected to fill the space left out by NBFCs.

In the fourth quarter of Fiscal 2020 and the first quarter of Fiscal 2021, with the outbreak COVID-19 pandemic, challenges had intensified for both banks and NBFCs. NBFCs were hit harder in terms of demand, and they also turned cautious as they lend to borrowers with relatively weaker credit profile. In the second half of Fiscal 2021, the Indian economy showed signs of improvement, the effect of which was seen in the credit growth.

In Fiscal 2022, the second wave of the COVID-19 pandemic led to weak demand for credit in the first quarter of the year. However, the pace of credit recovered, with overall credit growing by 9% and retail credit increasing by 11.3% year-on-year as of March 2022. With the effect of COVID-19 waning, vaccination coverage progressively improving, the situation and growth improved further.

In Fiscal 2023, pace of credit further improved and is at par with pre-COVID levels. Overall credit grew by an estimated 13.3% and systemic retail credit grew by 19.2%. CRISIL MI&A projects NBFC credit to grow at 12% - 14% between Fiscal 2023 and Fiscal 2025. The credit growth will be driven by the retail vertical, including housing, auto and microfinance segments. Rapid revival in the economy is expected to drive consumer demand in Fiscal 2024, leading to healthy growth for NBFCs. Moreover, organic consolidation is underway with larger NBFCs gaining share. Further, growth of the non-banking industry will be driven mainly by NBFCs with strong parentage who have funding advantage over other NBFCs.



Note: E = Estimated; P = Projected; Note: Others include Commercial papers, External borrowings, corporate bonds excluding those issued by Banks and NBFCs
Source: RBI, Company reports, CRISIL MI&A

NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem, growing from less than ₹ 2 trillion AUM at the turn of the century to ₹ 34 trillion at the end of Fiscal 2023. CRISIL MI&A expects NBFC credit to grow at 12% - 14% CAGR between Fiscal 2023 and Fiscal 2025. Their share in the overall credit pie has increased from 12% in Fiscal 2008 to 18% in Fiscal 2023 and is projected to remain stable in Fiscal 2024. CRISIL MI&A believes NBFCs will remain a force to reckon within the Indian credit landscape, given their inherent strength of providing last-mile funding and catering to customer segments that are not catered by banks.

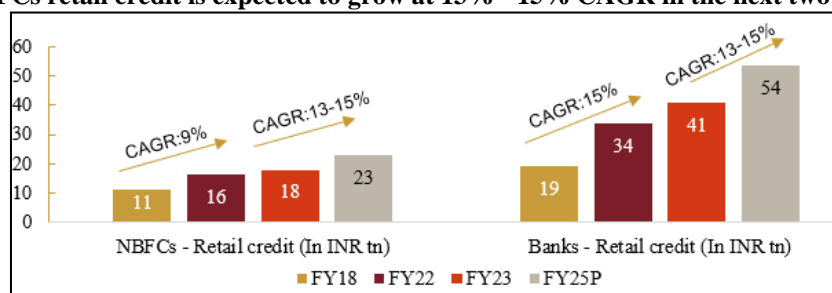
Retail segment to support NBFCs overall credit growth

The NBFC sector has, over the years, evolved considerably in terms of size, operations, technological sophistication and entry into newer areas of financial services and products. The number of NBFCs as well as the size of the sector have grown significantly, with a number of players with heterogeneous business models starting operations. Over the last few years, CRISIL MI&A has seen a transformation in the Indian financial services landscape. The increasing penetration of neo-banking, digital authentication and mobile phone usage as well as mobile internet has resulted in the modularization of financial services, particularly credit.

The sector has also seen the emergence of several financial technology entities (“fintechs”) that leverage technology, data, and business insights to provide various financial products and services to identified customer segments. Fintech players in India started lending in Fiscal 2015 but they started gaining traction from Fiscal 2017 onwards. The business model of fintech firms differ widely but in almost all cases they use technology to change or support existing way of doing business, and hold the promise of enhancing customer convenience, facilitating access to credit for unserved or underserved customer segments and/or improving operating efficiency. Many times, fintechs enter into tie-ups with financing partners (banks and NBFCs) for taking the loans originated by them on the balance sheet of the partner. Reflecting the growing importance of NBFCs in the financial services landscape and their ability to offer differentiated solutions to meet the requirement of target customers, the market share of NBFCs in overall systemic credit has increased from approximately 16% in Fiscal 2017 to approximately 18% in Fiscal 2023.

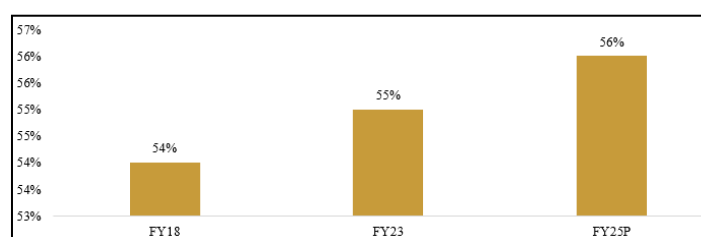
After a moderation in growth post COVID, NBFCs are back on track with an estimated credit growth of 12% - 13% during Fiscal 2023. Going ahead, CRISIL MI&A expects the growth trend to continue, with credit growth at 13% - 14% during Fiscal 2024. The industry will continue to witness the emergence of newer NBFCs catering to specific customer segments. The pandemic and consequent acceleration in adoption of technology and change in consumer habits and increasing availability of data for credit decision-making has made it possible to build an NBFC lending business without investing large sums to have brick-and-mortar presence on the ground. Overall, between Fiscal 2023 to Fiscal 2025, CRISIL MI&A forecasts NBFC credit to grow at a CAGR of 12% - 14%. Further, retail credit given out by NBFCs is forecast to grow at a pace of 13% -15% CAGR over the same period.

NBFCs retail credit is expected to grow at 13% - 15% CAGR in the next two years



Note: E= Estimated; P=Projected; Retail credit above includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, RBI, CRISIL MI&A

Share of retail credit in total NBFC credit to continue to grow



Note: E= Estimated; P= Projected; Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, CRISIL MI&A

Housing and auto to lead NBFC credit growth

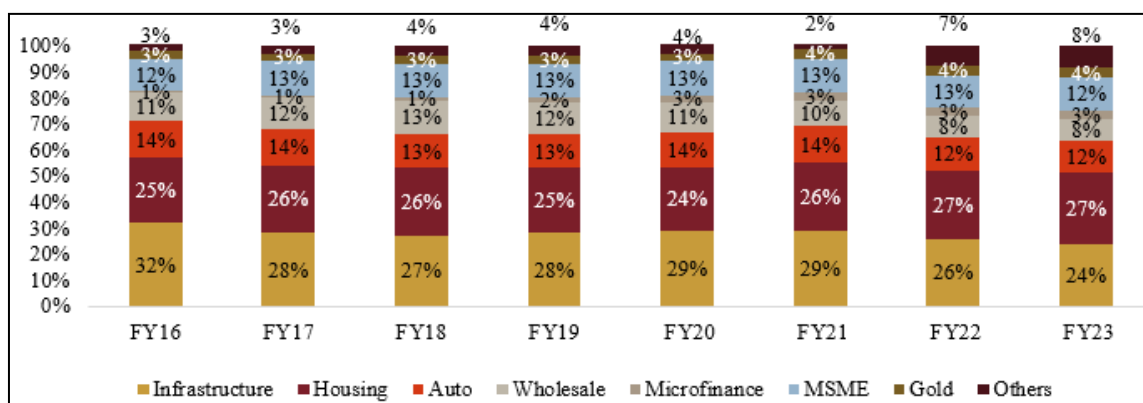
Housing outstanding book of NBFCs and HFCs grew at a healthy CAGR of 15% over Fiscal 2015 to Fiscal 2020, led by increasing demand from Tier II and III cities, rising disposable incomes, and government initiatives such as the Pradhan Mantri Aavas Yojana, interest rate subvention schemes, and Fiscal incentives. However, growth slowed down in the first half of Fiscal 2021 owing to the covid-19 pandemic, but there was faster-than-envisioned revival in the second half supported by the RBI, the Centre and state governments providing impetus, which led to 7% growth for Fiscal 2021. The second COVID-19 wave impacted disbursements in the first quarter of Fiscal 2022. However, with income levels of salaried customers largely intact and home loan rates at historical low during Fiscal 2022, disbursements rebounded in the second half of Fiscal 2022 leading to a growth of 13% year-on-year. With visible recovery across most sectors and increasing demand for housing, CRISIL MI&A expects NBFC housing credit will continue to see momentum and is like to grow at 12% - 14% for Fiscal 2024. With continued support from the government, central bank and increase in demand for housing and deeper penetration in tier-II and -III cities, affordable HFCs are back on healthy double digit growth trend with estimated growth of 14% - 16% during Fiscal 2023, outpacing credit growth in the retail housing segment. Going ahead. However, CRISIL MI&A expects affordable HFCs to grow at 15% - 17% in Fiscal 2024.

NBFCs' auto finance book is anticipated to have increased by 15% – 17% year-on-year in Fiscal 2023, up from a 4.6% year-on-year increase during the two preceding years. In Fiscal 2024, pent-up demand and new launches is expected to drive sales of cars and utility vehicles, while the infrastructure sector will have a significant impact on the demand for commercial vehicles, fleet replacement, and last-mile connectivity, causing auto loans to grow at 12% - 14%.

Housing and infrastructure loans account for more than 50% share in overall NBFC portfolio as of Fiscal 2023

In terms of asset size wise mix, housing loans and infrastructure loans continue to account major chunk of overall NBFC portfolio. Microfinance loans have increased their share from approximately 2% to 3% between Fiscal 2019 and Fiscal 2023. Going forward, CRISIL MI&A expects housing and infrastructure loans to maintain their share in overall NBFC credit. Further, auto, personal loan and microfinance is expected to perform better than other segments in Fiscal 2024.

Distribution of NBFC credit across asset classes



Note: Others include education loan, consumer durable loans and construction equipment finance, Source: RBI, Company reports, CRISIL MI&A

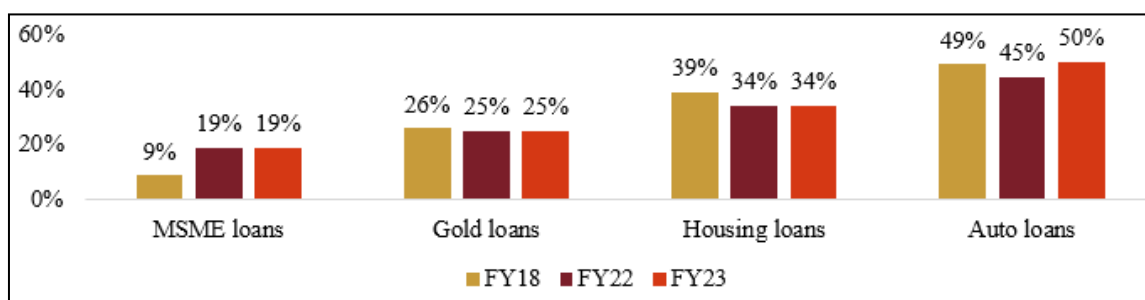
NBFCs have a reasonable market share across segments

NBFCs have consistently gained or maintained market share across most asset classes over the last few years. Though, in certain segments such as housing finance to prime customers, they have lost market share to banks due to the decline in market interest rates. In the gold loans market, NBFCs slightly lost market share in Fiscal 2022 due to increasing focus of banks (both public and private) towards gold loans as well as RBI permitting banks to offer gold loans at a higher loan-to-value amidst the COVID-19 pandemic. Nevertheless, NBFCs continue to have a healthy market share across other segments.

NBFCs have been able to compete with banks mainly on account of their strong origination skills, extensive reach, better customer service, faster processing, fewer documentation requirements, digitalisation of customer on-

boarding process, customised product offerings, local knowledge, and differentiated credit appraisal methodology. Furthermore, by catering to under banked, lower income and mass market customers who are unserved or underserved by banks, NBFCs have enhanced financial inclusion and expanded the market for formal financial services. The rapid evolution of fintechs over the last few years has added another dimension to the market served by NBFCs and has fuelled rapid growth across the landscape.

Market share of NBFCs in overall credit across select asset classes



Source: Company reports, RBI, CRISIL MI&A estimates

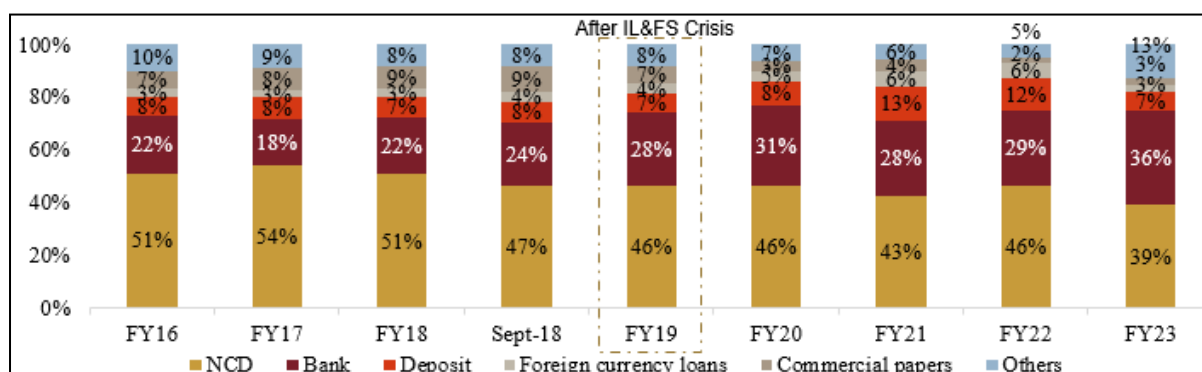
Resources profile of NBFCs

NBFC's borrowing mix has been changing over the past couple of years. Capital market investors have become cautious given the challenging environment and concerns over the asset quality. Investors' risk perception has increased significantly towards players with negative asset liability management mismatch. On the other hand, NBFCs with diversified sources of borrowings, and conservative approach to asset-liability management ("ALM") have been able to overcome the severe liquidity crunch and volatile interest rates following IL&FS crisis. Therefore, access to the capital markets has been restricted to limited players, with others relying more on bank borrowings and borrowings from larger NBFCs and overseas debt investors to meet their requirement. This has resulted in reduction in share of Commercial Papers ("CPs") and non-convertible debentures ("NCDs") and a corresponding increase in banks borrowings during Fiscal 2019 to Fiscal 2021.

In Fiscal 2023, NBFCs' borrowings from banks witnessed high growth, resulting in an increase in share to 36% of total funding up from 29% at the end of Fiscal 2022. Share of bank's lending to NBFCs have almost doubled during the last 10 years. During Fiscal 2023, with interest rate tightening and repo increasing by 250 bps to 6.50%, the cost of debt market borrowing increased, leading to high-risk premium for lower rates NBFCs, leading to banks' term loans becoming the preferred source of borrowing. This was also supported by improved credit growth during Fiscal 2023 across all segments, leading to higher demand of bank credit from NBFC.

Going forward, CRISIL MI&A believes that funding access would gradually improve for NBFCs who are able to demonstrate strong performance and strong parentage. However, reliance on bank funding and funding from other NBFCs and small finance banks is expected to remain high in Fiscal 2024.

Bank borrowings is expected to remain primary source of funds for the NBFCs, apart from NCDs



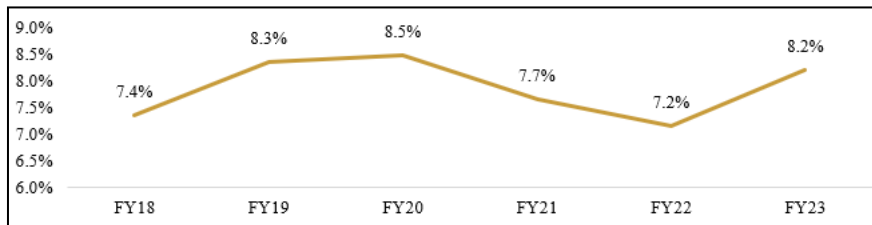
Note: Based on sample set of NBFCs accounting for more than 80% of overall borrowings of NBFCs as of March 2023; For Fiscal 2023, NCD includes Debt Securities and NCDs, Bank includes Banks and National Housing Bank, and Others include Related Parties, Foreign Institutions, External Commercial Borrowings and other sources, Source: Company reports, CRISIL MI&A

NBFC borrowing cost to increase in Fiscal 2023 with reversal in interest rate cycle

Soaring inflationary pressures have resulted in the RBI reversing its accommodative monetary policy stance. As of February 2023, the benchmark repo rate has already been increased by 250 bps to 6.5% from the base level of 4% in October 2020.

As per CRISIL MI&A estimates, the upward movement in interest rates is anticipated to lead to NBFC debt being repriced at a higher cost. However, borrowing costs for NBFCs in Fiscal 2023 was still below pre-COVID levels.

Increased borrowing cost for NBFC in Fiscal 2023

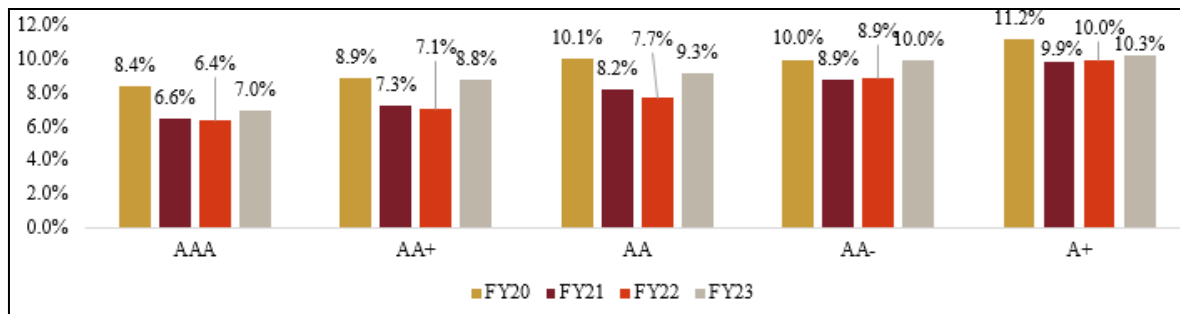


Note: P = Projected, Data represents cost of borrowing of players which cumulatively accounts for 85% of overall NBFC AUM

Source: Company reports, CRISIL MI&A

For AAA rated entities, cost of borrowings remained well below 8% as of Fiscal 2023 and has reduced from approximately 9%-10% in Fiscal 2016. For A+ and above rated companies as well, cost of borrowings has been below 10.1% in Fiscal 2023. Cost of borrowing has remained high for BBB category NBFCs.

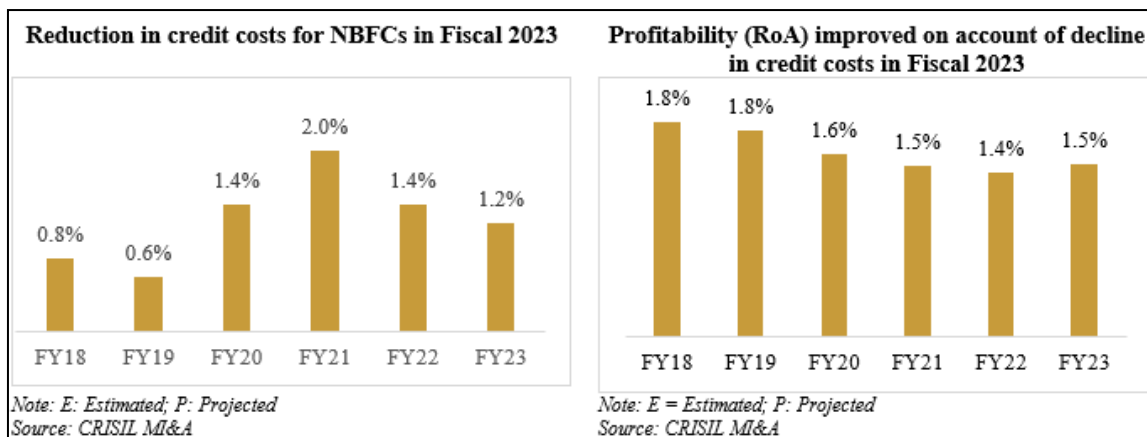
Average Cost of borrowing trend by ratings category



Source: CRISIL MI&A

Credit cost further declines, and profitability improved in Fiscal 2023 despite increase in borrowing costs

In Fiscal 2023, credit cost further declined on account of gradual recovery across sectors with the waning impact of pandemic and improving collection efficiency aiding it. Despite increase in borrowing costs, the overall profitability of NBFCs improved in Fiscal 2023, primarily on account of lower credit costs due to contingency provisioning buffers created over the course of the previous two Fiscals.



Asset quality improved on account of efficiency in collection process and improvement in economic activity in Fiscal 2023

Asset quality for NBFCs is influenced by various factors such as economic cycle, target customer segment, geographical exposure, and local events. Within the NBFC universe itself, it is observed that various asset classes tend to exhibit heterogeneous behaviour. For example, the asset quality in small business loans and personal loans tends to be highly correlated with the macroeconomic environment. On the other hand, microfinance loans have shown lower historic correlation with macroeconomic cycles. This is because asset quality is more influenced by local factors, events that have wide ranging repercussions such as demonetisation and COVID-19 and relative leverage levels amongst borrowers.

Prior to Fiscal 2018, smaller NBFCs were aggressively expanding in terms of both market penetration and lending across asset classes, which led to rising asset quality concerns. The proportion of standard assets declined, as slippages to sub-standard category increased.

After the NBFC crisis in Fiscal 2019, smaller NBFCs slowed down their lending activity and focused on improving their asset quality and shifting to retail segments that are less risky. In Fiscal 2020, doubtful assets for NBFCs registered a marginal uptick due to funding challenges and slower credit growth. However, efforts were made by NBFCs to clean up their balance sheets, as reflected in their write off and recovery ratios, which caused the NNPA to remain stable, and the PCR to improve.

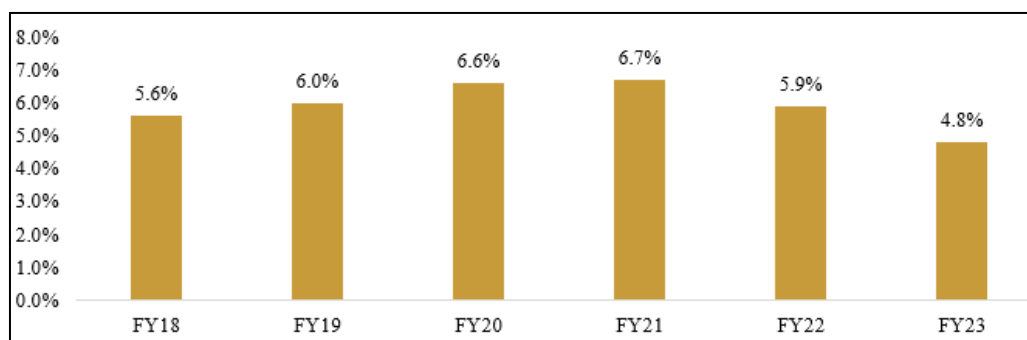
In Fiscal 2021, proportion of doubtful and loss assets increased, largely driven by infrastructure and wholesale finance. In addition to funding challenges faced by the sector along-with slower credit growth, COVID-19 escalated asset quality deterioration further owing to restricted movement, which affected collections. Moratorium and restructuring schemes announced by the Government came as an interim relief for the sector and delayed the asset quality concerns for some time. However, with the NPA standstill provision lifted in August 2020, gross NPAs (“GNPAs”) in segments such as auto, microfinance and MSME spiked as of March 2021.

Further, the second wave of COVID-19 adversely affected the fragile recovery witnessed in the fourth quarter of Fiscal 2021 and affected collection efficiencies across asset classes in the first quarter of Fiscal 2022. However, the impact was not as severe as in the first wave, and players across segments reported improvement in GNPAs from the second quarter.

In November 2021, the RBI gave a clarification to the ‘Prudential norms on Income Recognition, Asset classification and Provisioning pertaining to Advances’, which requires the NBFCs to recognise NPAs on a daily due basis as part of their day-end process which is expected to lead to higher GNPA. Typically, the NBFCs ramp up their collection activity between due-date and month-end, leading to lower dues by end of month. This flexibility will no longer be available to the NBFCs which could cause some proportion of loans in the 60–90-day period category to slip into >90 days period category.

In addition to the end of the day recognition, the RBI has also clarified that upgradation of an account from NPA to standard category can only be done after all overdues are cleared (principal along with interest), resulting in a borrower slipping into the NPA category to remain in the same category for longer time compared to the past. Hence, NBFC GNPAs increased in third quarter of Fiscal 2022 due to adherence to the said RBI clarifications. But with NBFCs bolstering their collection efforts and processes, and improvement in economic activity, CRISIL MI&A estimates GNPAs for NBFCs to have reduced significantly at the end of Fiscal 2022.

NBFCs’ GNPA ratio improved significantly at the end of Fiscal 2023



Note: E: Estimated; Source: RBI, CRISIL MI&A

Asset quality metrics improved in Fiscal 2023 for two reasons. First is the RBI's follow-up circular dated February 15, 2022, deferring the implementation of the NPA upgradation norm till September 30, 2022. This provides a reasonable transition time for NBFCs to recalibrate processes, revamp their collection infrastructure and teams, and persuade borrowers to align with the new dispensation. Second is the expected improvement in macro-economic activity, which will act as a tailwind. The behaviour of loans restructured post-COVID 19 will, however, need to be closely watched, in light of cost push being felt by industries across the board.

Co-lending to result in more opportunities for NBFCs

The Reserve Bank of India (RBI), in November 2020, issued co-lending norms that enable banks and NBFCs to collaborate with each other for priority sector lending (“**PSL**”). All scheduled commercial banks (excluding Regional Rural Banks and Small Finance Banks) are allowed to co-lend with all registered NBFCs (including Housing Finance Companies) for the creation of priority sector assets under CLM based on a prior agreement between both the parties.

Earlier, in September 2018, RBI had allowed all SCBs to co-originate loans with only non-deposit taking systemically important NBFCs (NBFC-ND-SI) for fulfilling their mandatory PSL requirements.

As per the RBI notification, the guidelines are aimed at providing greater operational flexibility to lending institutions and improving the credit flow to unserved and underserved sector of the economy and make funds available at affordable cost, considering lower cost of funds from banks and greater reach of NBFCs.

Some of the key highlights of co-lending norms are –

- The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs shall be required to retain a minimum of 20% share of the individual loans on their books;
- The banks and NBFCs shall formulate Board approved policies for entering into CLM and place the approved policies on their websites;
- The Master Agreement may provide for the banks to either mandatorily take their share of the individual loans originated by the NBFCs in their books as per the terms of the agreement, or to retain the discretion to reject certain loans after their due diligence prior to taking in their books; and
- The CLM shall not be applicable to foreign banks with less than 20 branches.

While co-lending arrangements have been in place amongst various lenders for the last few years now, this is the first time RBI has put in place a framework for the same, clearly outlining the responsibilities and requirements from both the partners.

The emphasis on the CLM by RBI indicates that the regulator is looking at leveraging the reach and capability that NBFCs have in servicing underserved segments.

While the RBI introduced the co-origination or co-lending system in response to the liquidity crisis faced by NBFCs in order to enhance the credit flow to unserved and underserved segments. Banks have already had various models available with them in order to meet their PSL targets like -

- **Purchase of PSLCs:** Priority sector lending certificates (“**PSLCs**”) are issued by banks that have surpassed their PSL targets. As per RBI guidelines, banks can issue four types of PSLCs – agriculture, small and marginal farmer, micro enterprise and general.
- **Investing in securitised pools:** Securitisation involves investing in instruments that provide access to cash flows against a pool of assets such as mortgage or vehicle loans.
- **Leveraging BCs:** Business correspondents (BCs) are agents engaged by banks for providing banking services on their behalf. BCs offer a variety of services such as sourcing, distribution, collection and recovery.

Various models available with banks to engage with NBFCs to meet the Priority sector lending (PSL) targets

PSLCs	Securitisation	BCs
No operational and underwriting risks are involved, as the underlying asset, along with the risks and rewards, is held by the issuer	It requires an understanding of the market and the instrument, as there is a transfer of underlying receivables, including risks and rewards	It enables banks to take exposure across multiple regions and explore newer geographies
No MTM (mark-to-market) and capital requirement	MTM and capital requirement	No MTM, but requires capital
No impact on the banks' book sizes	Helps banks increase their book sizes	Helps banks increase their book sizes
Has a life cycle only for a particular financial year	It involves large ticket size and have a longer life cycle of around 3-4 years	Involves tie ups with BCs like NBFCs to manage business for longer run
Involves no credit risk	Credit enhancement is available in case of Pass-through certificates (PTCs)	Involves a hurdle rate or initial loss-sharing
Yields are not relevant	Yields are relatively lower, as originators bargain with various banks for better pricing	Yields are comparatively higher
A clear classification of assets for buyers	Risk of RBI questioning the classification of assets	Risk of RBI questioning the classification of assets
Availability of certificates can be an issue	Application of GST (18%) could be a dampener, as it increases the cost, thus impacting volume	Difficult for both parties to exit, as it can impact the overall portfolio

Source: CRISIL MI&A

Future co-lending market opportunity

Currently, the co-origination model is largely being used for small ticket size products like MSME loans, consumer finance, gold loans and vehicle loans in the industry. However, with the RBI putting in place a framework for co-lending and several NBFCs facing challenges in accessing capital, players are now also focusing on longer tenure and relatively higher ticket size loans like housing finance and loan against property.

There are plethora of new-age fintech companies who are using innovative algo-based originations and aggressively using the internet for originations. These fintechs either build books on their own balance sheet or pass a substantial part of their book with their partner banks or NBFCs. Strong demand and rapid innovations in technology and business integration has enabled fintechs and smaller NBFCs to partner with credible partners and engage with them in co-lending model. Some of the key growth drivers for co-lending market are –

Operational leverage - Co-lending model is operationally convenient for both partners as it enables partners to offer multiple products to customers which are not otherwise present in their current portfolio, thus providing diversification to the portfolio without actually having a separate operational setup for each product. Co-lending thus enhances operating leverage for financiers as it enables them to increase lending with existing infrastructure and resources.

Capital optimisation – Entering into co-lending model allows smaller NBFCs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partners. Such NBFCs can leverage their origination skills and expertise in assessing specific customer segments while at the same time conserving their capital.

Risk sharing and risk adjusted returns – Co-lending partnership enables banks and NBFCs/ HFCs to enter into an arrangement where the risks and rewards are shared by all parties throughout the lifecycle of the loan, as per a pre-decided ratio. The NBFCs use various innovative mechanisms for credit risk assessment like usage of non-traditional sources of data, understanding individual's motive to avail finance and evaluating cash flow patterns of borrowers. These strengths can be leveraged by their partners to optimise capital usage and improve their risk adjusted returns.

MSME lending in India

Brief overview of MSMEs in India

The National Sample Survey in its 73rd round dated June 2016 estimated that there are around 63.5 million MSMEs in India. Since then, the number of MSMEs is estimated to have increased further to around 70 million as of Fiscal 2022. MSMEs complement large corporates as suppliers or directly cater to end users. The MSME sector contributes to India's socio-economic development by providing huge employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income. The segment currently contributes to 30% of the GDP, over 40% of exports and creates employment for about 110 million people in the country, thus supporting economic development and growth.

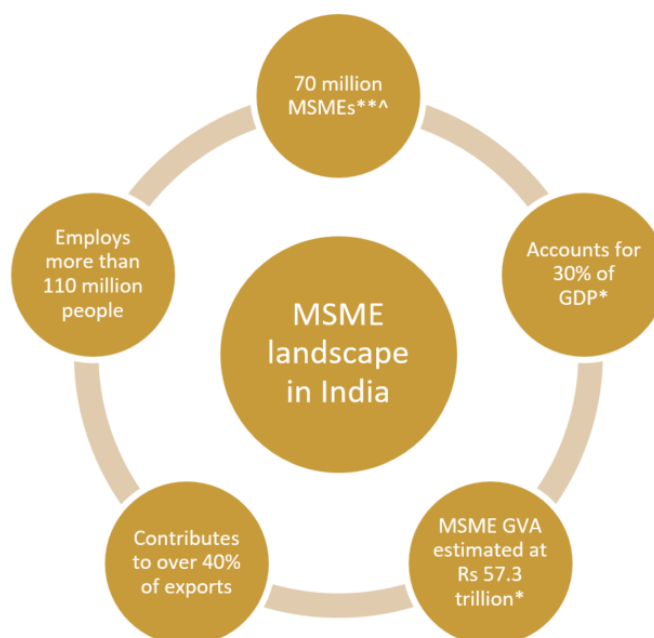
MSME segment account for 30% of India's GDP

Rs trillion	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	All India GDP	Share of MSME in All India GDP (in %)	Number of MSMEs (in millions) *
FY16	41	11.0%	126	32.3%	138	29.5%	63.5
FY17	45	10.9%	140	32.2%	154	29.3%	65.5
FY18	51	13.0%	155	32.8%	171	29.7%	66.5
FY19	57	12.9%	171	33.5%	190	30.3%	68.5

Note: (*) - Estimated

Source: MSME Ministry Annual report for Fiscal 2021, CRISIL MI&A

Snapshot of MSMEs in India



Note: *Data as of Fiscal 2019, ** Data as of Fiscal 2022, ^The numbers are estimated

Source: MSME Ministry Annual report for Fiscal 2021, CRISIL MI&A

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 criterion 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 Indian 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

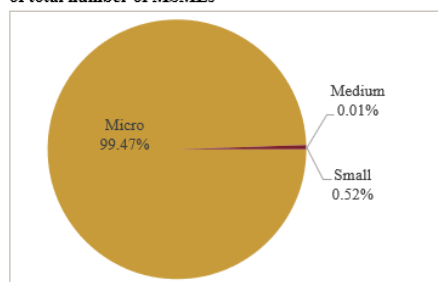
Old MSME classification			
Criteria: Investment in plant and machinery or equipment			
Classification	Micro	Small	Medium
Manufacturing enterprises	Investment < Rs. 2.5 million	Investment < Rs. 50 million	Investment < Rs. 100 million
Services enterprises	Investment < Rs. 1 million	Investment < Rs. 20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

Source: MSME Ministry, CRISIL MI&A

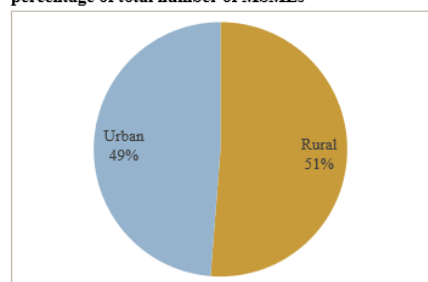
Financial institutions also use internal business classifications to define MSMEs, based on their turnover. Most banks and non-banks follow this practice. According to the National Sample Survey’s 73rd round dated June 2016, micro segment accounted for as much as approximately 99.47% of total estimated number of MSMEs in India. Small and medium sector accounted for 0.52% and 0.01%, respectively of the total estimated MSMEs. At a region level, rural regions accounted for marginally higher share of 51% as compared to urban region. MSMEs units are largely dominated by bigger states including Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra and Karnataka. The top 5 states together accounted for approximately 50% of the total number of MSMEs in India. Service sector accounts for dominant 79% share in MSMEs, of which retail forms major share.

In terms of constitution, close to 94% of the entities in the MSME universe in India are estimated to be sole proprietorship firms, wherein a small business undertaking is run and managed by the business owner and the business, and the owner can virtually not be separated.

Micro segment account for dominant share as percentage of total number of MSMEs



Rural region accounts for marginally higher share as percentage of total number of MSMEs

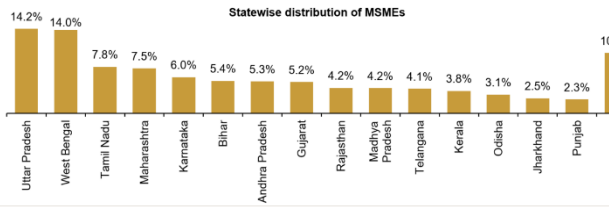
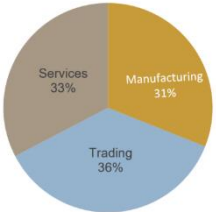


Source: National Sample Survey (NSS) 73rd round dated June 2016, CRISIL MI&A

MSMEs are largely dominated by individuals

Entities	Share in number of MSMEs
Proprietorship	93.83%
Partnership	1.53%
Private Company	0.23%
Cooperative	0.13%
Public Company	0.04%
Others	4.24%

Source: IFC, CRISIL MI&A

Top 5 states together form approximately 50% of total MSME units	Trading sector accounts for higher share in number of MSMEs
 <p style="text-align: center;">State-wise distribution of MSMEs</p>	
Source: National Sample Survey (NSS) 73 rd round dated June 2016, CRISIL MI&A	Source: MSME Ministry, CRISIL MI&A

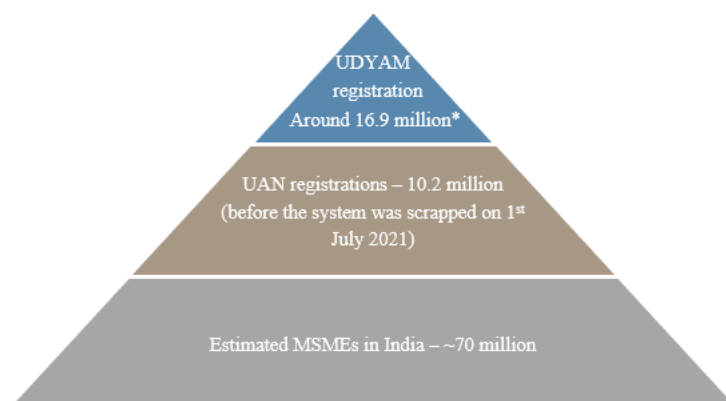
Small fraction of MSMEs in India registered under UDYAM system

After the government revised the definition of MSMEs (in June 2020), MSMEs that had an existing MSME registration (Udyog Aadhaar Number or UAN) or Enterprise Memorandum (“EM”) were required to re-register themselves under UDYAM. Thereafter, in August 2020, the RBI issued a notification allowing financiers to obtain the UDYAM certificate from entrepreneurs for lending purposes.

As of June 20, 2023, close to 16.9 million MSMEs have registered on UDYAM. The number of MSMEs registered on the erstwhile UAN system was approximately 10.2 million. This number pales in comparison to the total number of MSMEs in India, estimated at around 70 million

Like UAN, UDYAM also offers free, paperless online and instant registration through a web portal. Small businesses are not 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.



Note: *As of June 2023, Source: MSME Ministry, CRISIL MI&A

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 ₹ 4 million 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 ECLGS launched by the Government post-COVID.

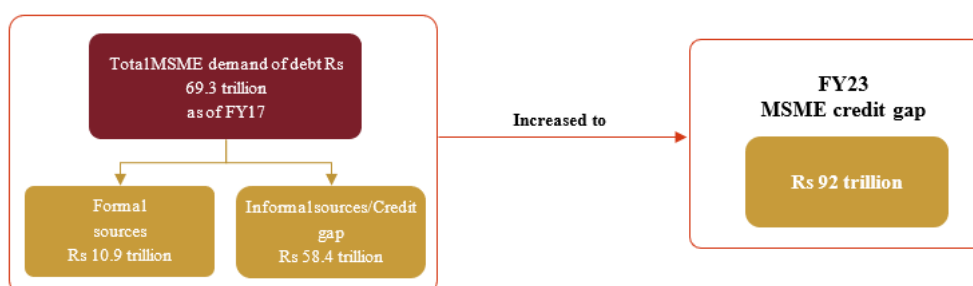
MSME Credit gap estimated at ₹ 92 trillion as of Fiscal 2023

High risk perception and prohibitive cost of delivering services physically have constrained formal lending to MSMEs. The emerging self-employed individual and micros, small and medium enterprise segment is largely unaddressed by lending institutions in India. An IFC report titled Financing India's MSMEs (November 2018) estimated the MSME credit demand at ₹ 69.3 trillion in Fiscal 2017, of which only approximately 16% of demand was met through formal financing and consequently, the MSME credit gap (*defined as the gap between the demand for funds amongst MSMEs and the supply from formal financiers*) was estimated at ₹ 58.4 trillion. This gap was met through informal sources including moneylenders, chit funds and personal sources from friends and relatives. The interest rate for these sources generally ranges between 30-60% per annum.

The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in Fiscal 2020, followed by the COVID-19 pandemic in Fiscal 2021. In Fiscal 2021, the nationwide lockdown to contain the spread of the COVID-19 pandemic disrupted economic activity, hurt demand, impacted working capital needs and supply chain along with future investments and expansions. Domestic supplies and supplies from imports also suffered, affecting both, their availability and cost. Contractual and wage 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.

Furthermore, government schemes post the COVID-19 pandemic such as the ECLGS scheme provided relief only to MSME units with existing loans from a formal financial institution. As of Fiscal 2023, the MSME credit demand is estimated to be around ₹ 117 trillion, of which 21% of demand met through formal financing. Assuming an increase of around 9% annually in the demand for credit and the availability of credit from formal sources, CRISIL MI&A estimates the credit gap to have increased to ₹ 92 trillion as of Fiscal 2023.

MSME credit demand largely met by informal sources



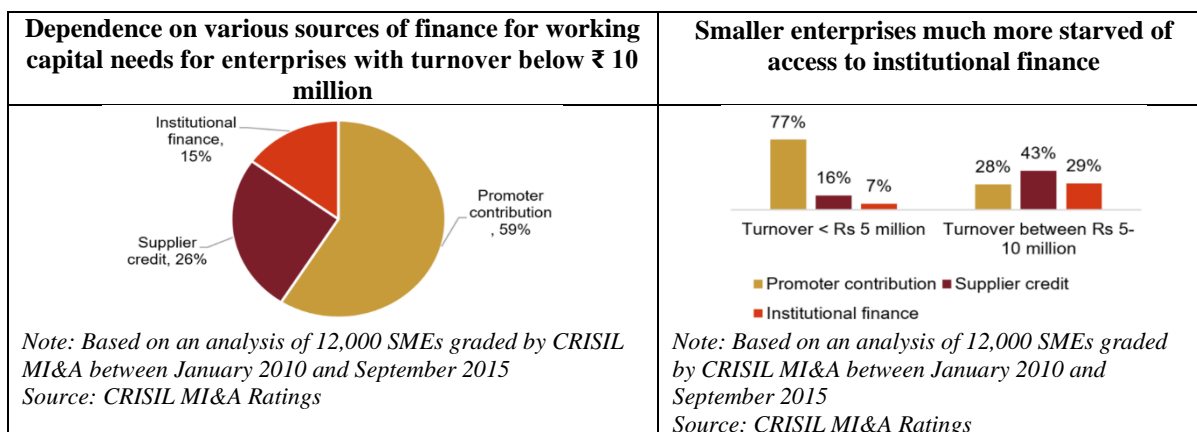
Source: IFC report on Financing India's MSMEs dated November 2018, CRISIL MI&A

While the credit gap has increased, new MSME units continue to be set up across India. Between Fiscals 2016 and Fiscal 2022, 18.3 million units were set up, according to the Indian government registration data of MSMEs. Thus, though a myriad of small businesses is set up every day in the country, access to credit remains a challenge. However, the industry has witnessed an increase in access to formal credit to MSME, which could be attributed to the increase in the number of registered MSMEs to 13,093,698 in Fiscal 2023 from 4,95,013 in Fiscal 2016.

According to Udyam Registration Publication, Maharashtra, Tamil Nadu and Gujarat cumulatively accounts for 39% of overall MSME registration as of June 2023. Further, under the micro category, the maximum number of registrations were from Maharashtra followed by Tamil Nadu, Uttar Pradesh, Rajasthan, and Gujarat. Under small and medium category, maximum registrations were from Maharashtra followed by Gujarat and Tamil Nadu.

Smaller enterprises relatively more starved of credit

While the overall MSME credit gap is estimated at ₹ 92 trillion, analysis of both SME gradings assigned by CRISIL MI&A 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.



Sources of finance for SMEs with credit requirements of ₹ 0.1 million to ₹ 2.5 million

Source	Proportion of finance
Finance from institutional sources	5.2%
Finance from non-institutional sources	2.0%
No access to credit or self-financing	92.8%

Source: Fourth Census of the MSME sector (September 2009)

Year-wise and MSME category-wise registration of MSMEs

Year/Category	FY16	FY17	FY18	FY19	FY20	FY21*	FY22^	FY23\$
Micro	4,21,516	21,47,908	13,44,612	18,70,932	22,48,730	35,95,577	49,75,082	126,17,959
Small	70,866	2,16,558	1,66,259	2,41,187	3,02,299	4,00,525	1,72,432	4,35,885
Medium	2,631	8,592	6,584	9,426	11,229	35,541	11,294	39,854
Total	4,95,013	23,73,058	15,17,455	21,21,545	25,62,258	40,31,643	51,58,808	130,93,698

Note: * Based on UAN and UDYAM registrations, ^Based on UDYAM registrations, \$ Based on Udyam registrations as on December 2022 as stated in the MSME Annual Report 2022-23; Source: Development Commissioner Ministry of Micro, Small & Medium Enterprises (DCMSME), CRISIL MI&A

State-wise category-wise registration of MSMEs

State	Cumulative MSME Registration *	Share in overall MSME registration	Growth in MSME Registration (March 2022-June 2023)
Maharashtra	3,057,608.00	18%	88%
Tamil Nadu	1,737,814.00	10%	103%
Gujarat	1,272,221.00	8%	96%
Uttar Pradesh	1,511,846.00	9%	139%
Rajasthan	1,262,078.00	7%	100%
Karnataka	968,158.00	6%	107%
Madhya Pradesh	789,572.00	5%	120%
Bihar	693,733.00	4%	123%
Punjab	630,391.00	4%	123%
Haryana	578,670.00	3%	105%

Note: (*) Based on Cumulative MSME registration as of June 2023, MSME Registration for Fiscal 2022 based on Udyam Registration Publication: Registration of Micro, Small and Medium Enterprises (MSMEs) in India 2020-22; Source: Development Commissioner Ministry of Micro, Small and Medium Enterprises, CRISIL MI&A

Potential market for residential property backed secured MSME lending is estimated at ₹ 22 trillion

The sheer size of the gap between the supply and demand of credit and the number of enterprises impacted indicates a veritable opportunity in MSME financing. There therefore exists a plethora of players – universal banks, small finance banks, traditional NBFCs, new age fintechs, MFIs, as well as local moneylenders – who try to meet the financing requirements of MSMEs by offering secured or unsecured loans straddling various tenures.

CRISIL MI&A has attempted to decipher the size of the potential opportunity in secured residential property-backed secured MSME lending (hereafter referred to as the Addressable market for secured MSME loans), using data, information and insights at a state-level pertaining to:

- Number of households from NSS 76th round (July 2018-December 2018)
- Self-employed non-agricultural households in both urban and rural areas from Periodic 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)

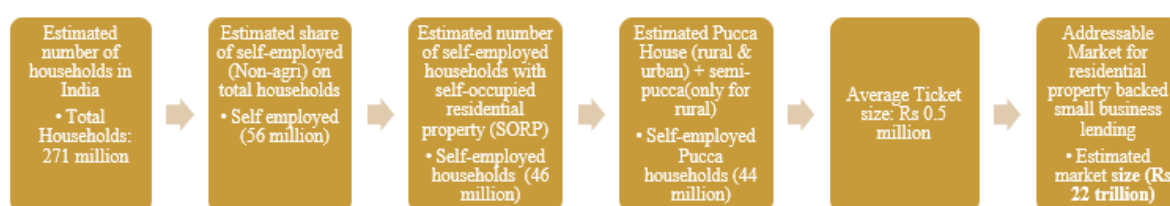
Based on our analysis and assumptions detailed in the chart below, small ticket size secured (SORP – Self occupied residential property) MSME lending market potential is estimated at ₹ 22 trillion. Players such as SBFC Finance, Five Star Business Finance, Vistaar Finance, Veritas Finance and AU SFB currently operate in this market; our analysis indicates the Addressable Market available for these players. The top 5 states including 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 13.7 million enterprises across various size dimensions were registered under GST as of May 2022. Hence, these businesses have limited or no access to formal credit from banks and financial institutions due to the requisite documentation and stringent underwriting norms.

Examples of such businesses include provision stores, building materials stores, tea shops, vegetable vendors and others. The small business in manufacturing and services include small fabrication units, machine tools manufacturers (using lathe machines), tailors, saloons, Gym owners, vehicle service centres, etc.

Addressable market estimation methodology for secured MSME loans given to non-agriculture self-employed households with residential self-occupied property as collateral (Fiscal 2021)



Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), CRISIL MI&A

State wise split of addressable market

Top 15 states	Total Households ('000)	Total Non-agri Self Employed Households ('000)	Total Non-agri Self Employed Households - SORP ('000)	Total Non-agri Self Employed Households - SORP - Pucca + Semi Pucca ('000)	Overall MSME Addressable Market Size (Rs billion)	Secured MSME Portfolio Outstanding Rs 0.5-3.0 million March 2023 (In Rs billions)
Uttar Pradesh	38,224	7,776	7,023	6,674	3,337	162
West Bengal	23,781	5,923	5,143	4,849	2,424	53
Bihar	19,960	4,498	4,270	3,953	1,976	26
Maharashtra	24,120	4,353	3,316	3,270	1,635	360
Rajasthan	13,384	3,075	2,743	2,685	1,342	195
Tamil Nadu	20,200	3,715	2,584	2,523	1,262	304
Gujarat	13,064	3,188	2,471	2,428	1,214	241
Madhya Pradesh	15,251	2,360	1,988	1,922	961	111
Andhra Pradesh	14,279	2,677	1,956	1,895	947	149
Kerala	8,577	1,988	1,795	1,789	895	122
Karnataka	14,928	2,740	1,822	1,786	893	237
Assam	6,740	1,965	1,702	1,660	830	16
Odisha	10,401	1,909	1,647	1,415	707	24
Punjab	5,922	1,636	1,415	1,409	705	96
Telangana	9,793	1,788	1,205	1,188	594	170
Others	32,483	6,585	5,317	5,180	2,590	243
All India	2,71,105	56,115	46,397	44,624	22,312	2,510

Note: States are arranged in order of Addressable market size. Source: National Sample Survey (NSS) 73rd round (July 2015 – June 2016) and NSS 76th round (July 2018 – December 2018), Periodic Labour Force Survey (PLFS) dated July 2019-June 2020, CRISIL MI&A

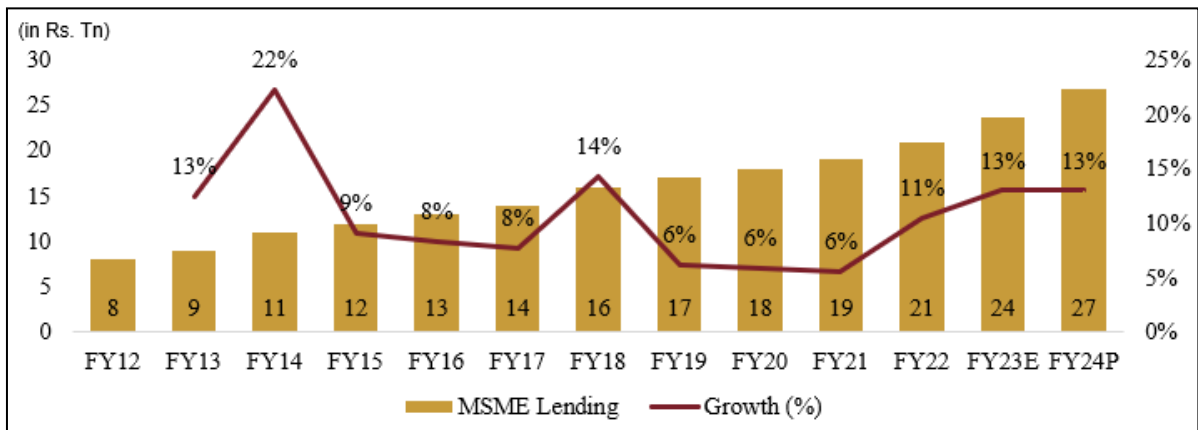
Overall MSME lending has grown at a CAGR of 10% in past decade; NBFC share estimated at 24%

CRISIL MI&A estimates the total size of MSME lending market across ticket sizes and various player groups (banks, NBFCs, small finance banks, and other formal lenders) to be around ₹ 26 trillion as of March 2023. This market size includes loans taken by MSMEs across various constitution types (sole proprietorships, partnership firms, private and public limited companies, and co-operatives) and the ticket size spectrum, and includes loans extended in the name of the firm/entity/company as well as the individuals in case of micro enterprises or entrepreneurs.

CRISIL MI&A estimates loans to MSMEs to have grown at a CAGR of 10% during Fiscal 2012 to Fiscal 2023, which is similar to the nominal GDP growth in this period. This can be attributed to various events during this time span that has impacted MSMEs – demonetisation of high-value currency loans in November 2016, the implementation of GST subsequently, the economic slowdown in Fiscal 2020 followed by the COVID-19 pandemic.

In Fiscal 2023, with recovery in economic activity, MSME lending is estimated to have grown at a 13% growth rate year-on-year. Further, in Fiscal 2024, CRISIL MI&A projects the MSME overall industry growth to be at 13% - 15% owing to budgetary push and rise in entrepreneurship in India.

MSME credit outstanding estimated at ₹ 26 trillion as of March 2023; NBFCs enjoy 24% market share



Source: CRISIL MI&A estimates

COVID-19 pandemic led a heavy impact in the MSME industry in Fiscal 2021 which was also seen in the first quarter of Fiscal 2022. ECLGS schemes aimed to reduce the impact of the pandemic on the MSME sector. The first half of Fiscal 2022 was also impacted by the second wave leading to lower disbursements to these MSMEs. This led to extension of the ECLGS scheme which cushioned the impact of pandemic.

ECLGS scheme led by revival of economic activities, strong exports and domestic growth prompted MSME lending to grow at 13% in Fiscal 2022.

NBFCs have managed to carve out a strong presence in MSME loans due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. Over the years, the MSME portfolio of NBFCs have grown at a faster rate than the overall MSME portfolio at a systemic level.

Thus, the share of NBFCs in total credit to MSMEs is estimated to have increased to approximately 24% at end of Fiscal 2023 from 14% as of Fiscal 2015. Going forward CRISIL MI&A expects the competitive positioning of NBFCs to remain strong, given their strong target customer and product focus.

ECLGS scheme has provided some relief to MSMEs hurt by the pandemic

Given the pain suffered by MSMEs due to the COVID-19 pandemic and the importance of MSMEs in India, the Indian government undertook several initiatives to support MSMEs and keep them afloat. This scheme provided much-needed liquidity to MSMEs that are known to have faced severe working capital crunch during downturns.

<p>ECLGS 1.0</p> <p>May 2020 to Aug 2020</p>	<ul style="list-style-type: none"> ECLGS was introduced by providing the MSMEs additional funding of up to Rs. 3 trillion in the form of a fully guaranteed emergency credit line. Eligible entities: All MSME borrower accounts with outstanding credit of up to Rs. 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 Rs. 1 billion In August 2020, the upper ceiling of outstanding credit was revised to Rs 0.5 billion and annual turnover to Rs 2.5 billion.
<p>ECLGS 2.0</p> <p>March 2021</p>	<ul style="list-style-type: none"> 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 Rs. 0.5 billion and not exceeding Rs. 5 billion as on February 29, 2020, which were less than or equal to 30 days past due as on February 29, 2020 Annual turnover ceiling was removed from the eligibility criteria for ECLGS 1.0
<p>ECLGS 3.0</p> <p>Nov 2020</p>	<ul style="list-style-type: none"> 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 Rs. 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 Rs. 3 trillion are issued.
<p>ECLGS 4.0</p> <p>May 2021</p>	<ul style="list-style-type: none"> ECLGS scope expanded to cover loans up to Rs 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 Rs 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 Rs 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
<p>ECLGS 5.0</p> <p>June 2021</p>	<ul style="list-style-type: none"> Additional allocation of Rs 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 Rs 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 Rs 7,500 Crore for loans extended by SCBs to MFIs for on lending up to Rs 1.25 lakh to ~25 lakh customers; guarantee cover provided till March 31, 2022, or till guarantees for an amount of Rs 7,500 crore are issued, whichever is earlier

In September 2021, with a view to support various businesses impacted by the second wave of COVID-19 pandemic, the timeline for ECLGS has been extended till March 2022 or till guarantees for an amount of ₹ 4.5 trillion are issued under the scheme, whichever is earlier. Further, in March 2022, the scheme was extended till March 2023 as was announced in Union Budget 2022-2023. Out of the targeted amount of ₹ 4.5 trillion, ₹ 3.32 trillion has been sanctioned as of April 30, 2022, of which ₹ 2.54 trillion has been disbursed. As on January 31, 2023, guarantees amounting to ₹ 3.61 trillion have been issued under ECLGS, benefitting 1.19 crore borrowers.

However, considering the entire universe of around 70 million MSMEs, the proportion of MSMEs that have benefitted remains limited at approximately 17% (11.6 million) of entire universe as on November 12, 2021. This is because the scheme covered only MSMEs having loan exposure to formal financiers as of February 2020. Among the eligible MSMEs, small and micro MSMEs have benefitted the most from ECLGS with 76% share in amount of guarantees issued to MSMEs and 93% share in number of guarantees issued as of November 12, 2021.

The cap of 14% on final interest rate charged to MSME customers for NBFCs meant that customers of many NBFCs, which typically charge more than 14% due to high operating costs and the relatively riskier profile of their borrowers, could not avail the benefits under the ECLGS scheme.

Secured MSME loan market consists of various players; asset quality relatively better in ₹ 0.5 million to ₹ 3.0 million segment

In absolute terms, the aggregate size of extending secured MSME loans is estimated to be around ₹ 8.5 trillion as of March 2023. With growth in number of MSMEs and increasing requirement of credit for scaling their businesses, CRISIL MI&A believes that secured MSME lending would provide a huge opportunity for lenders to grow their loan book. There are various kind of players serving this segment including Banks, NBFCs and Small Finance Banks that offer loans to MSMEs, self-employed individuals and businesses. Compared to public sector banks which operate at a slightly higher average ticket size compared to NBFCs, the latter have a GNPA ratio of 5.6% in secured MSME loans, which is lower compared with Public Sector Banks at 7.6% in Fiscal 2023. Further, it is observed that asset quality in the ₹ 0.5 million to ₹ 3.0 million ticket size bucket has a GNPA of 4.2% which is better as compared to the overall secured MSME portfolio's GNPA at 5.1%.

Key Industry Parameters

	Large diversified NBFCs	NBFCs offering secured business loans backed by property as collateral	Banks (PSUs and Private)	Small Finance Banks
Average ticket size	Rs 1.2 million to Rs. 2.5 million	Rs 0.3 million to Rs. 1 million	Rs 2 million to Rs. 3.7 million	Rs 0.5 million to Rs. 1 million
Nature of loans	Secured: 50-60%	Secured: 100%	Secured: (80-90%)	Secured: (80-90%)
Average interest rate	18-20%	20-25%	10-15%	12-18%
Average contractual tenure	36-60 months	60-96 months	30-60 months	12-36 months
Average GNPA (as of March 2023)	3.17%	2.43%	4.30%	3.14%
NIMs (FY23)	9.7%	14.3%	3.3%	6.7%
Credit cost (FY23)	2.0%	0.7%	0.8%	0.9%
Cost to Income Ratio (FY23)	25%	31%	49%	42%
RoA (FY23)	4.0%	6.3%	1.2%	1.8%
RoE (FY23)	19.1%	13.8%	13.8%	16.9%
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.	Income statements, ID Proof, KYC documents, Bank Statements	Income statements, ID Proof, KYC documents, Bank Statements.

Source: Company Reports, CRISIL MI&A

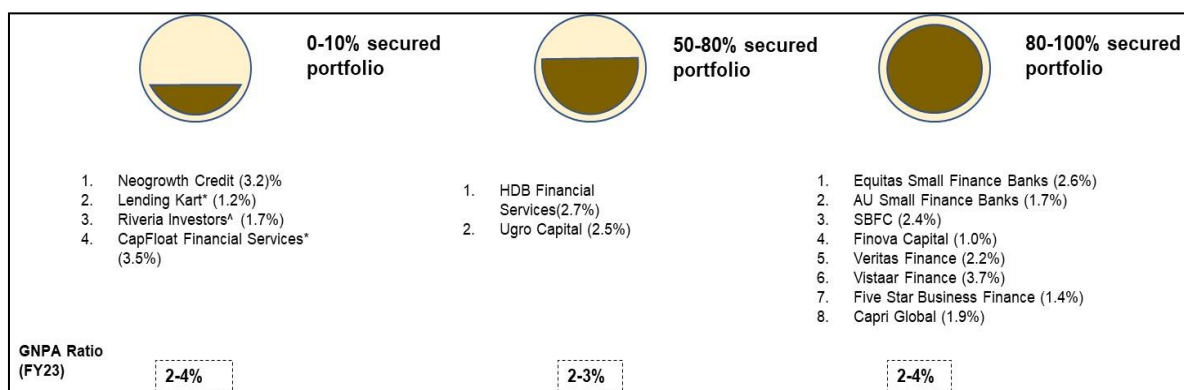
Within NBFCs, there are players that operate at relatively higher ticket sizes and offer both secured and unsecured business loans. These NBFCs offer loans at the most competitive rates among other NBFCs, target customers that are relatively better in terms of credit profile and have lower cost of borrowings compared to other NBFCs. Compared to these, NBFCs that have singular focus on business loans or have significant proportion of business loans in their unsecured portfolio and operating at ticket sizes of less than ₹ 3.0 million offer loans at a higher rate due to much riskier customer profile. Fintech firms with NBFC license and SFBs are other players that operate in the MSME loans landscape.

Comparison of various NBFCs/SFBs based on yield on advances and average ticket size (Fiscal 2023)

	Yield less than 16%	Yield between 16% and 22%	Yield more than 22%
Average ticket size more than or equal to Rs 10 lakhs	Fedbank Financial Services Ugro Capital Capri Global Poonawalla Fincorp	Bajaj Finance	IIFL Finance Neogrowth
Average ticket size less than Rs 10 lakhs	AU Small Finance Bank	SBFC Finance Equitas Small Finance Bank CapFloat Financial Services [^]	Veritas Finance Five-Star Business Finance Aye Finance Lendingkart [^] Finova Capital Riviera Investors [*]

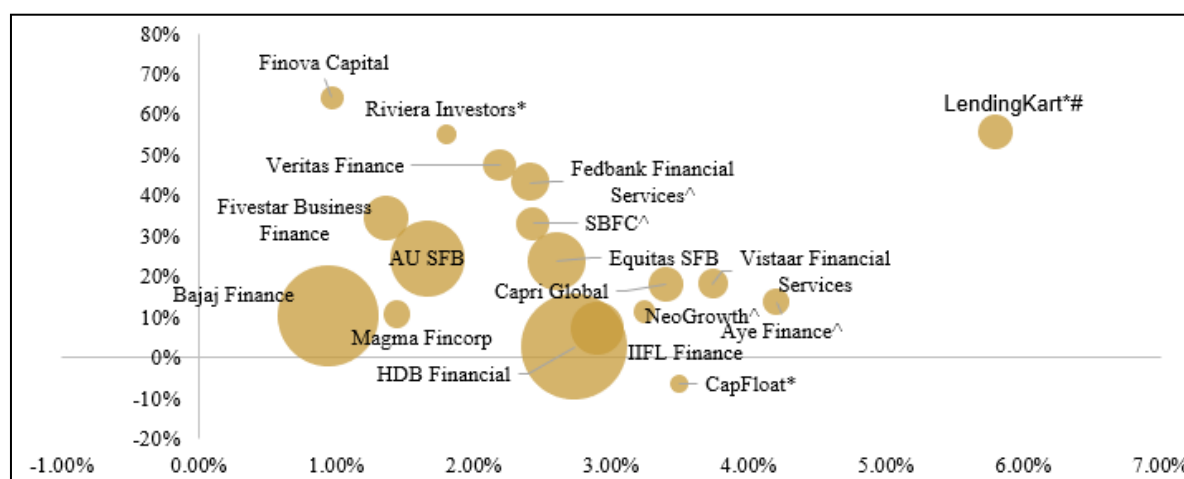
Note: [^]Based on Fiscal 2021 data, ^{*}Based on Fiscal 2022 data, Source: Company Reports, CRISIL MI&A

Comparison of players based on secured and unsecured loans mix in small business loans



Note: (*) GNPA as of September 2022, (^) GNPA as of December 2022; Source: Company reports, CRISIL MI&A

Comparison of various players based on portfolio size, portfolio growth (Fiscal 2019- Fiscal 2023) and GNPA ratio (Fiscal 2022\3)



Note: Size of the bubble denotes relative size of the MSME loan portfolio as of March 2023, ^AUM, GNPA as of December 2022, *AUM, GNPA as of September 2022, # CAGR growth from Fiscal 2018 – Fiscal 2023, Source: Company Reports, CRISIL MI&A

Moreover, compared to different loan products like affordable housing loans, microfinance loans, auto loans and personal loans, small to medium ticket size MSME loans is one of the most attractive asset classes offering competitive yields over a medium tenure with good collateral quality, lower default risk as the loans are secured predominantly with self-occupied residential property and high collateral enforceability due to SARFAESI.

	Estimated Market Size – Portfolio outstanding March 2023 (Rs trillion)	Ticket size	Yields	Typical tenure	Collateral Quality	Tendency to default	Collateral enforceability
Secured property-backed micro-mortgage Loans (< Rs 15 lakhs)	1.8	Small	High	Medium	Good	Medium	Low
Secured Property-backed small - business loans (Rs 15 lakhs to Rs 50 lakhs)	2.1	Small to Medium	Medium	Medium	Good	Low	High
Secured non-LAP loans	15.4	Small to Medium	High	Low	Good	Low	Low
Microfinance loans	4.8	Small	Medium	Low	No collateral	Relatively High	NA
Housing loan	30.0	Large	Medium	High	Very good	Low	High
Auto Loans	11.5	Small to Medium	Low to Medium	Low to medium	Moderate	Medium	Low
Personal Loans	10.0	Small	High	Low	No collateral	Medium to High	NA

Source: CRISIL MI&A

Secured MSME loans with ticket wise between ₹ 0.5 million and ₹ 3.0 million has witnessed high growth within the overall secured MSME portfolio

In this section, CRISIL MI&A has considered secured MSME loans with ticket size between ₹ 0.5 million and ₹ 3.0 million extended to MSMEs, and individuals as reported in consumer bureau. CRISIL MI&A estimates such outstanding secured MSME loans given out by banks and NBFCs to be around ₹ 2.5 trillion, representing 30% of overall secured business loans outstanding, as of March 2023.

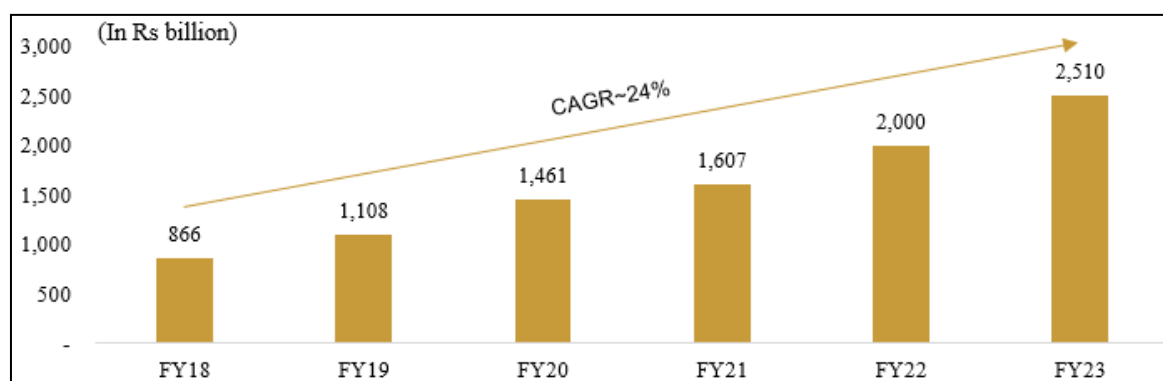
Secured MSME loans in the ₹ 0.5 million to ₹ 3.0 million ticket size band grew at a strong pace with portfolio registering a CAGR of 24% over Fiscal 2018 and Fiscal 2023. Over the last few years, expansion in branch network, more data availability and government initiatives like GST, UDYAM, and increasing formalisation of the MSME segment has led to increasing focus of lenders, especially NBFCs, on this space. NBFCs cumulatively enjoyed a market share of 51% as of March 2023 in loans outstanding in the aforesaid ticket size band.

In Fiscal 2021, the nationwide lockdown to contain the spread of the COVID-19 pandemic disrupted economic activity, hurt demand, impacted working capital needs and supply chain along with future investments and expansions. Domestic supplies and supplies from imports also suffered, affecting both, their availability and cost.

Contractual and wage 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 MSME loans to meet liquidity and cash requirements existed in months of COVID-19 pandemic, lenders have been watchful and have been going slow on disbursements since the onset of the pandemic. As a result, portfolio outstanding of banks and NBFCs for such loans grew at a slower pace of 10% in Fiscal 2021 compared to the past. Since then, the portfolio of ticket size ₹ 0.5 million - ₹ 3.0 million has grown at 24% year-on-year in Fiscal 2022. At the end of Fiscal 2023, the loan book increased by 25% year-on-year on account of improved economic conditions and normalisation of business activities.

Portfolio outstanding for secured MSME (₹ 0.5 million - ₹ 3.0 million) grew at 24% CAGR between Fiscal 2018 and Fiscal 2023



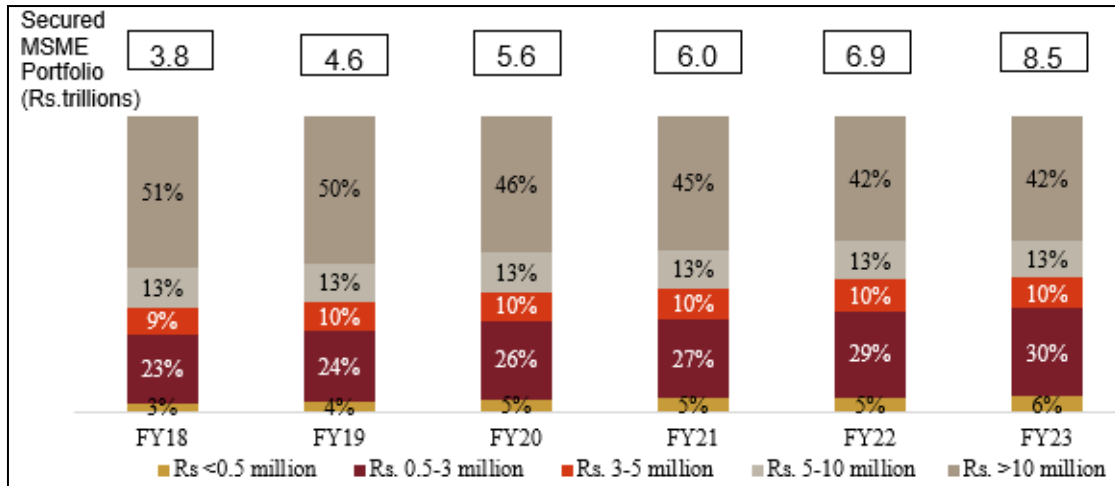
Note: Data includes secured MSME loans of ticket size (₹ 0.5 million - ₹ 3.0 million) as reported in consumer bureau
Source: CRIF Highmark, CRISIL MI&A

Lower ticket size secured MSME 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 the underserved MSME segment. This has led to a continued increase in share of relatively smaller ticket size secured MSME loans in the overall lending pie.

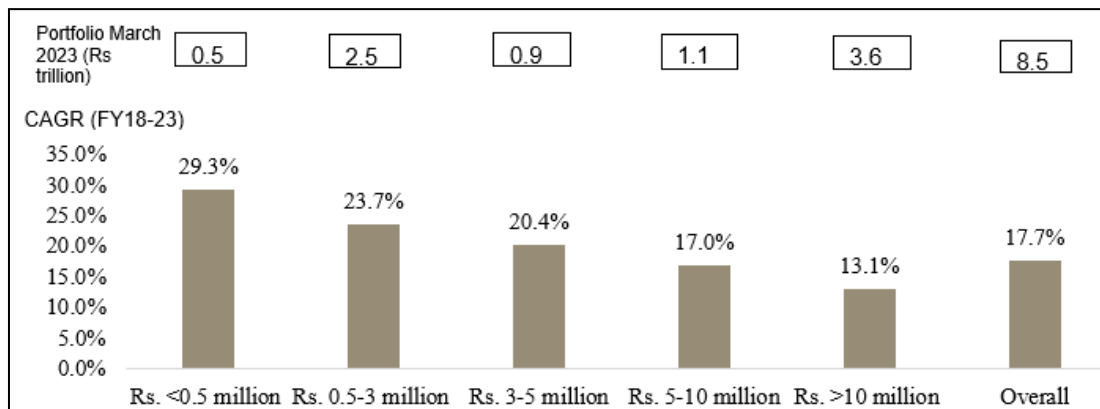
As a result, loans outstanding for such loans (₹ 0.5 million - ₹ 3.0 million) have also grown at with relatively higher pace compared to larger ticket size loans between Fiscal 2018 and Fiscal 2023.

Share of secured MSME loans with ticket size ₹ 0.5 million - ₹ 3.0 million have been increasing in overall portfolio over the past four years



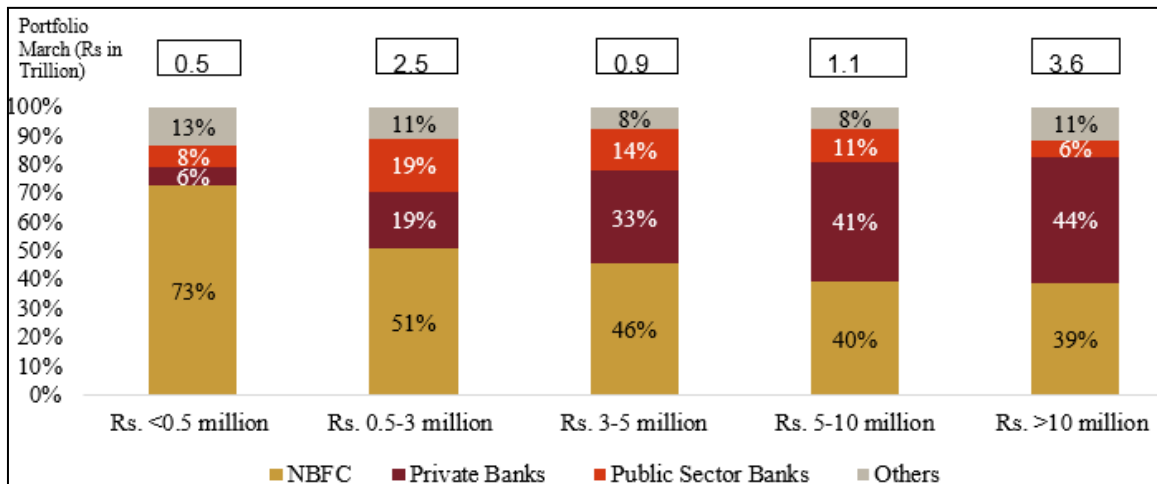
Note: Includes secured MSME loans as reported in consumer bureau, Source: CRIF Highmark, CRISIL MI&A

Secured MSME loans with ticket size between ₹ 0.5 million - ₹ 3.0 million witnessed higher growth than overall portfolio (in ₹ trillion)



Note: Data includes secured MSME loans as reported in consumer bureau, Source: CRIF Highmark, CRISIL MI&A

NBFCs have more than 50% market share for ticket sizes less than ₹ 3.0 million (Fiscal 2023)



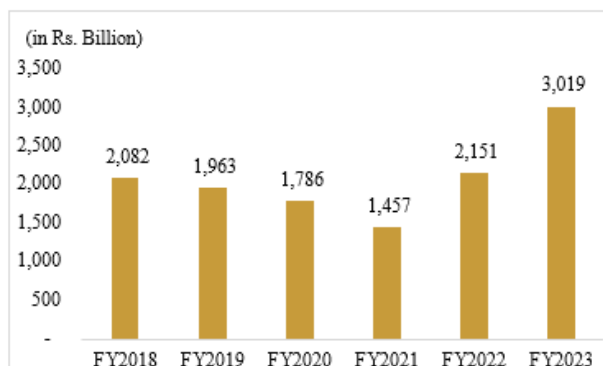
Note: (1) Includes secured MSME loans as reported in consumer bureau, (2) Others include players like foreign banks, small finance banks, co-operative banks and regional rural banks

Source: CRIF Highmark, CRISIL MI&A

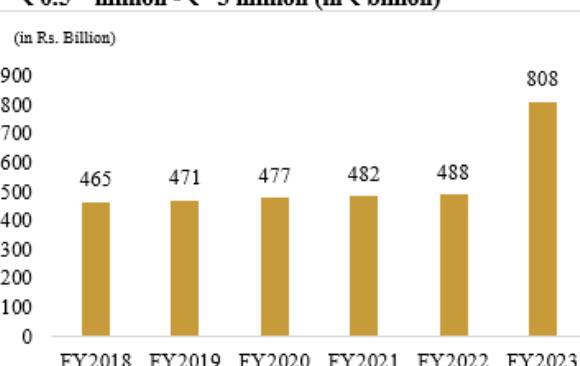
Secured MSME (₹ 0.5 million - ₹ 3.0 million) witnessed steady disbursement growth over Fiscal 2019 - Fiscal 2023

Between Fiscal 2019 and Fiscal 2021, overall secured MSME disbursements witnessed a decline from ₹ 1,985 billion to ₹ 1,470 billion, after bouncing back in Fiscal 2022 and increasing to ₹ 3,019 billion as of Fiscal 2023. During the same period, secured MSME loan within the ticket size of ₹ 0.5 million - ₹ 3.0 million have witnessed a steady growth to reach ₹ 808 billion in Fiscal 2023 from ₹ 495 billion in Fiscal 2019.

Overall secured MSME disbursements (in ₹ billion)



Secured MSME disbursements between ₹ 0.5 million - ₹ 3 million (in ₹ billion)

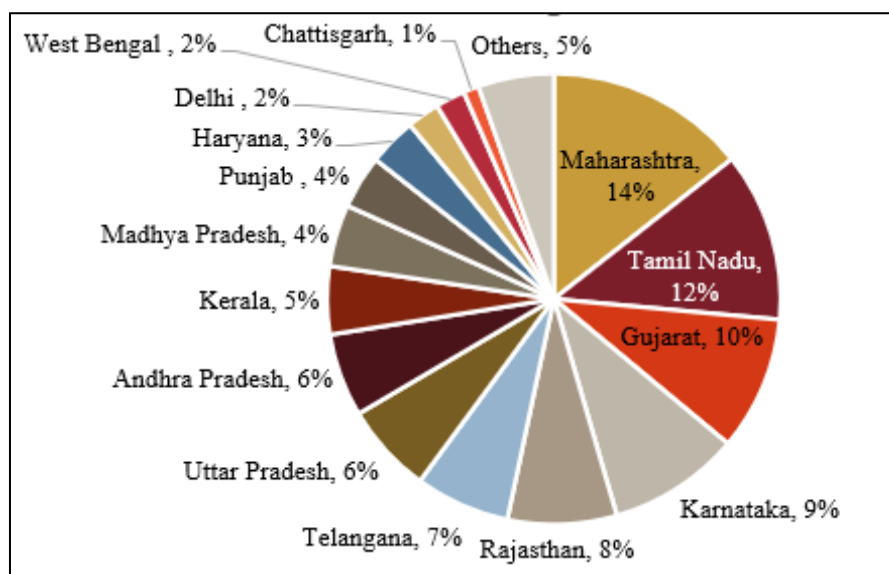


Source: CRIF Highmark, CRISIL MI&A

State-wise analysis of loans in ₹ 0.5 million to ₹ 3.0 million ticket size

The secured MSME loans portfolio has been growing strongly with a four-year CAGR of 18% between Fiscal 2018 and Fiscal 2023. Based on the value of MSME loans with ticket size between ₹ 0.5 million and ₹ 3.0 million outstanding, the top 15 states accounted for 95% of the market size in this segment as of March 2023. Maharashtra tops the list with the highest share of 14%, followed by Tamil Nadu (12%), Gujarat (10%), Karnataka (9%) and Rajasthan (8%).

Top 15 states account for 95% of overall secured MSME portfolio between ₹ 0.5 million - ₹ 3.0 million (Fiscal 2023)



Note: Includes secured MSME loans of ticket size (₹ 0.5 million - ₹ 3.0 million) as reported in consumer bureau, Source: CRIF Highmark, CRISIL MI&A

The top 12 states in India in terms of GDP have a higher share of NBFCs/HFCs in overall secured MSME loan outstanding as compared to other states. For instance, Madhya Pradesh has the highest share of NBFCs in overall secured MSME lending at 60% followed by Tamil Nadu (55%) and Telangana (53%) as of Fiscal 2023.

Distribution of overall secured MSME portfolio across various states

States	GDP FY22 (Rs billion)	Overall MSME portfolio o/s (Rs billion) March 2023	Growth (FY18- FY23)	Portfolio o/s < Rs. 0.5 million	Portfolio o/s Rs. 0.5 - Rs. 3 million	Portfolio o/s > Rs. 3.0 million	Share of banks	Share of HFCs/NBFCs	Share of other lenders
Maharashtra*	18,893	1,620	16%	5%	22%	73%	40%	44%	16%
Tamil Nadu	13,451	916	16%	7%	33%	60%	39%	55%	6%
Karnataka	12,522	902	20%	5%	26%	68%	40%	42%	18%
Gujarat	12,443	788	17%	6%	31%	63%	49%	43%	9%
Uttar Pradesh	11,231	430	19%	5%	38%	58%	48%	47%	5%
West Bengal*	7,927	225	18%	5%	24%	72%	52%	41%	7%
Andhra Pradesh	7,469	343	26%	11%	44%	45%	38%	50%	12%
Rajasthan	7,330	490	19%	8%	40%	52%	44%	50%	5%
Telangana	6,763	543	30%	4%	31%	65%	42%	53%	5%
Madhya Pradesh	6,217	285	22%	9%	39%	52%	35%	60%	5%
Haryana	5,888	336	15%	3%	26%	71%	51%	42%	7%
Delhi	6,224	587	9%	2%	10%	88%	43%	46%	11%
Kerala	5,509	307	18%	10%	40%	51%	50%	28%	21%
Odisha	4,203	68	29%	6%	35%	59%	67%	30%	3%
Bihar	4,281	66	33%	3%	40%	57%	71%	24%	5%
Punjab	4,275	248	15%	4%	39%	57%	56%	39%	5%
Assam*	2,285	40	28%	3%	39%	58%	71%	27%	2%
Chhattisgarh*	2,455	95	14%	4%	29%	67%	51%	46%	3%
Jharkhand	2,368	31	34%	5%	36%	59%	70%	27%	3%
Uttarakhand	1,899	73	22%	6%	36%	58%	49%	44%	7%
Himachal Pradesh	1,244	18	28%	6%	43%	51%	61%	21%	19%
Jammu & Kashmir	1,215	11	22%	2%	35%	63%	84%	13%	3%
Goa*	534	18	14%	4%	27%	69%	63%	19%	18%
Tripura	405	5	67%	3%	45%	52%	70%	10%	20%
Chandigarh*	279	32	9%	2%	15%	84%	59%	36%	5%
Puducherry	266	15	15%	4%	35%	61%	48%	47%	6%
Meghalaya	257	3	61%	2%	22%	76%	52%	14%	34%
Sikkim	207	3	31%	1%	16%	83%	80%	20%	0%
Manipur*	208	2	50%	2%	47%	51%	95%	5%	0%
Mizoram*	144	3	99%	3%	36%	61%	27%	0%	72%
Arunachal Pradesh*	189	1	43%	1%	19%	81%	95%	5%	0%
Nagaland*	180	1	23%	2%	22%	76%	87%	2%	11%

Note: GDP taken as GSDP at constant prices, Base Year: 2011-12., * GDSP taken for Fiscal 2021, Includes secured MSME loans as reported in consumer bureau;

Others include players like foreign banks, small finance banks, co-operative banks and regional rural banks;

States are arranged in order of decreasing GDP Fiscal 2022

Source: RBI, MOSPI, CRIF Highmark, CRISIL MI&A Estimates

The top states in India in terms of Portfolio Outstanding (₹ 0.5 million - ₹ 3.0 million) have a higher share of HFCs/NBFCs. For instance, Telangana has the highest share of HFCs/NBFCs in secured MSME portfolio (₹ 0.5 million- ₹ 3.0 million) lending at 65%, followed Tamil Nadu (64%), Delhi (64%) and Madhya Pradesh (63%).

Distribution of secured MSME portfolio (₹ 0.5 million - ₹ 3.0 million) across various states

States	Number of districts	Average Ticket Size (in Rs. Thousands)	Portfolio Outstanding Rs 0.5 - 3 million (in Rs. Million)	CAGR (FY18-FY23)	Share of HFCs/NBFCs	Share of other lenders
Maharashtra	35	1,367	360,142	22%	50%	50%
Tamil Nadu	32	1,267	304,156	19%	64%	36%
Gujarat	33	1,343	241,519	20%	47%	53%
Karnataka	30	1,308	236,890	25%	45%	55%
Rajasthan	33	1,247	195,290	28%	55%	45%
Telangana	10	1,363	169,713	31%	65%	35%
Uttar Pradesh	75	1,331	161,898	26%	51%	49%
Andhra Pradesh	13	1,152	149,562	30%	53%	47%
Kerala	14	1,289	122,289	23%	29%	71%
Madhya Pradesh	51	1,234	111,632	28%	63%	37%
Punjab	22	1,360	95,801	22%	43%	57%
Haryana	21	1,408	86,554	21%	51%	49%
Delhi	9	1,567	58,450	17%	64%	36%
West Bengal	19	1,262	53,065	27%	45%	55%
Chhattisgarh	27	1,336	27,582	23%	40%	60%
Bihar	38	1,397	25,940	27%	32%	68%
Uttarakhand	13	1,307	25,829	28%	51%	49%
Odisha	30	1,312	23,689	30%	29%	71%
Assam	27	1,458	15,869	27%	32%	68%
Jharkhand	27	1,347	11,074	28%	40%	60%
Himachal Pradesh	12	1,397	7,810	43%	14%	86%
Pondicherry	4	1,323	5,133	17%	61%	39%
Goa	2	1,464	4,967	16%	17%	83%
Chandigarh	1	1,560	4,613	17%	41%	59%
Jammu & Kashmir	22	1,460	3,708	24%	11%	89%
Tripura	4	1,394	2,174	64%	12%	88%
Manipur	9	1,459	1,173	43%	5%	95%
Mizoram	8	1,543	955	98%	1%	99%
Meghalaya	6	1,563	582	53%	12%	88%
Sikkim	4	1,552	566	29%	10%	90%
Dadra & Nagar Haveli	1	1,145	540	16%	43%	57%
Nagaland	9	1,184	312	25%	5%	95%
Andaman and Nicobar	3	1,543	285	30%	15%	85%
Daman & Diu	2	1,159	239	9%	41%	59%
Arunachal Pradesh	16	1,715	223	25%	12%	88%
Lakshadweep	1	1,331	14	19%	28%	72%

Note: Number of districts as reported in CRIF Highmark, Others include public sector banks, private banks, small finance banks, regional banks, foreign banks and cooperative banks, States are arranged in order of decreasing Portfolio Outstanding, Average Ticket size is calculated by disbursed loans divided by number of loans for the specific ticket size, Above data includes secured MSME loans given to MSMEs from ₹ 0.5 million – ₹ 3.0 million ticket size and reported in consumer bureau

Source: CRIF Highmark, CRISIL MI&A

Credit variation exists across districts within states

Among the top 15 states based on GDP, in Telangana, the top five districts (based on portfolio outstanding of ticket size ₹ 0.5 million - ₹ 3.0 million) within the states have 81% concentration of credit outstanding and in Maharashtra, Karnataka, Delhi and Chhattisgarh, this concentration in the top five districts is more than 65%. In contrast, the dispersion in loans across districts is relatively lower in Tamil Nadu and Uttar Pradesh, with the top five districts accounting for 44% and 41% of outstanding loan (ticket size ₹0.5 million - ₹ 3.0 million), respectively, as of Fiscal 2023. This indicates wide variations in credit availability across districts in the same state as well.

State wise analysis of secured MSME portfolio (Ticket size ₹ 0.5 million – ₹ 3.0 million)

States	Number of districts	Portfolio Outstanding Rs 0.5 - 3 million (in Rs. Million)	CAGR (FY18-FY23)	Top 5 districts in terms of portfolio outstanding	Share of top 5 districts in total portfolio
Maharashtra	35	360,142	22%	Pune, Thane, Mumbai, Mumbai Suburban, Nashik	65%
Tamil Nadu	32	304,156	19%	Kancheepuram, Coimbatore, Thiruvallur, Chennai, Madurai	44%
Gujarat	33	241,519	20%	Ahmadabad, Surat, Rajkot, Vadodra, Gandhinagar	67%
Karnataka	30	236,890	25%	Bangalore, Mysore, Bangalore Rural, Tumkur, Belgaum	68%
Rajasthan	33	195,290	28%	Jaipur, Jodhpur, Ajmer, Bhillwara, Udaipur	50%
Telangana	10	169,713	31%	Hyderabad, Rangareddy, Warangal, Karimnagar, Medak	81%
Uttar Pradesh	75	161,898	26%	Ghaziabad, Lucknow, Agra, Meerut, Gautam Buddha Nagar	41%
Andhra Pradesh	13	149,562	30%	Visakhapatnam, Krishna, East Godavari, Guntur, Chittoor	62%
Kerala	14	122,289	23%	Ernakulam, Malappuram, Thiruvananthapuram, Thrissur, Kollam	60%
Madhya Pradesh	51	111,632	28%	Indore, Bhopal, Ujjain, Gwalior, Jabalpur	53%
Punjab	22	95,801	22%	Ludhiana, Amritsar, Jalandhar, Patiala, Sahibzada Ajit Singh Nagar	67%
Haryana	21	86,554	21%	Faridabad, Gurgaon, Panipat, Karnal, Yamunanagar	50%
Delhi	9	58,450	17%	West, North West, South, East, South West	85%
West Bengal	19	53,065	27%	Kolkata, North Twenty Four Parganas, Bardhaman, South Twenty Four Parganas, Hugli	63%
Chhattisgarh	27	27,582	23%	Raipur, Durg, Bilaspur, Janjgir - Champa, Rajnandgaon	74%
Bihar	38	25,940	27%	Patna, Muzaffarpur, Gaya, Vaishali, Purba Champaran	54%
Uttarakhand	13	25,829	28%	Dehradun, Haridwar, Udham Singh Nagar, Nainital, Garhwal	94%
Odisha	30	23,689	30%	Khordha, Cuttack, Ganjam, Baleshwar, Puri	56%
Assam	27	15,869	27%	Kamrup Metropolitan, Kamrup, Nalbari, Sonitpur, Nagaon	54%
Jharkhand	27	11,074	28%	Ranchi, Dhanbad, Purbi Singhbhum, Hazaribagh, Bokaro	72%
Himachal Pradesh	12	7,810	43%	Solan, Kangra, Shimla, Una, Mandi	77%
Pondicherry	4	5,133	17%	Puducherry, Karaikal, Yanam, Mahe	100%
Goa	2	4,967	16%	North Goa, South Goa	100%
Chandigarh	1	4,613	17%	Chandigarh	100%
Jammu & Kashmir	22	3,708	24%	Jammu, Srinagar, Reasi, Kathua, Badgam	82%
Tripura	4	2,174	64%	West Tripura, North Tripura, South Tripura, Dhalai	100%
Manipur	9	1,173	43%	Imphal West, Imphal East, Churachandpur, Thoubal, Senapati (Excluding 3 Sub-Divisions)	93%
Mizoram	8	955	98%	Aizawl, Champhai, Serchhip, Lunglei, Mamit	93%
Meghalaya	6	582	53%	East Khasi Hills, West Jaintia Hills, West Khasi Hills, West Garo Hills, Ribhoi	99%
Sikkim	4	566	29%	East District, South District, West District, North District	100%
Dadra & Nagar Haveli	1	540	16%	Dadra & Nagar Haveli	100%
Nagaland	9	312	25%	Dimapur, Kohima, Mokokchung, Wokha, Zunheboto	98%
Andaman and Nicobar	3	285	30%	South Andaman, North & Middle Andaman, Nicobars	100%
Daman & Diu	2	239	9%	Daman, Diu	100%
Arunachal Pradesh	16	223	25%	Papum Pare, Lower Subansiri, Upper Siang, Kurung Kumey, Lohit	79%
Lakshadweep	1	14	19%	Lakshadweep	100%

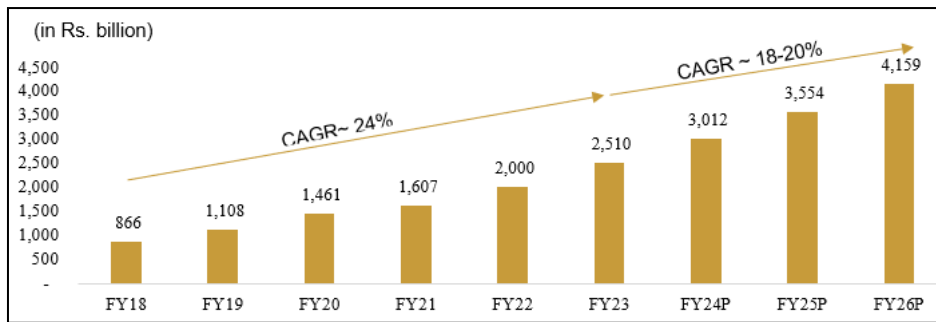
Note: Number of districts as reported in CRIF Highmark. The data above includes secured MSME loans given to MSMEs from ₹ 0.5 million – ₹ 3.0 million ticket size and reported in consumer bureaus

Source: CRIF Highmark, CRISIL MI&A

Secured MSME loans (₹ 0.5 million - ₹ 3.0 million) will continue to grow at a strong pace

There is a huge demand supply gap in the secured MSME loan segment, especially in lower ticket size segments. With increasing presence of MSME lenders in smaller cities and rising focus of lenders on underserved target customer segment, loan portfolio is expected to see a strong growth in future. Going forward, CRISIL MI&A expects the portfolio of secured MSME loans with ticket size in between ₹ 0.5 million and ₹ 3.0 million to grow at 18% - 20% CAGR over Fiscal 2023 and Fiscal 2026 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.

Secured MSME Loans with ticket size between ₹ 0.5 million - ₹ 3.0 million to grow at 18% - 20% CAGR over Fiscals 2023 - 2026 (₹ billion)



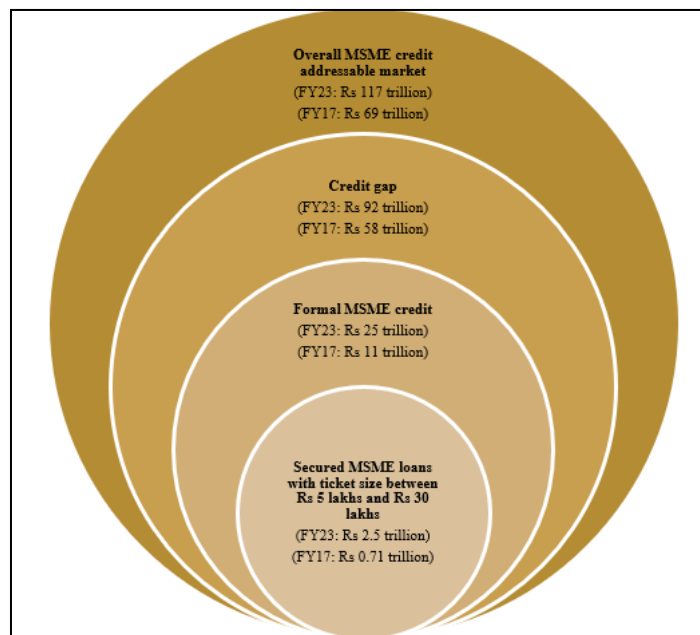
Note: Includes secured MSME loans of ticket size (₹ 0.5 million - ₹ 3.0 million) as reported in consumer bureau, P – Projected, Source: CRIF Highmark, CRISIL MI&A

Growth drivers

High credit gap in the MSME segment

Less than 15% of approximately 70 million odd MSMEs have access to formal credit in any manner as of March 2022. High risk perception and the prohibitive cost of delivering services physically have constrained traditional institutions’ ability to provide credit to underserved or unserved MSMEs and self-employed individuals historically. As a result, they resort to credit from informal sources. This untapped market offers huge growth potential for financial institutions. As stated earlier, the credit gap was estimated at around ₹ 58.4 trillion as of 2017 (Source: IFC report named Financing India’s MSMEs released in November 2018) and is estimated to have widened further to around ₹ 92 trillion as of Fiscal 2023.

Secured MSME loans with ticket size between ₹ 0.5 million and ₹ 3.0 million account for only 10% of formal MSME credit indicating huge opportunity



Note: Overall formal MSME credit given above includes all kinds of secured and unsecured loans given to MSMEs across ticket sizes by organised lenders.

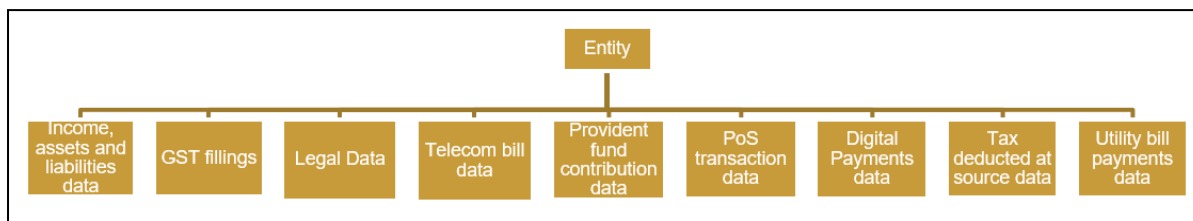
Source: MSME Ministry Annual report for Fiscal 2021, IFC report on Financing India’s MSMEs dated November 2018, CRIF Highmark, CRISIL MI&A

Increased data availability and transparency

With increased digital initiatives by the MSMEs, the shift towards their formalisation and digitisation has created a plethora of data points for lenders that would help improve the efficacy of credit assessment and gradually enable provision of credit to hitherto underserved customer segments. For example, the quantum of retail digital payments

has catapulted from ₹ 140 trillion in Fiscal 2017 to ₹ 606 trillion in Fiscal 2023. Within UPI, the quantum of person-to-merchant payments has zoomed from ₹ 6.2 trillion in Fiscal 2021 to ₹ 30.7 trillion in Fiscal 2023. UPI has increased banking transactions materially, impacting significant increase in tax compliance. 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. Demonetisation and GST have further accelerated formalization of the Indian economy.

Multiple data points can be used for credit assessment



Source: CRISIL MI&A

Growth in branch network of players in MSME segment

Over past few years, players offering MSME loans have expanded their branch network with the intent to serve a larger customer base. In the future also, CRISIL MI&A expects lenders with a strong focus on MSME lending and healthy competitive positioning to continue to invest in branch expansion. With increasing branch network, customer acquisition and credit penetration, share of MSME loans is also expected to increase.

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.

Increasing competition with entry of new players and partnerships between them

More players in consumer-facing businesses with a repository of data (such as e-commerce companies and payment service providers) are expected to enter the lending business, intensifying competition. For example, In June 2018, Amazon India launched a platform for lenders and sellers, wherein sellers can choose loan offers from various lenders at competitive rates. In August 2021, Meta (earlier known as Facebook) partnered with Indifi Technologies to provide loans to small businesses that advertise on its platform. Incumbent traditional lenders will increasingly leverage the network of their partners and/or digital ecosystem to cross-sell products to existing customers, tap customers of other lenders, and also cater to new-to-credit customers. This will expand the market for MSME loans.

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

Relaxation in the threshold under SARFAESI Act from ₹ 5 million to ₹ 2 million for NBFCs

In the Union Budget 2021-22, presented by the Finance Minister, for NBFCs with a minimum asset size of ₹1 billion, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (SARFAESI) Act, 2002 was proposed to be reduced from the existing level of ₹ 5 million to ₹ 2 million. The objective of this move is to improve credit discipline while continuing to protect the interest of small borrowers. This relaxation is expected to facilitate recovery from stressed books, help the NBFCs to improve their ability to recover smaller loans and strengthen their overall

financial health. More importantly, it acts as a deterrent to default and enhances the enforceability of collateral for players focused on the medium ticket size LAP segment with loans of ₹ 2 million - ₹ 5 million.

Inclusion of retail and wholesale trade under MSME category

In July 2021, the Ministry of Micro, Small and Medium enterprises decided to include Retail and Wholesale trade as MSMEs for the purpose of Priority Sector Lending and they would be allowed to be registered on UDYAM Registration Portal. The move is structurally positive from long-term perspective, as it will enable entities operating in the segment to register on Government’s UDYAM portal, participate in government tenders and also avail financing options/ benefits available to the category. This move will also aid in the formalisation of India’s retail trade and enable financial support to small and mid-sized retail businesses. By widening the scope of MSME to cover wholesale as well as retail trade, this move also creates an additional opportunity for MSME lenders to increase their penetration and business.

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. In January 2017, the scheme was extended to cover systemically important NBFCs as well. Key eligibility criteria for this scheme are:

- 1) NBFCs should be registered with RBI and meet specified prudential norms.
- 2) the NBFC should have made a profit for the three preceding Fiscals at the time of enrolment.
- 3) the NBFC should be lending to micro and small enterprises with minimum 5 years of lending experience, minimum ₹ 1 billion of MSE loan portfolio, NPA level below 5% for MSE portfolio and average recovery ratio of 90% for preceding three Fiscals at the time of enrolment and
- 4) it should have long-term credit rating of at least BBB. The overall limit under the scheme has also been enhanced to ₹ 20 million.

Guarantees approved under CGTMSE

Year	Number of guarantees approved	Amount of guarantees approved (Rs billion)
FY19	435,520	302
FY20	846,650	459
FY21	835,592	369
FY22	717,020	561
FY23	1,165,786	1,048

Source: CGTMSE, CRISIL MI&A

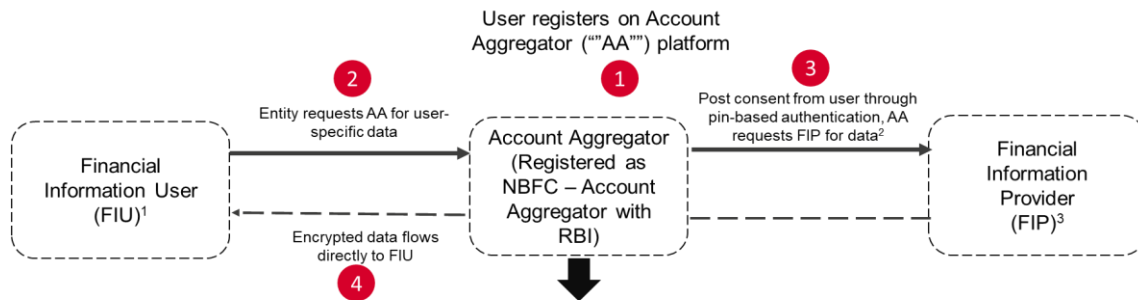
Government initiatives addressing structural issues in the MSME market

The government has unveiled a number of initiatives aimed at addressing some of the structural issues plaguing small business lending segment. These include granting licenses to account aggregators, the Pradhan Mantri Mudra Yojana (PMMY), unveiling Trades Receivables Discounting System (“**TReDS**”) platforms and the implementation of GST.

Licensing account aggregators

The RBI launched the account aggregator system on September 2, 2021, which has the potential to transform the MSME finance space once there is widespread adoption amongst the lending community. Four account aggregators also announced the launch of their apps on the same day which include OneMoney, FinVu, CAMSFinServ and NADL (NESL Asset Data Limited). Account aggregators are essentially non-banking financial companies, licensed by RBI, that act as an intermediary to collect and consolidate data from all Financial Information Providers (FIP) that hold users’ personal financial data like banks and share that with Financial Information Users (FIU) like lending agencies or wealth management companies that provide financial services.

These account aggregators would provide granular insights to lenders into customers’ financial assets and their borrowing history centrally, based on customer consent. Inclusion of additional data such as electricity bill payments and mobile recharges/bill payment data under the purview of account aggregators would further enhance its utility.



1. FIU is any registered entity⁴ which requires access to user data; once registered as an FIU, the entity will have access to data of all users registered on AAs (basis their consent); the consent will be valid for a period of time as permitted by the user
2. The user has complete control over his/her available FIP data which can be shared with FIU; for example, a user who has three bank accounts can decide to share data from only one bank account
3. The current details that can be sourced through AA portal/app are bank accounts, deposits, mutual funds, insurance policies and pension funds

Note: ⁴ Registered with any one of the regulators – SEBI, RBI, IRDAI, PFRDA

Source: CRISIL MI&A

Some of the other government and regulatory initiatives are detailed below:

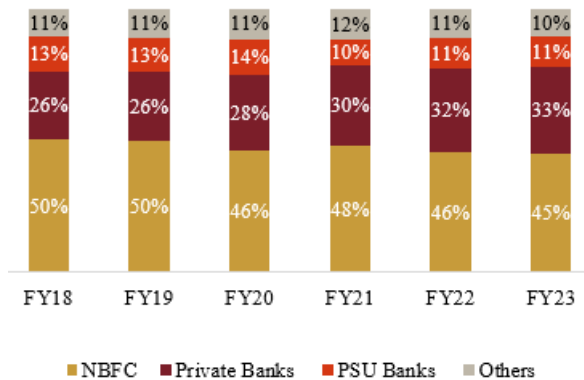
- **UDYAM registration:** Paperless and online registration process for MSMEs with an aim to promote ease of doing business.
- **Stand-up India:** It facilitates bank loans between ₹ 1 million and ₹ 10 million to at least one scheduled caste or scheduled tribe borrower and at least one-woman borrower per bank branch for setting up a greenfield enterprise.
- **Make in India:** Launched with an intention to make India a global manufacturing hub, which in turn will provide employment to numerous youths in the country
- **Mudra loans:** To fulfil funding requirement of MSMEs who were earlier left out by financial institutions; credit guarantee support also offered to financiers.
- **59-minute loan:** Online marketplace that provides in-principle approval to MSME loans up to ₹ 10 million in 59 minutes.
- **Unified Payments Interface 2.0 (UPI 2.0):** Real-time system for seamless money transfer from account
- **Trade Receivables Discounting System (TReDS):** Institutional mechanism to facilitate financing of trade receivables of MSMEs from corporates and other buyers through multiple financiers.
- **Factoring to support more participation from NBFCs:** In an amendment to Factoring Regulation Act, 2011, the Lok Sabha passed the Factoring Regulation (Amendment) Bill in July 2021.

NBFCs increasing their presence in the secured MSME loans segment

NBFCs have managed to carve out a strong presence in MSME loans segment due to their focus on serving the needs of the customer segment, faster turnaround time, customer service provided and expansion in geographic reach. As of Fiscal 2023, the cumulative market share of NBFCs in secured MSME loans outstanding was 45%.

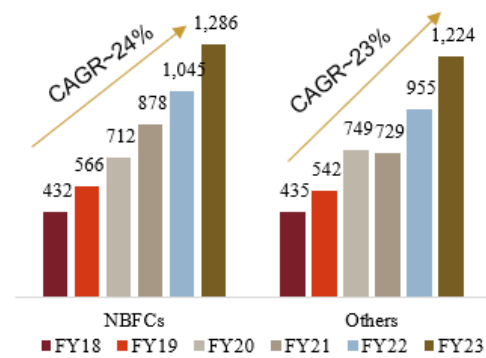
The market share of NBFCs remained stable between Fiscal 2018 and Fiscal 2019 despite demonetisation and the NBFC liquidity crisis. Going forward, CRISIL MI&A expects the market share of NBFCs in this segment to continue to remain in the same range.

NBFCs continue to capture largest market share in secured MSME portfolio



Note: (1) Includes secured MSME loans as reported in consumer bureau, (2) Others include foreign banks, small finance banks, co-operative banks and regional rural banks
Source: CRIF Highmark, CRISIL MI&A

NBFCs have grown faster than other players in secured MSME loans from ₹ 0.5 million - ₹ 3.0 million ticket size (in ₹ billion)



Note: (1) Above data includes secured MSME loans given to MSMEs ₹ 0.5 million - ₹ 3.0 million ticket size and reported in consumer bureaus of CRIF Highmark, (2) Others includes player groups like Public Sector Banks, Private Banks, Small Finance Banks, Foreign Banks, Regional Rural Banks
Source: CRIF Highmark, CRISIL MI&A

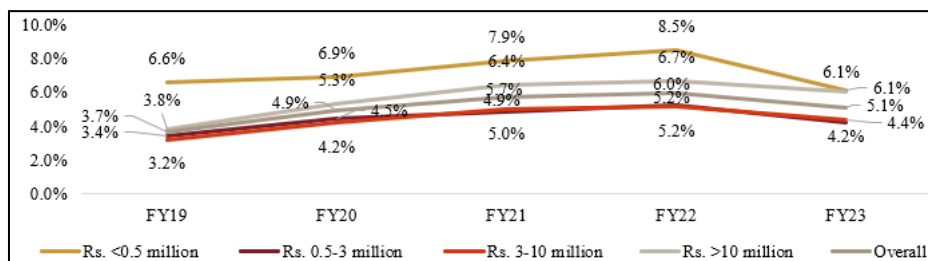
NBFC profitability in MSME improved in Fiscal 2023

NBFCs in MSME segment operate with yield in the range of 17% - 18%, on an average. With cost of funds being in the range of 10-11%, net interest margins (NIMs) for this segment are in the range of 6% - 7%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2023 owing to better credit costs and increase in interest yields. Going forward, in Fiscal 2024, borrowing costs are expected to stabilise or marginally move upwards, and overall profitability of MSMEs loans is still expected to be on account of higher interest income. Further, improvement in collections is expected to lead to aid profitability for the segment.

Asset quality for secured MSME loans with ticket size between ₹ 0.5 million and ₹ 3.0 million better than overall secured MSME loans portfolio

Over the past few years, asset quality for MSME loans has been deteriorating across the board, and secured MSME loans with ticket size between ₹ 0.5 million and ₹ 3.0 million are no exception. Moreover, due to COVID-19, income of the borrowers was impacted severely in Fiscal 2021, which led to rise in GNPA numbers whose effect can be witnessed in Fiscal 2022. However, the systemic GNPA ratio for portfolio in the ₹ 0.5 million to ₹ 3.0 million band is lower at 5.2% in Fiscal 2022 and improved to 4.2% in March 2023, as compared to other smaller ticket size and larger ticket size loans. Overall, secured loans portfolio had a GNPA of 5.1% as of March 2023.

Asset quality across various ticket sizes



Note: Data Includes secured MSME loans as reported in consumer bureau; Source: CRIF Highmark, CRISIL MI&A

Amongst different states, credit quality varies between different lender types with private banks having better asset quality than other lender types.

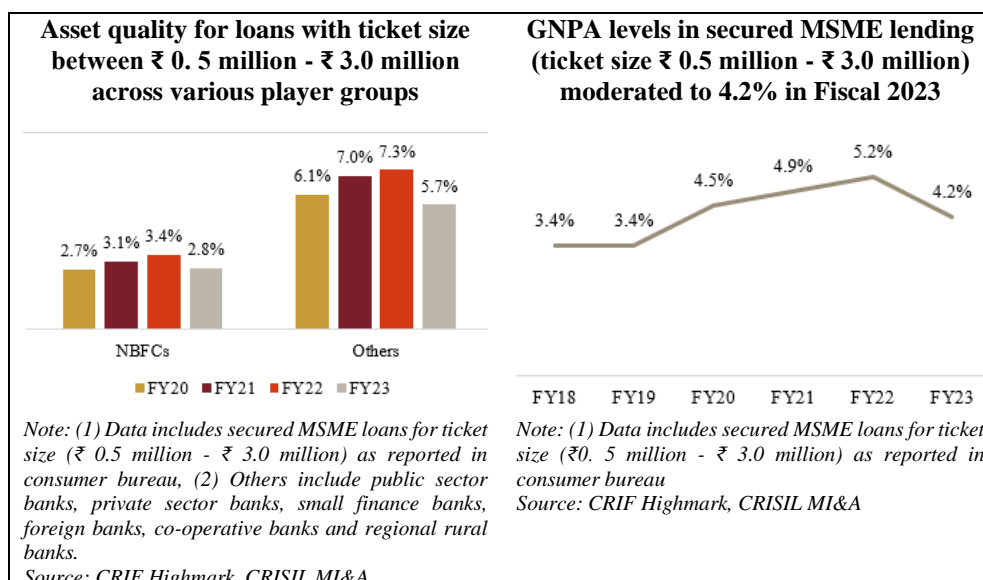
Asset quality for loans with ticket size between ₹ 0.5 million - ₹ 3.0 million across various states

States	Portfolio Outstanding Rs 0.5 - 3 million (in Rs. Million)	Number of districts	GNPA for HFCs/NBFCs	GNPA for others
Maharashtra	360,142	35	3%	6%
Tamil Nadu	304,156	32	2%	5%
Gujarat	241,519	33	3%	2%
Karnataka	236,890	30	2%	9%
Rajasthan	195,290	33	3%	2%
Telangana	169,713	10	1%	2%
Uttar Pradesh	161,898	75	3%	6%
Andhra Pradesh	149,562	13	2%	4%
Kerala	122,289	14	4%	16%
Madhya Pradesh	111,632	51	3%	3%
Punjab	95,801	22	4%	5%
Haryana	86,554	21	3%	4%
Delhi	58,450	9	3%	4%
West Bengal	53,065	19	8%	8%
Chhattisgarh	27,582	27	3%	4%
Bihar	25,940	38	3%	4%
Uttarakhand	25,829	13	2%	5%
Odisha	23,689	30	3%	4%
Assam	15,869	27	2%	5%
Jharkhand	11,074	27	4%	6%
Himachal Pradesh	7,810	12	1%	12%
Pondicherry	5,133	4	3%	4%
Goa	4,967	2	6%	4%
Chandigarh	4,613	1	2%	5%
Jammu & Kashmir	3,708	22	10%	4%
Tripura	2,174	4	1%	2%
Manipur	1,173	9	19%	7%
Mizoram	955	8	0%	4%
Meghalaya	582	6	0%	2%
Sikkim	566	4	0%	3%
Dadra & Nagar Haveli	540	1	5%	3%
Nagaland	312	9	0%	4%
Andaman and Nicobar	285	3	0%	1%
Daman & Diu	239	2	1%	3%
Arunachal Pradesh	223	16	0%	10%
Lakshadweep	14	1	0%	22%

Note: Number of districts as reported in CRIF Highmark, Others include player groups like public sector banks, private banks, small finance banks, foreign banks, regional banks, Cooperative banks

Source: CRIF Highmark, CRISIL MI&A

Among various player groups, the GNPA in secured MSME loans for ticket size ₹ 0.5 million - ₹ 3.0 million is best for NBFCs which is 2.8% as of Fiscal 2023 as compared to others at 5.7%.



Going forward, while the impact of COVID-19 is expected to fade away and incomes of borrowers will improve, cost pressures are likely to constrain the profitability of MSMEs. Given expected income, cash flow growth and increased recoveries, GNPA levels have moderated in Fiscal 2023. Going forward, CRISIL MI&A expects GNPA for secured MSME lending in the ticket size ₹ 0.5 million - ₹ 3.0 million to moderate further in Fiscal 2024 due to continued improvement in economic activity, better collection efficiency and faster credit growth.

Key success factors for NBFCs offering MSME Loans

- **Strong branch network and deep understanding of the target customer segment and markets:** Players need to have a clear and deeper understanding of their target customer segment, the markets they operate in and develop a strong local network. The deeper understanding and presence of inhouse sales team for direct sourcing within the segment also leads to lower customer churn.
- **Strong underwriting capabilities:** MSMEs tend to generally be more impacted by vagaries of the business cycle given their limited financial wherewithal and/or reliance on larger buyers
- **On-the-ground presence to manage collections and maintain portfolio quality:** Additionally, given that players in the segment also cater to a relatively riskier profile, a strong focus on collections and monitoring risk of default at customer level is vital to manage asset quality. Direct Sourcing allows control over the quality of customers and processes involved for disbursement, which can lead to better asset quality, as compared to other methods of customer acquisition.
- **Collateral risk management:** Properties that are used as collateral for MSME loans sometimes lack proper property titles, especially in the outskirts of large cities, semi-urban and rural areas.

Gold loans

Overview of gold loan market in India

Gold loans are typically small ticket, short duration, convenient and instant credit. While the industry has been around for several decades with local financiers and moneylenders extending finance against gold, especially in semi-urban and rural areas, the industry has witnessed a spurt in organized financiers offering gold loans since 2008 with the specialized gold loan NBFCs expanding their branch network and making available loans in a very easy and consumer friendly manner by putting in place strong systems and processes. Though moneylenders and pawn brokers understand the psyche of local borrowers and offer immediate liquidity without any documentation formalities, customers are left vulnerable to exploitation, due to the absence of regulatory oversight. Such players also give lower loan-to-value ratio compared with organized ones while charging exorbitant interest.

As banks and NBFCs aggressively moved in to seize this vast untapped market, they cornered a significant market share from unorganized lenders, growing at a CAGR of 76% between Fiscal 2009 and Fiscal 2012. Sustained increase in gold price till 2012 also supported the gold loan business boom in India. In such a scenario, customers would be offered higher and higher loan amounts on their gold, while lenders would benefit by price increases acting as a natural hedge, in the event of default.

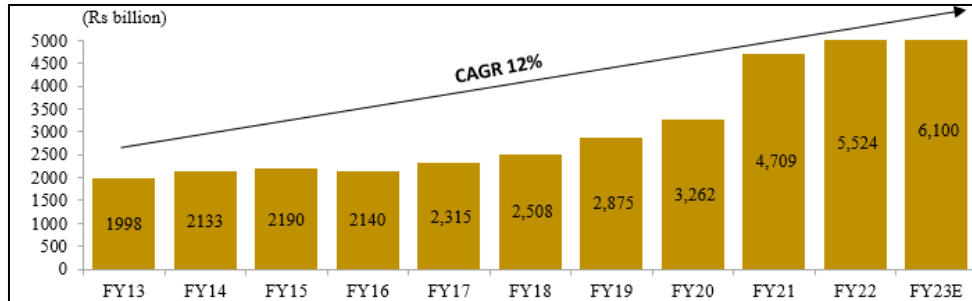
The high growth in the NBFCs' gold loan offtake because of high LTVs, the speed at which the NBFCs opened branches, the decline in the capital adequacy ratios of NBFCs offering gold loans and increase in gold prices alarmed the Reserve Bank of India (RBI), leading to a slew of regulatory steps being taken. The measures initiated included capping the loan-to-value of gold loans at 60% (which was subsequently increased to 75% in January 2014), prohibiting grant of loans against bullion and gold coins, standardization of the value of gold while calculating the loan to value ratio and streamlining the process for auctioning gold. Furthermore, NBFCs were directed to disburse gold loans of greater than ₹ 1,00,000 ticket size through cheques only. The RBI also directed that if the loans extended by a NBFC comprise 50% or more of its financial assets, it shall maintain a minimum Tier-I capital of 12% by April 01, 2014. These measures derailed the growth of NBFCs gold loan offtake for a brief period of time and they lost considerable ground to banks.

The industry has however bounced back subsequently. With regulations in respect of key aspects such as loan to value for NBFCs now being on par with banks, players compete on parameters such as interest rates, customer service, turnaround time, convenience, and trust developed.

Gold loans market has witnessed consistent growth over the last decade

As can be witnessed from the chart below, the industry has witnessed consistent growth over the last decade, even as gold prices have seen periodic fluctuations. As of March 2023, CRISIL MI&A estimates the outstanding value of loans given out by organised financiers' – banks and NBFCs – to be ₹ 6.1 trillion, with NBFCs accounting for one-quarter of the market.

Gold loans have grown at a strong growth rate over the last decade



Note: Includes agriculture lending by banks with gold as collateral

Source: CRISIL MI&A

Gold loans AUM is expected to grow at 10% - 12% CAGR between Fiscal 2023 and Fiscal 2025

In Fiscal 2020, gold loan industry (including Banks and NBFCs) AUM grew approximately 13% YoY to reach ₹ 3.2 trillion on account of increased focus of players on diversifying their regional presence, strong growth in non-southern regions and rise in gold prices by approximately 19% in Fiscal 2020.

In Fiscal 2021, the demand for gold loan finance witnessed a massive surge with AUM shooting up from ₹ 3.2 trillion to ₹ 4.7 trillion, as India's economy coped with the devastating effect of the global pandemic and consumers availed of gold loans to meet their consumption and emergency funding needs. Many consumers, who had gold stock and ornaments lying with them, considered gold loans as an option to meet their credit requirements during this period. The demand for gold loans was also supported by a consistent surge in gold price, liquidity crunch in the immediate aftermath of the pandemic and lenders' hesitancy to give unsecured loans due to risk aversion. The RBI also revisited its guidelines for banks' lending gold loans by increasing the maximum LTV allowed to 90% from existing 75% for non-agricultural gold loans extended during August 2020 to March 2021 to help stressed borrowers to unlock more value. The growth was also supported by players continued focus to wean away consumers from the unorganised gold loan market by means of awareness and diversifying their regional presence with the help of branch as well as digital channels.

In Fiscal 2022 as well, the gold loan market continued to witness strong growth, with industry AUM increasing by 17% year-on-year to touch ₹ 5.5 trillion as of March 2022. Increase in AUM can be attributed to factors such as high gold prices, strong demand and increased promotion by financiers to acquire unorganised gold loan market by means of awareness and diversifying their regional presence with the help of branch as well as digital channels. Financiers also were very aggressive in tapping new customers during the year with some of them running campaigns offering gold loans at a lower interest rate for short tenures. For instance, Manappuram Finance introduced low interest rate, for retail customers with a tenure of three months. In Fiscal 2023, the growth for gold loans NBFCs is estimated to have

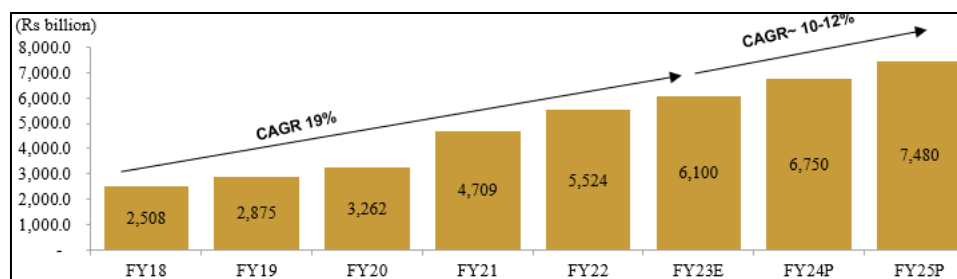
moderated owing to increased competition from banks and lower demand from the target audience.

Online gold loans and doorstep schemes to aid in market expansion

The industry, which has traditionally grown through expansion of branch network across the nook and corner of the country, has witnessed the emergence of branchless fintechs and doorstep gold loans over the last three to four years. These players offer doorstep pickup and disbursement of gold loans directly to the account of the customer. Under this model, when a user requests for a loan, the loan agent visits the customer with a gold appraisal kit and necessary tools to measure the purity of the gold. After proper due diligence and a credit check, the loan is processed digitally, and the amount is transferred instantly to the customer. After the amount is transferred, the gold is packed in a tamper proof packet and transported to the nearest branch in a GPS enabled secured box, which is tracked on a real time basis until the collateral is deposited in the lender’s vault. This new doorstep gold financing has addressed some of the key inhibitors in wider acceptance of gold loans such as risk involved in carrying gold to the branch, the social stigma attached to mortgaging gold for availing loans and increasing branch catchment area.

Going forward, CRISIL MI&A believes that the scope to capture share from unorganised gold loan financiers’, initiatives to increase awareness and increasing comfort of customers with gold loans due to the convenience are expected to help the industry grow moderately along with geographic diversification to markets beyond the southern part of India. Demand for gold loans from micro enterprises and individuals to fund working capital and personal requirements is expected to increase owing to pickup in economic activity. In addition, with demand reviving and market expansion through doorstep gold loans model, CRISIL MI&A expects AUM to touch close to ₹ 7,480 billion by March 2025, translating into a 10% - 12% CAGR between Fiscal 2023 and Fiscal 2025.

Growth in gold loan AUMs of organized lenders

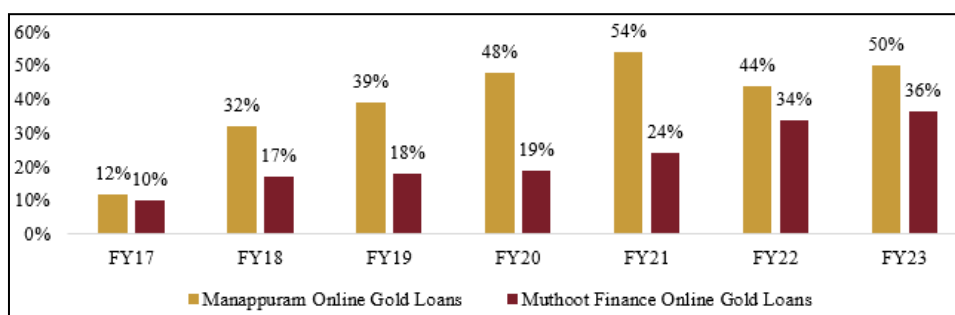


Note: P: Projected, includes agriculture lending by banks with gold as collateral; Source: CRISIL MI&A

Online gold loans and doorstep disbursement schemes to help the gold loan market

Digital gold loans products offer the feature of loan sanction within few hours through the online process. These loans can be accessed through mobile applications, online platform, prepaid card etc. KYC, registration and disbursements are all possible through online platform. For example, entities such as IIFL Finance, Manappuram Finance and Muthoot Finance are constantly making investments in digital and technological capabilities to adapt to constantly changing world. For example, IIFL Finance launched digital gold loans for top up and online renewal of gold loans. Similar shift towards digital modes is witnessed for Muthoot Finance, which saw its share of online gold loans increase from 24% in Fiscal 2021 to 36% in Fiscal 2023. At the end of Fiscal 2023, the share of online gold loans further increased to 50% for Manappuram Finance.

Share of online gold loans continue to see traction in Fiscal 2023



Source: Company Reports, CRISIL MI&A

New age FinTech players such as Rupeek along with players like Fedbank Financial Services, SBFC Finance, Muthoot Finance, IIFL and Manappuram Finance also offer gold loans at customer's doorstep wherein the customer can get a gold loan sitting at home. The complete loan underwriting-to-disbursal process takes place within 30 minutes, just as it happens in case of a loan availed through a NBFC branch. In case of doorstep offering, verification of the gold ornaments as well as gold collection is done at the customer's residence. These are managed through a central application that is simultaneously accessed by all branches for each and every transaction. Due to these advantages as well as increasing focus by players in both doorstep delivery and online gold loans, the addressable market for gold loans is expected to expand over the next few years.

Doorstep gold loans operating model

	Traditional Models	Door step model
Loan Application	Branch walk in	Phone call, Mobile or app based request
Gold Valuation	Valuation by employee/loan officer at branch	Doorstep valuation by loan officer
Loan Processing	Manual entry of customer data and Paper based KYC	TAB based data entry and KYC
Gold Storage	Vaults in Branch	Vaults in branch, Barcodes and RFID for tracking and retrieval
Loan Disbursement	Disbursal in 10-20 mins	Disbursal in 10-20 mins after completion of entire process at doorstep
Collection	Cash or Cheque at branch, ECS (Electronic Clearing System) / NACH (National Automatic Clearing House), Direct transfer from customer account	Cash collection at doorstep, ECS/NACH, Direct Transfer

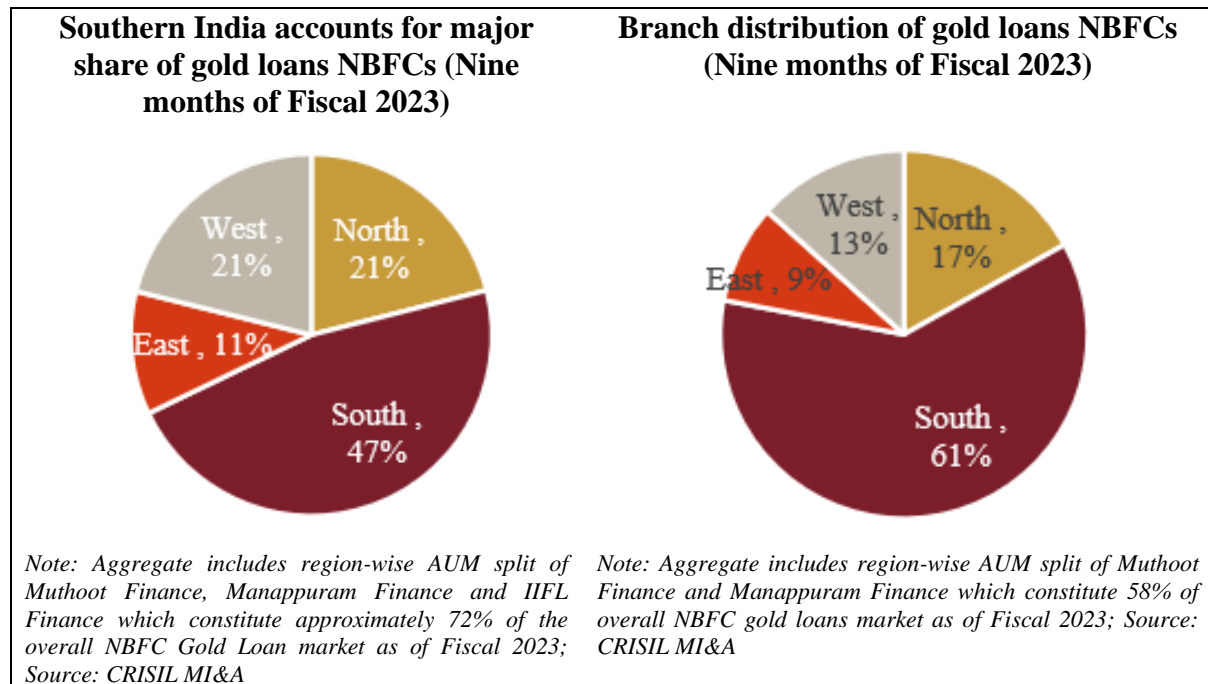
Source: CRISIL MI&A

Geographic diversification and improvement in operational efficiency of business to drive growth in the coming years

In India, the southern zone commands major share of demand of gold loans at 47% as of the end of Fiscal 2023. This can be explained by the culture found in South India compared to the rest of the country. It is followed by the North region at 21%. The western zone and the eastern zone lag behind in gold loan demand with their share standing at 21% and 11% respectively. People in South India have lower taboo associated with borrowing against gold and are more ready to pledge gold. In addition, majority of the NBFCs and banks (that have strong presence in gold loans) have deep rooted distribution network in the south.

In Fiscal 2017, Southern India accounted for 61% of the total NBFC gold loans portfolio in the country. However, changing consumer perceptions about gold loans, driven by increasing

awareness, as well as rising funding requirements and increase in penetration of gold loans in the non-southern regions has led to a change in the regional mix of the portfolio. Going forward, incremental additions of branches by gold loan NBFCs in north and east region where the existing number of branches are relatively lower, presents a good geographical expansion opportunity in these regions. Hence, CRISIL MI&A expects other regions to witness stronger growth momentum in gold loans as compared to the Southern region.



Since there is major demand from Southern region, South India has a higher share in branches in the country. In spite of introducing online gold loans these branches serve as an important touchpoint for the customers of these NBFCs.

Gold has been known to act as a hedge against inflation and is also attractive for financiers

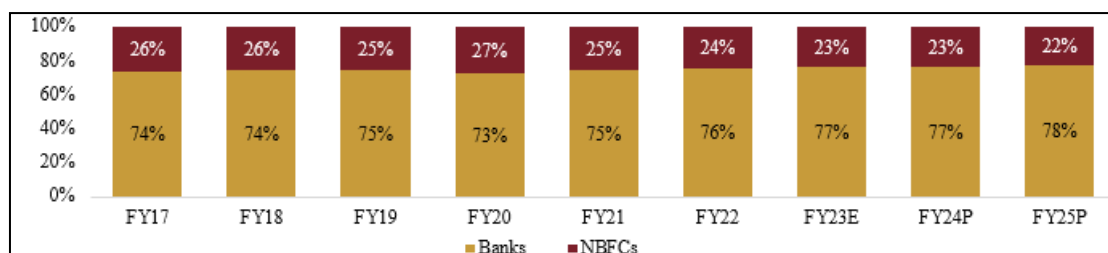
Over the years, gold prices have shown a consistent increase, and have, in most part, increased at a pace higher than the annual rate of inflation. For instance, during Fiscal 2011 to Fiscal 2016, gold prices increased at a CAGR of approximately 7%, as against an approximately 8% inflation observed in this period. During the subsequent six-year period between Fiscal 2016 and Fiscal 2022, the gold price and inflation increased at a CAGR of approximately 12% and 5%, respectively. The hedge against inflation provided by gold has attracted consumers to gold over the years. From a financier perspective, the yield on gold loans and minimal risk of credit losses due to security provided in the form of the gold being pledged and the additional cushion due to the loan-to-value (average of 65% for NBFCs) makes gold loans a profitable product.

Competitive landscape

In Fiscal 2021, banks have witnessed a faster growth in gold loans as compared to NBFCs on account of increasing LTV offered by banks (till March 2021), rising gold prices, demand from small businesses for cash and increasing focus of banks towards this asset class. A similar trend was evident in Fiscal 2022 as well. Banks' gold Loan AUM increased by around 20% and NBFCs AUM increased by 11% in Fiscal 2022. For instance, State Bank of India's (SBI) personal gold loan book jumped by 465% on year from ₹ 37 billion in Fiscal 2020 to reach ₹ 210 billion at end of Fiscal 2021. It further increased by 9.9% in Fiscal 2022 to reach ₹ 230 billion. The overall gold loan portfolio of CSB Bank also increased by a 2-year CAGR of 31% from ₹ 38 billion in Fiscal 2020 to reach ₹ 65 billion at end of Fiscal 2022, leading to an increase in banks share in overall gold loans industry. In Fiscal 2023, the gold loan portfolio for banks continued to grow with SBI's personal gold loan book increasing to ₹ 287

billion as of March 31, 2023. For CSB, the gold loan portfolio increased to ₹ 97 billion at the end of March 2023. However, it must be noted that banks' mix of gold loans is higher owing to agriculture gold loans, where gold loans are granted to farmers for purpose of crop production.

Banks to hold majority share in overall gold loans market

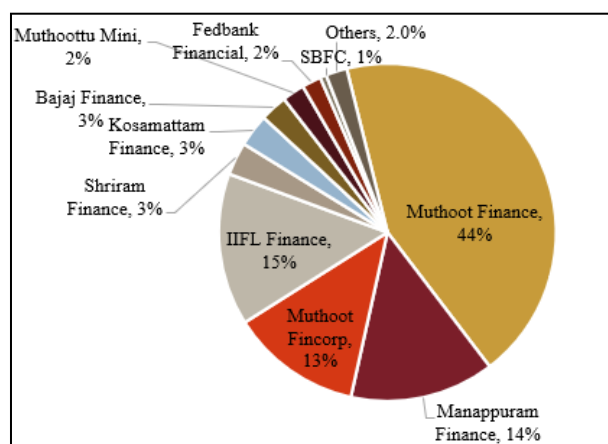


Note: E: Estimated, P: Projected, includes agriculture lending by banks with gold as collateral

Source: CRISIL MI&A

Within NBFCs, Muthoot Finance, Manappuram Finance and Muthoot Fincorp are the largest players, who together account for 70% of the gold loan portfolio of NBFCs as of Fiscal 2023. Other players in top 10 includes key players such as IIFL Finance, Shriram Finance, Kosamattam Finance, Bajaj Finance, Muthoottu Mini, Fedbank Financial Services, HDB Financial Services and SBFC Finance.

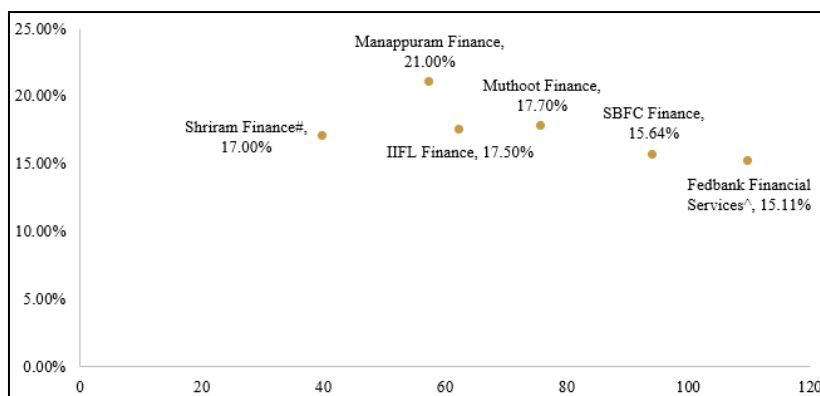
Top three gold financing NBFC account for 70% share in overall NBFC gold loans book in Fiscal 2023



Note: Shriram City Union Finance is now merged into Shriram Finance Limited; Source: Company Reports, CRISIL MI&A

The average ticket size for NBFCs in the gold loans business stands at ₹ 55,000 - ₹ 70,000 as of Fiscal 2023. There is considerable variation in the competitive positioning and target segment of various players, as reflected in the average ticket size of loans and yields offered. Among the gold loan NBFCs, players like Muthoot Finance and Manappuram Finance targets customer at the lower end of the economic strata with an average ticket size of in the range of ₹ 55,000- ₹ 75,000 and yield in the range of 17% - 21%. IIFL Finance lends at an average ticket size of ₹ 64,000 with an average yield of close to 18%.

Comparison of various players based on yield on advances on gold loans and average ticket size (Fiscal 2023)



Note: (^) Average ticket size, Yield on advances as of September 2021; (#) Shriram City Union Finance is now merged into Shriram Finance Limited, Data as of Fiscal 2022; Source: Company Reports, CRISIL MI&A

NBFCs compete on the basis of operating efficiency, turnaround time, local connect while managing risks

Despite banks having a competitive advantage of offering gold loans at lower cost, gold loan NBFCs have been trying to compete with banks through aggressive expansion of branch and increased focus on customer experience. NBFCs focus more single-mindedly on the gold loans business and have, accordingly, built their service offerings by investing significantly in manpower, systems, and processes as per the needs of the customer, some of which are listed below:

- Lower turnaround time and lesser documentation:** The gold loan borrower generally wants to procure the loan as quickly as possible and availability of well-trained and experienced employees in assessment and valuing gold helps NBFCs to disburse loans faster as compared to a bank.
- Wider reach and better local connect:** NBFCs have a geographically wider and deeper reach, especially in rural and semi-urban regions, where demand for gold loans is higher
- Risk management process:** Most NBFCs have put in place a comprehensive and robust risk management process taking into account their experiences over the years and the key risks in the process including steps taken to prevent fraud, store the gold safely, and recoup losses in case of a loan turning non-performing.

Comparison of Gold loan institutions on select business parameters

	Banks	Gold loan NBFCs	Unorganised moneylenders
Interest rate	9% - 18%	21% - 26%	25% - 45%
LTV	Up to 75%	Up to 75%	More than 75%
Processing fee	Higher than NBFCs	No/minimal processing fees	None
Regulator	RBI	RBI	None
Documentation required	KYC Compliance	Minimal	Minimal
Product focus and customer service	Non-core product	Gold loan is core focus, excellent customer service	Gold loan is core focus
Mode of disbursements	Mainly cheque and direct transfer to account	Cash/ cheque and direct transfer to account	Mostly cash
Average turnaround time	30 min - 2 hours	10 - 20 mins	10 - 20 mins
Opening hours	Banking hours	Beyond banking hours	More flexible than banks in terms of working hours

Source: CRISIL MI&A

Asset Quality

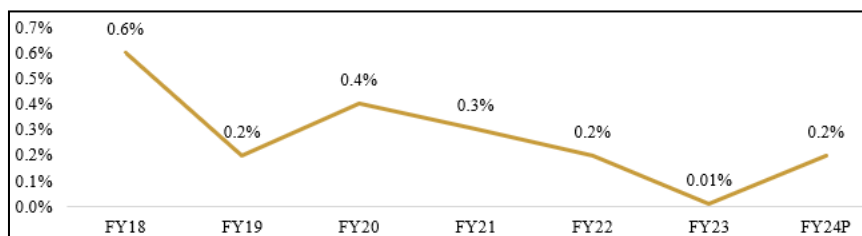
Credit costs of gold loans low across market cycles; Gold Loan NBFCs NPA to remain restricted

Gold loans are a highly secured and liquid asset class that tends to generate superior returns with minimal credit losses over market cycles. NBFCs offering gold loans are better placed, on a relative basis compared to other retail

asset classes, to withstand any asset quality pressures spawned by economic slowdowns or events such as the COVID-19 pandemic.

In addition, shorter tenure of loans shields the companies from any sharp volatility in gold prices. Loss given default for a gold finance company is also generally miniscule, as the loan is fully secured, and the collateral is highly liquid. In case of default, the gold gets auctioned, and the lender recovers its dues and returns the balance amount to the borrower. Maintaining LTV at reasonable levels provides a further cushion to financiers. Credit cost decreased in Fiscal 2023 on account of improvement in asset quality. In addition to improvement in asset quality, credit cost is estimated to have subdued in Fiscal 2023 due to excess provisions carried into Fiscal 2023 post the asset quality deterioration witnessed in Fiscal 2022. Additionally, higher gold prices have led to lower LGD for ECL calculations thereby leading lower provision coverage and consequently lower credit costs.

Credit cost for gold loan NBFCs



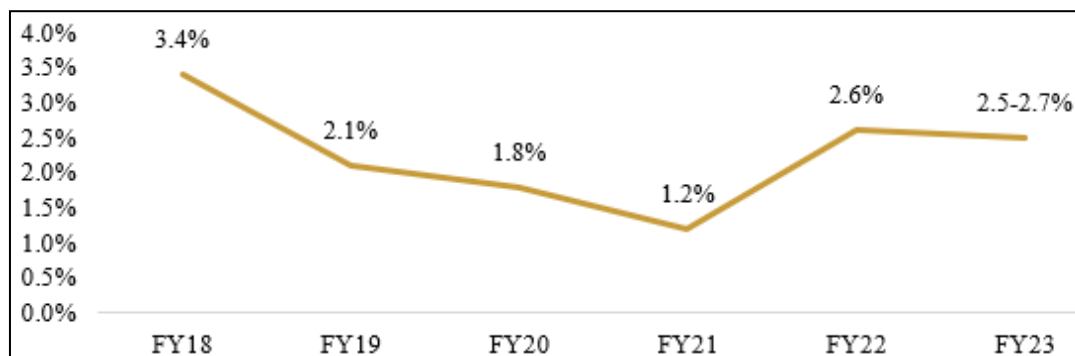
Source: CRISIL MI&A Estimates

In Fiscal 2018, gross NPA for gold financiers stood at 3.4% after RBI changed the NPA recognition norms for NBFCs. Since then, players have been continuously focusing on de-risking their business models from volatility in gold prices, by tightening their interest collections (regular interest collections versus bullet system in the past) leading to improvement in their asset quality in Fiscal 2019 and Fiscal 2020.

Gross non-performing assets witnessed a decline in Fiscal 2021 due to improved collections. However higher disbursements in second half of the Fiscal led by second and third waves of the pandemic resulted into higher GNPA in Fiscal 2022. The asset quality for Manappuram Finance rose to 3.0% as of March 2022 from 1.9% as of March 2021. During the same period, GNPA for Muthoot Finance rose from 0.9% to 3.0%.

As overall economy recovered in Fiscal 2023, improved collection efficiencies, cautious lending approach of lenders, recovery through actions, NPA for gold loan financiers is estimated to have softened credit costs to 2.5% - 2.7%. With gold loan, the bank or an NBFC can auction the gold as it is highly liquid and recover losses. Gold loan portfolio does not carry any moratorium risk and gold auctioning has resumed at pre-pandemic levels.

Asset quality for gold loan financiers have softened in Fiscal 2023



Note: P: Projected, Aggregate includes data for Muthoot Finance, Manappuram Finance and IIFL which constitute approximately 73% of the overall NBFC Gold Loan market in Fiscal 2023, Source: Company Reports, CRISIL MI&A estimates

Peer Benchmarking

In this section, CRISIL MI&A has compared the financial and operating performance of NBFCs operating in segments such as gold loans, secured MSME loans and housing loans in India based on the latest available data for Fiscal 2023.

For analysis, we have classified these peers into segments with Aavas Financiers, Home First Finance Company, Aptus Value Housing and Vastu Housing Finance as Housing Finance Companies, HDB Financial Services, IIFL Finance, Shriram City Union Finance (now merged into Shriram Finance Limited), Fedbank Financial Services, Five Star Business Finance, Vistaar Finance and Veritas Finance as NBFC financing companies, AU Small Finance Bank as Small Finance Bank, Manappuram Finance and Muthoot Finance as Gold Loan NBFCs.

The below table shows the trend in Assets under management for all the players in the peer set:

Asset under management for players (Fiscal 2023)

Player	AUM (Rs. Billion)	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY19-23)
Housing Finance Companies	Aavas Financiers	41	59	78	95	114	142	24%
	Home First Finance Company	14	24	36	41	54	72	31%
	Aptus Value Housing Finance	14	22	32	41	52	67	32%
	Vastu Housing Finance	7	13	18	24	34	53	41%
MSME focused NBFCs	HDB Financial Services	445	554	588	616	614	701	6%
	IIFL Finance	312	349	380	447	512	646	17%
	Shriram City Union Finance	275	296	291	296	332	NM	4%**
	Fedbank Financial Services	14	20	38	49	62	80*	45%^
	Five-Star Business Finance	10	21	39	44	51	69	35%
	SBFC Finance^	8	12	16	22	32	49	44%
	Vistaar Finance	13	14	19	21	24	31	21%
	Veritas Finance	3	7	13	16	22	35	48%
SFB	AU Small Finance Bank	162	242	309	377	478	592	25%
Gold NBFCs	Muthoot Finance	291	342	416	526	580	632	17%
	Manappuram Finance	158	194	252	272	303	355	16%

Note: NA = Not available; NM: Not Meaningful; *: As of December 2022, ^: Loan Book AUM excluding PTC investments, (***) CAGR from Fiscal 2019 - Fiscal 2022; (^^) CAGR from Fiscal 2019 to the nine months ended December 31, 2023, Shriram City Union Finance is now merged into Shriram Finance Limited; Source: Company Reports, CRISIL MI&A.

The below table shows the trend in disbursements for all the players in the peer set:

Disbursement for players (Fiscal 2023)

Players	Disbursements (Rs billion)	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (FY19-23)
Housing Finance Companies	Aavas Financiers	21	27	29	27	36	50	17%
	Home First Finance Company	7	16	16	11	20	30	18%
	Aptus Value Housing Finance	8	11	13	13	16	24	19%
	Vastu Housing Finance	6	8	7	10	15	29	40%
MSME focused NBFCs	HDB Financial Services	253	317	299	250	290	NA	-3%*
	IIFL Finance	NA	NA	240	275	383	560	33%^
	Shriram City Union Finance	249	241	227	172	261	NM	3%*
	Fedbank Financial Services	16	20	44	59	75	NA	14%*
	Five-Star Business Finance	7	15	24	12	18	34	23%
	SBFC Finance	3	10	13	15	26	36	40%
	Vistaar Finance	7	8	9	6	9	NA	6%*
	Veritas Finance	3	6	8	6	12	22	42%
SFB	AU Small Finance Bank	108	161	186	186	254	NA	16%*
Gold NBFCs	Muthoot Finance	660	732	966	1,239	1,059	NA	13%*
	Manappuram Finance	622	896	1,689	2,638	1,237	NA	11%*

Note: NA = Not available, NM: Not Meaningful, (*) CAGR calculated from Fiscal 2019 to Fiscal 2022, (^) CAGR calculated from Fiscal 2020 to Fiscal 2023, (\$) Gold Disbursements, Shriram City Union Finance is now merged into Shriram Finance Limited; Source: Company Reports, CRISIL MI&A

The below table shows the trend in number of branches for all the players in the peer set during Fiscal 2018 to Fiscal 2023:

Trend in number of branches for players

	Players	Branches						CAGR (FY19-23)
		FY18	FY19	FY20	FY21	FY22	FY23	
Housing Finance Companies	Aavas Financiers	165	210	250	280	314	346	13%
	Home First Finance Company	44	60	68	72	80	111	17%
	Aptus Value Housing Finance	115	142	175	190	208	231	13%
	Vastu Housing Finance	37	44	63	75	100	149	36%
MSME focused NBFCs	HDB Financial Services	1,165	1,350	1,468	1,319	1,374	1,492	3%
	IIFL Finance	1,378	1,947	2,377	2,563	3,294	3,700 [^]	20% ^{^^}
	Shriram City Union Finance	969	969	947	926	986	NM	1% [#]
	Fedbank Financial Services	123	152	300	360	516	574 [*]	43% ^{**}
	Five-Star Business Finance	130	173	252	262	300	373	21%
	SBFC Finance	65	91	96	124	135	152	14%
	Vistaar Finance	225	220	216	191	193	211	-1%
	Veritas Finance	72	147	202	204	229	287	20%
SFB	AU Small Finance Bank ^{\$}	500	572	647	744	919	1,027	16%
Gold NBFCs	Muthoot Finance	4,325	4,480	4,567	4,632	4,617	4,739	1%
	Manappuram Finance	4,197	4,351	4,622	4,637	5,057	5,232	5%

Note: (*) As of December 2022; (^) As of September 2022; (\$) Touchpoints; (#) CAGR as of Fiscal 2019 - Fiscal 2022, (**) CAGR from Fiscal 2019 to the nine months ended December 31, 2023, (^^) CAGR from Fiscal 2019 to the first half of Fiscal 2023, NA: Not Available, NM: Not Meaningful, Shriram City Union Finance is now merged into Shriram Finance Limited
Source: Company Reports, CRISIL MI&A

The below table shows the trend in number of employees for all the players in the peer set during Fiscal 2018 to Fiscal 2023:

Trend in number of employees for players

	Players	Employees						CAGR (FY19-23)
		FY18	FY19	FY20	FY21	FY22	FY23	
Housing Finance Companies	Aavas Financiers	1,862	3,190	4,581	5,679	5,222	6,082 [^]	19% ^{^^}
	Home First Finance Company	382	675	696	687	851	993	10%
	Aptus Value Housing Finance	1,000	1,325	1,702	1,913	2,271	2,349 [^]	17% ^{^^}
	Vastu Housing Finance	461	528	858	932	1,447	2,634	49%
MSME focused NBFCs	HDB Financial Services	74,049	93,373	109,167	104,960	121,595	117,162	6%
	IIFL Finance	15,000	16,799	18,569	19,825	28,369	NA	19% ^{**}
	Shriram City Union Finance	28,665	27,267	28,699	24,963	27,997	NM	1% ^{**}
	Fedbank Financial Services	590	964	1,890	2,130	2,658 [#]	NA	40% ^{**}
	Five-Star Business Finance	1,290	1,971	3,734	3,938	5,675	7,347	39%
	SBFC Finance	585	802	1,153	1,471	2,048	2,822	37%
	Vistaar Finance	2,107	2,188	1,847	1,660	2,024	NA	-1% ^{**}
	Veritas Finance	719	1,422	1,850	2,333	2,727	4,432	33%
SFB	AU Small Finance Bank	11,151	12,623	17,112	22,484	27,817	28,320	22%
Gold NBFCs	Muthoot Finance	23,455	24,224	25,554	25,911	26,716	27,273	3%
	Manappuram Finance	24,866	25,610	27,726	30,522	26,970	NA	2% ^{**}

Note: (#) As of September 2021; (*) CAGR from Fiscal 2019 to Fiscal 2022; (^) As of December 2022; (^^) CAGR calculated from Fiscal 2019 to the nine months ended December 31, 2023; (**) CAGR calculated from Fiscal 2019 to Fiscal 2022; NA: Not Available, NM: Not Meaningful, Shriram City Union Finance is now merged into Shriram Finance Limited; Source: Company Reports, CRISIL MI&A

The below table depicts the branch productivity for all the players in the peer set

Branch productivity of players (Fiscal 2023)

Players	AUM per branch (Rs. million)	CAGR	Disbursement per branch (Rs. million)	CAGR	
	FY23	(FY19-23)	FY23	(FY19-23)	
Housing Finance Companies	Aavas Financiers	409	10%	145	3%
	Home First Finance Company	648	12%	271	1%
	Aptus Value Housing Finance	292	17%	104	6%
	Vastu Housing Finance	355	4%	195	3%
MSME focused NBFCs	HDB Financial Services	470	3%	211*	-3%**
	IIFL Finance***	175	-1%	151	14%\$
	Shriram City Union Finance	NM	NM	NM	NM
	Fedbank Financial Services^	139	1%	145*	4%**
	Five-Star Business Finance	185	11%	91	2%
	SBFC Finance	325	26%	239	23%
	Vistaar Finance	148	23%	47*	11%**
	Veritas Finance	123	25%	78	20%
SFB	AU Small Finance Bank	576	8%	276*	-1%**
Gold NBFCs	Muthoot Finance	133	15%	229*	12%**
	Manappuram Finance\$\$	68	11%	245*	6%

Note: NA: Not available; NM: Not Meaningful; (***) For IIFL Finance, branches data as of September 2022; (^) For Fedbank Financial Services AUM and branch data as of December 2022, Disbursement data as of Fiscal 2022; (\$\$) For Manappuram Finance gold loan disbursements; (*) Data as of Fiscal 2022; (**) CAGR calculated from Fiscal 2019 to Fiscal 2022; (\$) CAGR from Fiscal 2020 – Fiscal 2023; Shriram City Union Finance is now merged into Shriram Finance Limited
Source: Company Reports, CRISIL MI&A

The below table shows the operational performance for all the players in the peer set.

Operational performance of players (Fiscal 2023)

Players	Cost to Income Ratio					Opex %					
	FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)	
Housing Finance Companies	Aavas Financiers	42%	40%	42%	44%	42%	3%	3%	4%	4%	3%
	Home First Finance Company	45%	39%	34%	36%	38%	3%	3%	3%	3%	3%
	Aptus Value Housing Finance	26%	22%	19%	19%	22%	3%	2%	2%	3%	3%
	Vastu Housing Finance	32%	36%	32%	34%	33%	3%	3%	3%	4%	3%
MSME focused NBFCs	HDB Financial Services	56%	49%	52%	55%	53%	6%	6%	7%	7%	7%
	IIFL Finance	64%	39%	41%	50%	48%	5%	4%	4%	6%	5%
	Shriram City Union Finance	40%	38%	41%	NM	40%	5%	4%	4%	NM	4%
	Fedbank Financial Services	71%	61%	58%	NA	63%	6%	5%	5%	NA	5%
	Five-Star Business Finance	30%	30%	32%	35%	32%	5%	4%	5%	6%	5%
	SBFC Finance	55%	46%	57%	50%	52%	4%	3%	4%	4%	4%
	Vistaar Finance	53%	44%	51%	51%	50%	7%	5%	6%	6%	6%
Veritas Finance	65%	49%	49%	45%	52%	8%	6%	6%	7%	7%	
SFB	AU Small Finance Bank	54%	44%	57%	63%	55%	4%	4%	4%	4%	4%
Gold NBFCs	Muthoot Finance	30%	26%	25%	31%	28%	4%	3%	3%	3%	3%
	Manappuram Finance	40%	30%	42%	47%	40%	6%	4%	5%	6%	5%
Total	Average of all above peers	47%	40%	41%	43%	42%	5%	4%	4%	5%	4%

Note: Opex (%) is calculated as operating expenditures for the Fiscal year divided by average of this Fiscal and previous Fiscal's total assets. Cost to Income is calculated as operating expenses divided by addition of net interest income and other income. Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful, NA: Not Available
Source: Company Reports, CRISIL MI&A

The below table shows the operational efficiency (Operating expenses to AUM and Operating expenses to Disbursement ratio) for all the players in the peer set.

Operational performance of players (Fiscal 2023)

Players	Opex to AUM Ratio					Opex to Disbursement Ratio					
	FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)	
Housing Finance Companies	Aavas Financiers	2.9%	2.7%	3.1%	3.2%	3.0%	7.8%	9.7%	9.7%	9.0%	9.0%
	Home First Finance Company	2.8%	2.5%	2.4%	2.4%	2.5%	6.3%	9.6%	6.3%	5.8%	7.0%
	Aptus Value Housing Finance	2.8%	2.5%	2.3%	2.5%	2.5%	6.9%	7.8%	7.1%	6.9%	7.2%
	Vastu Housing Finance	3.3%	3.4%	3.4%	3.5%	3.4%	7.9%	8.5%	7.3%	6.3%	7.5%
MSME focused NBFCs	HDB Financial Services	6.4%	5.7%	6.8%	7.0%	6.5%	12.6%	14.0%	14.4%	NA	13.7%
	IIFL Finance	2.4%	1.7%	2.0%	2.0%	2.0%	3.8%	2.7%	2.6%	2.3%	2.9%
	Shriram City Union Finance	5.2%	4.6%	5.0%	NM	4.9%	6.6%	8.0%	6.3%	NM	7.0%
	Fedbank Financial Services	4.9%	4.8%	5.1%	NA	4.9%	4.3%	4.0%	4.2%	NA	4.1%
	Five-Star Business Finance	4.4%	4.8%	6.0%	6.3%	5.4%	7.1%	17.2%	17.4%	12.9%	13.7%
	SBFC Finance^^	6.7%	5.6%	5.5%	4.7%	5.6%	8.7%	8.3%	6.9%	6.3%	7.6%
	Vistaar Finance	7.0%	5.4%	5.8%	5.5%	5.9%	14.6%	19.4%	15.6%	NA	16.5%
Veritas Finance	8.5%	7.5%	7.0%	6.6%	7.4%	13.2%	19.1%	13.0%	10.4%	13.9%	
SFB	AU Small Finance Bank	4.6%	4.4%	5.0%	5.8%	5.0%	7.6%	8.9%	9.5%	NA	8.7%
Gold NBFCs	Muthoot Finance	4.3%	3.4%	3.1%	3.4%	3.6%	1.8%	1.4%	1.7%	NA	1.6%
	Manappuram Finance*	4.6%	3.9%	4.5%	4.4%	4.4%	0.7%	0.4%	1.1%	NA	0.7%

Note: NA = Not available, Opex to AUM ratio is calculated as operating expenses for the Fiscal year divided by AUM as of end of Fiscal year, Opex to Disbursement ratio is calculated as operating expenses for the Fiscal year divided by disbursements for the Fiscal year, ^^Loan Book AUM excluding PTC investments; * Gold Loan Disbursements; Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful; Source: Company Reports, CRISIL MI&A

The below table highlights the average ticket size and LTV for all the players in the peer set:

Average ticket size and LTV of players

Players	Average Ticket Size (Rs. Million)		LTV
	Average Ticket Size	LTV	
Housing Finance Companies	Aavas Financiers	0.90	54%
	Home First Finance Company	1.11	56%
	Aptus Value Housing Finance**	~0.75	<50%
	Vastu Housing Finance	1.29	45%
MSME focused NBFCs	HDB Financial Services	NA	NA
	IIFL Finance	0.53*	70%
	Shriram City Union Finance	NM	NM
	Fedbank Financial Services	1.55#	75%#**
	Five-Star Business Finance	0.32	38%
	SBFC Finance	1.00*	43%*
	Vistaar Finance\$	0.68	45%
	Veritas Finance	0.2-0.5	45%
SFB	AU Small Finance Bank	0.84*^^	NA
Gold NBFCs	Muthoot Finance	0.07	NA
	Manappuram Finance	0.06	60%
Total	Average of all above peers	0.73	-

Note: NA = Not available; (***) As of September 2022, (#) Data For 2021, (^) For Business Loan, (\$) Data as for Vistaar Saral Business Loan as of December 2022 (*) For Business Loans (^) Data as of Fiscal 2022; Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful; Source: Company Reports, CRISIL MI&A

Interest rate of players for selected products (as of June 2023)

	Players	Home Loans	Home Construction Loans	LAP	Commercial Property	Business Loans	Gold Loan	
Housing Finance Companies	Aavas Financiers	NA	NA	NA	-	13% per annum*	-	
	Home First Finance Company	8% - 22% per annum	8% - 22% per annum	8%-24% per annum	NA	-	-	
	Aptus Value Housing Finance	14.00% - 15.50% p.a.	-	NA	-	-	-	
	Vastu Housing Finance	Salaried 12.5% - 19.5% per annum Self Employed 13% - 19.5% per annum	Salaried 12.5% - 19.5% per annum Self Employed 13% - 19.5% per annum	Salaried 17.5% - 21.5% per annum Self Employed 17.5% - 23.5% per annum	Interest Rate: Salaried 17.5% - 21.5% per annum Self Employed 17.5% - 23.5% per annum	-	-	
MSME focused NBFCs	HDB Financial Services ***	-	-	8% - 20% per annum	-	10% - 36% per annum	8.5% - 25% per annum	
	IIFL Finance	-	-	-	-	12.75% - 44% per annum	-	
	Shriram City Union Finance ^	-	-	-	-	-	-	
	Fedbank Financial Services	NA	-	NA	-	NA	NA	
	Five-Star Business Finance	-	-	-	-	NA	-	
	SBFC Finance	-	-	12.5% per annum**	-	-	NA	
	Vistaar Finance	-	-	-	-	NA	-	
	Veritas Finance	-	-	-	-	NA	-	
	Small Finance Bank	AU Small Finance Bank	NA	NA	NA	NA	NA	Up to 24% per annum
	Gold NBFCs	Muthoot Finance	-	-	-	-	-	24% per annum#
	Manappuram Finance	-	-	-	-	-	-	

Note: The above interest rates have been captured as per website disclosures of each entity as of June 14, 2023. () Minimum interest rate for MSME loans above ₹ 2 million; (**) Minimum interest rate; (^) Shriram City Union Finance is now merged into Shriram Finance Limited; (***) Applicable Indicative Interest Rate; (#): Base Rate; NA: Not available. Source: Company websites, CRISIL MI&A.*

The below table depicts the number of states in which the players in the set have its presence.

State-wise presence of players (Fiscal 2023)

		Presence in states	Share of Top State	Name of top states
Housing Finance Companies	Aavas Financiers*	13	38%	Rajasthan (38%)
	Home First Finance Company	13	33%	Gujarat (33%), Maharashtra (14%), Tamil Nadu (14%), Telangana (9%)
	Aptus Value Housing Finance	5	43%	Tamil Nadu (43%), Andhra Pradesh (35%), Telangana (14%), Karnataka (8%)
	Vastu Housing Finance#	13	16%	Rajasthan (16%), Karnataka (15%), Madhya Pradesh (14%), Maharashtra (10%), Telangana (10%)
MSME focused NBFCs	HDB Financial Services	NA	NA	NA
	IIFL Finance	22	NA	NA
	Shriram City Union Finance	NM	NM	NM
	Fedbank Financial Services\$	15	25%	Karnataka (25%), Tamil Nadu (19%), Maharashtra (17%), Gujarat (13%), Telangana (9%)
	Five-Star Business Finance	8	35%	Tamil Nadu (35%), Andhra Pradesh (33%), Telangana (20%), Karnataka (7%) and Madhya Pradesh (5%)
	SBFC Finance	18^	17%	Karnataka (17%), Uttar Pradesh (16%), Telangana (13%), Maharashtra (11%), Madhya Pradesh (7%)
	Vistaar Finance#	12	37%	Tamil Nadu (37%), Karnataka (23%), Andhra Pradesh (11%), Maharashtra (7%)
	Veritas Finance	8	42%	Tamil Nadu (42%), West Bengal (17%), Telangana (10%), Andhra Pradesh (10%) and Karnataka (7%).
SFB	AU Small Finance Bank	21	35%	Rajasthan (35%), Maharashtra (14%), Punjab (17%), Gujarat (11%) and Punjab (6%)
Gold NBFCs	Muthoot Finance	29	NA	NA
	Manappuram Finance	28	NA	NA

Note: NA = Not available; * As of December 2022, ^ Presence includes 16 States and 2 Union Territories; \$: As of September 2021, #: As of Fiscal 2022; Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful
Source: Company Reports, CRISIL MI&A

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Financial Performance

The below table shows the Yield on advances and Cost of Borrowings for all players in the peer set.

Trend of Yield on advances and Cost of Borrowings of players (Fiscal 2023)

Players		Yield on Advances					Cost of Borrowings				
		FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)
Housing Finance Companies	Aavas Financiers	13.5%	13.1%	12.8%	13.5%*	13.3%	7.9%	7.8%	6.7%	6.6%	7.3%
	Home First Finance Company	13.3%	12.8%	12.5%	14.0%*	13.2%	8.8%	7.8%	6.6%	7.3%	7.6%
	Aptus Value Housing Finance	17.6%	17.2%	17.2%	18.1%*	17.5%	10.2%	9.1%	8.0%	8.5%	9.0%
	Vastu Housing Finance	15.1%	15.8%	14.5%	15.1%*	15.1%	9.7%	9.1%	8.8%	7.0%	8.7%
MSME focused NBFCs	HDB Financial Services	14.8%	14.5%	14.3%	14.3%	14.5%	8.6%	7.8%	6.7%	6.8%	7.5%
	IIFL Finance	17.7%	20.0%	23.8%	25.3%*	21.7%	9.1%	10.1%	9.9%	8.7%	9.5%
	Shriram City Union Finance	20.9%	20.1%	20.5%	NM	20.5%	9.4%	8.8%	9.0%	NM	9.0%
	Fedbank Financial Services	14.9%	15.9%	15.6%	NA	15.3%	8.3%	8.3%	7.4%	NA	8.0%
	Five-Star Business Finance	24.2%	24.3%	24.7%	25.1%*	24.6%	13.1%	11.2%	10.0%	7.8%	10.5%
	SBFC Finance	15.9%	15.3%	15.1%	16.1%	15.6%	12.5%	8.2%	7.7%	8.3%	9.2%
	Vistaar Finance	20.7%	19.2%	18.6%	18.5%*	19.2%	10.8%	10.2%	9.2%	9.3%	9.9%
	Veritas Finance	24.9%	23.4%	22.4%	22.6%	23.5%	13.2%	10.7%	10.5%	9.3%	11.0%
Small Finance Bank	AU Small Finance Bank	13.7%	12.8%	12.1%	13.1%	12.9%	7.4%	6.5%	5.3%	5.6%	6.2%
Gold NBFCs	Muthoot Finance	22.0%	21.2%	19.0%	16.8%*	19.8%	8.7%	8.9%	8.0%	7.4%	8.3%
	Manappuram Finance	24.8%	25.1%	20.6%	20.1%*	22.7%	9.2%	9.7%	7.8%	8.1%	8.7%
Total	Average of all above peers	18.3%	18.1%	17.6%	18.0%	18.0%	9.8%	8.9%	8.1%	7.8%	8.7%

Note: NA: Not Available; Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful

*: Yield on advances calculated on total interest income, Yield on advances is calculated as interest earned on loans and advances divided by average of total advances on book, Cost of Borrowings is calculated as interest paid divided by average of deposits and borrowings

Source: Company Reports, CRISIL MI&A

Trend of Debt to Equity and net interest margin (Fiscal 2023)

		Debt to Equity					Net Interest Margin				
		FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)
Housing Finance Companies	Aavas Financiers	2.6	2.6	2.8	3.0	2.8	6.5%	6.2%	6.5%	6.5%	6.4%
	Home First Finance Company	2.7	2.2	2.2	2.6	2.4	5.4%	5.3%	6.2%	7.1%	6.0%
	Aptus Value Housing Finance	1.2	1.3	0.9	1.1	1.1	9.9%	10.2%	11.4%	12.2%	10.9%
	Vastu Housing Finance	1.5	1.5	0.6	1.2	1.2	5.7%	7.0%	7.7%	8.5%	7.2%
MSME focused NBFCs	HDB Financial Services	6.2	6.0	5.1	4.8	5.5	7.1%	7.5%	8.1%	8.2%	7.7%
	IIFL Finance	4.0	4.3	3.7	3.4	3.8	6.8%	7.3%	8.6%	8.5%	7.8%
	Shriram City Union Finance	2.7	2.5	2.7	NM	2.6	11.8%	10.5%	9.9%	NM	10.7%
	Fedbank Financial Services	4.7	5.2	4.4	NA	4.7	7.2%	7.2%	7.9%	NA	7.4%
	Five-Star Business Finance	1.2	1.5	0.7	1.0	1.1	15.8%	13.6%	14.9%	16.4%	15.2%
	SBFC Finance	3.0	2.3	2.3	2.2	2.4	5.5%	5.3%	5.8%	7.4%	6.0%
	Vistaar Finance	2.0	2.1	2.4	2.7	2.3	12.2%	10.0%	9.5%	9.1%	10.2%
Veritas Finance	1.2	1.4	0.8	1.5	1.3	10.5%	11.3%	12.3%	14.4%	12.1%	
Small Finance Bank	AU Small Finance Bank	2.4	1.1	0.8	0.6	1.2	5.1%	5.0%	5.4%	5.6%	5.3%
Gold NBFCs	Muthoot Finance	3.2	3.0	2.7	2.4	2.8	13.0%	11.6%	10.6%	9.3%	11.2%
	Manappuram Finance	3.3	2.6	2.3	2.1	2.6	14.0%	13.8%	12.0%	11.5%	12.8%
Total	Average of above all peers	2.8	2.6	2.3	2.2	2.5	9.1%	8.8%	9.1%	9.6%	9.1%

Note: Net Interest Margins are calculated as Interest income minus interest paid divided by average of total assets on book, Debt to Equity is calculated as total borrowings divided by total shareholder equity of the same fiscal, Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful

Source: Company Reports, CRISIL MI&A

Ratings of players (as on June 7, 2023)

Players		Short Term Rating	Long Term Rating
Housing Finance Companies	Aavas Financiers	CARE A1+, ICRA A1+, IND A1+	CARE AA, ICRA AA
	Home First Finance Company	ICRA A1+, IND A1+	ICRA AA-, CARE AA-, IND AA-
	Aptus Value Housing Finance	NA	CARE AA-, ICRA AA-
	Vastu Housing Finance	ICRA A1+	BWR A+, ICRA AA-, CRISIL A+, CARE AA-
MSME focused NBFCs	HDB Financial Services	CRISIL A1+, CARE A1+	CRISIL AAA/CRISIL PPMLD AAA, CARE AAA
	IIFL Finance	ICRA A1+, CRISIL A1+	ICRA AA, CARE AA, BWR AA+, CRISIL AA/CRISIL PPMLD AA
	Shriram City Union Finance	NM	NM
	Fedbank Financial Services	CRISIL A1+, ICRA A1+, CARE A1+	CARE AA, IND AA-,
	Five-Star Business Finance	CARE A1+	ICRA AAA (CE)/ICRA AA-, IND AA-, CARE A+
	SBFC Finance	NA	ICRA A+, IND A+, CARE A+
	Vistaar Finance	IND A1, ICRA A1	IND A, ICRA A
Veritas Finance	CARE A1+	CARE A	
Small Finance Bank	AU Small Finance Bank	IND A1+, CRISIL A1+, CARE A1+	IND AA, CRISIL AA+/CRISIL AA/Withdrawn, CARE AA
Gold NBFCs	Muthoot Finance	CRISIL A1+, ICRA A1+	CRISIL PPMLD AA+, /CRISIL AA+/ ICRA AA+
	Manappuram Finance	CRISIL A1+, CARE A1+	BWR AA, CRISIL AA, CARE AA

Note: NA = Not Available, Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful; Source: CRISIL MI&A

Ratings of players (Fiscal 2022)

Players	Short Term Rating		Long Term Rating	
	Aavas Financiers	CARE A1+, ICRA A1+	CARE AA-, ICRA AA-	IND AA-, ICRA A+, CARE A+
Housing Finance Companies	Home First Finance Company	ICRA A1+, IND A1+	CARE A+, ICRA AA-	BWR A+, ICRA A+, CRISIL A+, CARE A+
	Aptus Value Housing Finance	NA	ICRA A+	CRISIL AAA/CRISIL PPMLD AAA r, CARE AAA
	Vastu Housing Finance	ICRA A1+	CARE AA-, IND AA-,	ICRA AA, CARE AA, BWR AA+, CRISIL MI&A AA/
	HDB Financial Services	CRISIL A1+, CARE A1+	ICRA A1+, CRISIL A1+	CRISIL AA/CRISIL PPMLD AA r, IND AA, ICRA AA, CARE AA
MSME focused NBFCs	IIFL Finance	ICRA A1+, CRISIL A1+	NA	ICRA A+
	Shriram City Union Finance	CRISIL A1+, IND A1+, ICRA A1+, CARE A1+	NA	ICRA A, IND A+
	Fedbank Financial Services	CRISIL A1+, ICRA A1+	IND A1, ICRA A1	IND A-, ICRA A
	Five-Star Business Finance	NA	NA	CARE A
	SBFC Finance	NA	NA	IND AA-, CRISIL AA-/CRISIL AA+, CARE AA
	Vistaar Finance	IND A1, ICRA A1	IND A1+, CRISIL A1+, CARE A1+	CRISIL PPMLD AA+, /CRISIL AA+/Withdrawn, ICRA AA+
	Veritas Finance	NA	IND AA-, CRISIL AA-/CRISIL AA+, CARE AA	BWR AA+, CRISIL AA, CARE AA
Small Finance Bank	AU Small Finance Bank	IND A1+, CRISIL A1+, CARE A1+	CRISIL AA+/Withdrawn, ICRA AA+	
Gold NBFCs	Muthoot Finance	CRISIL A1+, ICRA A1+	CRISIL AA+/Withdrawn, ICRA AA+	
	Manappuram Finance	CRISIL A1+, CARE A1+	BWR AA+, CRISIL AA, CARE AA	

Note: NA = Not Available; Source: CRISIL MI&A

Profitability analysis of companies (Fiscal 2023)

Players	RoA						RoE				
	FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)	
Housing Finance Companies	Aavas Financiers	3.8%	3.5%	3.6%	3.5%	3.6%	12.7%	12.9%	13.7%	14.2%	13.3%
	Home First Finance Company	2.7%	2.5%	3.9%	3.9%	3.2%	10.9%	8.6%	12.6%	13.5%	11.4%
	Aptus Value Housing Finance	7.0%	6.5%	7.3%	7.8%	7.1%	17.5%	14.5%	15.1%	16.1%	15.8%
	Vastu Housing Finance	4.5%	4.0%	5.4%	5.7%	4.9%	11.2%	10.7%	11.4%	12.2%	11.4%
MSME focused NBFCs	HDB Financial Services	1.7%	0.6%	1.6%	3.0%	1.7%	13.2%	4.8%	11.2%	18.7%	12.0%
	IIFL Finance	0.8%	1.6%	3.3%	3.4%	2.3%	4.2%	9.2%	18.1%	16.9%	12.1%
	Shriram City Union Finance	3.3%	3.1%	2.9%	NM	3.1%	14.7%	13.2%	12.7%	NM	13.5%
	Fedbank Financial Services	1.3%	1.3%	1.7%	NA	1.4%	6.8%	8.1%	10.4%	NA	8.4%
	Five-Star Business Finance	7.8%	7.1%	7.5%	8.0%	7.6%	15.8%	16.8%	15.0%	15.0%	15.7%
	SBFC Finance	1.2%	2.0%	1.5%	2.9%	1.9%	3.8%	7.7%	5.2%	9.9%	6.6%
	Vistaar Finance	2.5%	3.0%	2.9%	3.2%	2.9%	7.3%	9.6%	10.0%	12.0%	9.7%
Veritas Finance	2.3%	3.1%	3.1%	5.2%	3.4%	5.3%	7.3%	6.6%	11.8%	7.7%	
Small Finance Bank	AU Small Finance Bank	1.8%	2.5%	1.9%	1.8%	2.0%	17.9%	22.0%	16.4%	15.4%	17.9%
Gold NBFCs	Muthoot Finance	6.8%	6.5%	5.9%	4.9%	6.0%	28.3%	27.8%	23.5%	17.6%	24.3%
	Manappuram Finance	5.9%	6.9%	5.0%	4.5%	5.6%	25.2%	27.7%	17.6%	15.0%	21.4%
Total	Average of all peers	3.6%	3.6%	3.9%	4.4%	3.8%	13.0%	13.4%	13.7%	14.5%	13.5%

Note: Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful, NA: Not Available
RoA is calculated as Profit after tax divided by average of total assets on book, RoE is calculated as Profit after tax divided by average net worth; Source: Company Reports, CRISIL MI&A

GNPA and NNPA for Players (Fiscal 2023)

Players		GNPA					NNPA				
		FY20	FY21	FY22	FY23	Avg. (FY20-23)	FY20	FY21	FY22	FY23	Avg. (FY20-23)
Housing Finance Companies	Aavas Financiers	0.5%	1.0%	1.0%	0.9%	0.9%	0.3%	0.7%	0.8%	0.7%	0.6%
	Home First Finance Company	1.0%	1.8%	2.3%	1.6%	1.7%	0.8%	1.2%	1.8%	1.1%	1.2%
	Aptus Value Housing Finance	0.7%	0.7%	1.2%	1.2%	1.0%	0.6%	0.5%	0.9%	0.9%	0.7%
	Vastu Housing Finance	0.3%	0.5%	1.1%	0.9%	0.7%	0.3%	0.5%	0.9%	0.7%	0.6%
MSME focused NBFCs	HDB Financial Services	3.9%	4.5%	5.0%	2.7%	4.0%	3.2%	3.2%	2.5%	1.0%	2.5%
	IIFL Finance	2.0%	2.0%	3.2%	1.3%	2.1%	0.8%	0.9%	1.8%	0.6%	1.0%
	Shriram City Union Finance	7.9%	6.4%	6.3%	NM	6.9%	4.2%	3.1%	3.3%	NM	3.5%
	Fedbank Financial Services	1.5%	1.0%	2.2%	2.4%*	1.8%	1.1%	0.7%	1.8%	2.0%*	1.4%
	Five-Star Business Finance	1.4%	1.0%	1.1%	1.4%	1.2%	1.1%	0.8%	0.7%	0.7%	0.8%
	SBFC Finance	2.3%	3.2%	2.7%	2.4%	2.7%	1.6%	2.0%	1.6%	1.4%	1.6%
	Vistaar Finance	3.7%	3.3%	2.7%	NA	3.2%	2.5%	2.2%	1.9%	NA	2.2%
	Veritas Finance	1.9%	2.7%	3.9%	2.2%	2.7%	1.3%	1.4%	2.3%	1.3%	1.6%
Small Finance Bank	AU Small Finance Bank	1.7%	4.3%	2.0%	1.7%	2.4%	0.8%	2.2%	0.5%	0.4%	1.0%
Gold NBFCs	Muthoot Finance	2.2%	0.9%	3.0%	3.8%	2.5%	1.9%	0.8%	2.7%	3.4%	2.2%
	Manappuram Finance	0.9%	1.9%	3.0%	1.3%	1.8%	0.5%	1.4%	2.7%	1.2%	1.4%

Note: (*) As of December 2022; NA: Not Available, Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful, Source: Company Reports, CRISIL MI&A

Trend of credit cost and provisioning for players (Fiscal 2023)

Players		Credit Cost					Stage 1 provisions to stage 1 assets	Stage 2 provisions to stage 2 assets	Stage 3 provisions to stage 3 assets	Provision Coverage Ratio
		FY20	FY21	FY22	FY23	Avg. (FY20-23)				
Housing Finance Companies	Aavas Financiers	0.2%	0.4%	0.2%	0.1%	0.3%	0.2%	8.1%	26.9%	67.1%
	Home First Finance Company	0.6%	0.8%	0.5%	0.4%	0.6%	0.3%	10.5%	34.0%	59.5%
	Aptus Value Housing Finance	0.1%	0.1%	0.7%	0.5%	0.4%	0.4%	8.0%	25.0%	NA
	Vastu Housing Finance	0.2%	0.4%	0.5%	0.3%	0.4%	0.4%	6.1%	27.0%	87.4%
MSME focused NBFCs	HDB Financial Services	2.5%	5.0%	4.0%	2.0%	3.4%	3.0%	28.3%	65.1%	NA
	IIFL Finance	1.5%	3.7%	2.2%	1.2%	2.2%	2.1%	6.4%	41.3%	NA
	Shriram City Union Finance	2.9%	2.6%	2.4%	NM	2.6%	NM	NM	NM	NM
	Fedbank Financial Services	0.7%	1.5%	1.4%	NA	1.2%	0.5%*	12.5%*	22.1%*	NA
	Five-Star Business Finance	1.5%	0.7%	0.8%	0.3%	0.8%	0.3%	7.0%	49.3%	NA
	SBFC Finance	1.1%	0.8%	1.1%	0.6%	1.0%	0.6%	7.0%	39.3%	39.3%
	Vistaar Finance	3.0%	2.4%	1.4%	1.0%	1.9%	0.5%*	10.1%*	29.6%*	NA
	Veritas Finance	1.0%	2.0%	2.5%	1.4%	1.7%	0.4%	12.9%	42.8%	42.8%
Small Finance Bank	AU Small Finance Bank	1.4%	2.0%	1.1%	0.2%	1.2%	NA	NA	NA	75.0%
Gold NBFCs	Muthoot Finance	0.2%	0.2%	0.2%	0.1%	0.2%	0.9%*	1.0%*	10.6%*	NA
	Manappuram Finance	0.4%	0.5%	0.3%	0.2%	0.4%	NA	NA	NA	13.5%

Note: NA = Not Available; *Data for Stage 1, Stage 2, Stage 3 and total provisions is for Fiscal 2022. Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful. Credit Costs are calculated as Provisions divided by average of total assets on book; Source: Company Reports, CRISIL MI&A.

Trend in capital adequacy ratio for players (Fiscal 2023)

Players		FY20	FY21	FY22	FY23	Avg. (FY20-23)
Housing Finance Companies	Aavas Financiers	55.9%	54.4%	51.9%	46.9%	52.3%
	Home First Finance Company	48.8%	56.2%	58.6%	49.4%	53.3%
	Aptus Value Housing Finance	82.5%	73.6%	85.6%	80.8%	80.6%
	Vastu Housing Finance	65.1%	57.1%	99.8%	67.6%	72.4%
MSME focused NBFCs	HDB Financial Services	19.4%	18.9%	20.2%	20.1%	19.6%
	IIFL Finance	16.6%	25.4%	23.9%	20.4%	21.6%
	Shriram City Union Finance	27.7%	28.6%	26.8%	NM	27.7%
	Fedbank Financial Services	17.9%	23.5%	23.0%	23.0%	21.9%
	Five-Star Business Finance	52.9%	58.9%	75.2%	67.2%	63.5%
	SBFC Finance	21.9%	26.3%	26.2%	31.8%	26.5%
	Vistaar Finance	37.6%	36.5%	30.0%	26.4%	32.6%
Veritas Finance	59.3%	50.7%	64.4%	45.0%	54.9%	
Small Finance Bank	AU Small Finance Bank	22.0%	23.4%	21.0%	23.6%	22.5%
Gold NBFCs	Muthoot Finance	25.5%	27.4%	30.0%	31.8%	28.7%
	Manappuram Finance	21.7%	29.0%	31.3%	31.7%	28.4%
Total	Average of all peers	38.3%	39.3%	44.5%	40.4%	40.4%

Note: Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful; Source: Company Reports, CRISIL MI&A

ALM Position of various peers (Fiscal 2023)

	(Rs. Billion)	Assets		Liabilities		Net		Assets to Liability Ratio @	
		Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Housing Finance Companies	Aavas Financiers	33.6	100.6	16.9	83.1	16.7	17.5	199%	121%
	Home First Finance Company	29.0	84.8	20.2	93.4	8.8	-8.6	144%	91%
	Aptus Value Housing Finance	25.3	109.5	16.8	49.7	8.5	59.8	151%	220%
	Vastu Housing Finance	9.6	47.8	12.2	21.2	-2.6	26.6	78%	226%
MSME focused NBFCs	HDB Financial Services	266.2	434.3	227.4	358.7	38.8	75.6	117%	121%
	IIFL Finance	263.2	283.9	180.9	366.2	82.3	-82.3	146%	78%
	Shriram City Union Finance	NM	NM	NM	NM	NM	NM	NM	NM
	Fedbank Financial Services *	36.4	29.1	21.7	32.3	14.7	-3.2	168%	90%
	Five-Star Business Finance*	18.1	45.3	12.6	13.7	5.5	31.6	144%	330%
	SBFC Finance	17.4	40.1	13.9	26.3	3.5	13.8	125%	153%
	Vistaar Finance *	7.9	19.7	6.3	14.4	1.7	5.4	126%	137%
Veritas Finance	13.3	27.6	8.2	16.8	5.0	10.9	161%	165%	
Small Finance Bank	AU Small Finance Bank	NA	NA	NA	NA	NA	NA	NA	NA
Gold NBFCs	Muthoot Finance *	673.9	37.2	300.1	222.6	373.8	-185.4	225%	17%
	Manappuram Finance *	229.0	40.7	137.2	53.1	91.8	-12.4	167%	77%

Note: *: ALM analysis done as per data for Fiscal 2022, @ Asset to liabilities ratio is calculated by dividing the percentage of assets maturing in the specified time period by percentage of liabilities maturing in the same time period, Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful, Source: Company Reports, CRISIL MI&A

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section entitled “Forward-Looking Statements” on page 18 for a discussion of the risks and uncertainties related to those statements and also the sections entitled “Risk Factors”, “Industry Overview”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 26, 129, 285 and 382, respectively, as well as financial and other information contained in this Prospectus as a whole, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

The consolidated financial information for Fiscal 2023 is not directly comparable with the standalone financial information for Fiscals 2021 and 2022 since we did not have any subsidiary in such prior periods. Unless otherwise indicated or the context otherwise requires, the Restated Financial Information included in this Prospectus, for Fiscals 2021 and 2022 are derived from our restated standalone financial information, and the financial information for Fiscal 2023 is derived from our restated consolidated financial information. For further information, see “Restated Financial Information” on page 290. Unless the context otherwise requires, in this section, references to “the Company”, or “our Company” refer to SBFC Finance Limited on a standalone basis while “we”, “us” and “our” refer to SBFC Finance Limited on a consolidated basis.

Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled “Analysis of NBFC sector and select asset classes in India” dated June, 2023 (the “CRISIL Report”) prepared and issued by CRISIL MI&A, appointed by us pursuant to letter dated June 23, 2022 and exclusively commissioned and paid for by us in connection with the Offer. Forecasts, estimates, predictions and any other forward-looking statements contained in the CRISIL Report are inherently uncertain because of changes in factors underlying their assumptions, or events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions or such statements. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. A copy of the CRISIL Report is available on the website of our Company at <https://www.safc.com/for-investors>. For more information, see “Risk Factors – Industry information included in this Prospectus has been derived from an industry report prepared by CRISIL MI&A exclusively commissioned and paid for by us for such purpose.” on page 38. Also see, “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data” on page 16.

Overview

We are a systemically important, non-deposit taking non-banking finance company (“NBFC-ND-SI”) offering Secured MSME Loans and Loans against Gold, with a majority of our borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working class individuals. Among MSME-focused NBFCs in India, we have one of the highest assets under management (“AUM”) growth, at a CAGR of 44% in the period from Fiscal 2019 to Fiscal 2023. (Source: CRISIL Report, page 189) We have also witnessed healthy disbursement growth, at a CAGR of 40% between Fiscal 2021 and Fiscal 2023. (Source: CRISIL Report, page 189)

As of June 20, 2023, approximately only 16.9 million MSMEs have registered on UDYAM, of the estimated 70 million MSMEs in India (Source: CRISIL Report, page 160), leaving a large number of MSMEs without access to organised finance owing to their unregistered status. As of March 2022, less than 15% of MSMEs have access to credit in any manner and traditional institutions have historically refrained from providing credit to underserved or unserved MSMEs and self-employed individuals, leaving them to resort to credit from informal sources. (Source: CRISIL Report, page 161) The credit gap was estimated at around ₹ 92 trillion in Fiscal 2023, offering growth potential for financial institutions. (Source: CRISIL Report, page 175) Further, with increasing presence of MSME lenders in smaller cities and lenders increasingly focusing on underserved customers, the portfolio of secured MSME loans with ticket size between ₹ 0.50 million and ₹ 3.00 million is expected to grow at a CAGR of 18% - 20% between Fiscal 2023 and Fiscal 2026. (Source: CRISIL Report, page 174) In addition, there has been credit growth in non-metro cities, owing to financial literacy, mobile penetration and government schemes aimed at bringing the unbanked within the formal banking system. (Source: CRISIL Report, page 136) As a result, the industry has witnessed an increase in access to formal credit to MSMEs, which could be attributed to the increase in the number of MSMEs registered with the Ministry of Micro, Small and Medium Enterprises, to 13.09

million in Fiscal 2023, from 0.50 million in Fiscal 2016. (Source: CRISIL Report, page 161) Accordingly, we focus on disbursing loans with a ticket size in the range of ₹ 0.50 million to ₹ 3.00 million and as of March 31, 2023, 87.27% of our AUM had a ticket size within this range.

We believe that our products allow many underserved and underbanked customers to thrive. As of March 31, 2023, the average ticket size (“ATS”) of our Secured MSME Loans, Loans against Gold and other unsecured loans, on the basis of disbursed amounts was ₹ 0.99 million, ₹ 0.09 million and ₹ 0.69 million, respectively. Among NBFCs, the Gross NPA for Secured MSME Loans for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 4.2% in March 2023. (Source: CRISIL Report, page 167) As of March 31, 2023, our Gross NPA to AUM ratio for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 1.97%. Our total AUM as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 22,213.23 million, ₹ 31,921.81 million and ₹ 49,428.23 million, respectively. As of March 31, 2021, March 31, 2022 and March 31, 2023, we had provided loans to 56,587, 72,816 and 102,722 customers, respectively. We serve customers in tier II and tier III cities, thereby fostering entrepreneurship in these regions, focusing on customers who have a strong credit history but may lack formal proof of income documents.

We have a diversified pan-India presence, with an extensive network in our target customer segment. As of March 31, 2023, we have an expansive footprint in 120 cities, spanning 16 Indian states and two union territories, with 152 branches. Our geographically diverse distribution network, spread across the North, South, East and West zones, allows us to penetrate underbanked populations in tier II and tier III cities in India. Among MSME focussed NBFCs, we had the lowest proportion of AUM emanating from the largest state in our portfolio as of March 31, 2023 (Source: CRISIL Report, page 194), being 17.42%, demonstrating better diversification. As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. Our AUM is diversified across India, with 30.84%, being ₹ 15,242.41 million, in the North (in the states of Chandigarh, Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand), 38.53%, being ₹ 19,047.97 million, in the South (in the states of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Puducherry), and 30.63%, being ₹ 15,137.85 million, in the West and East (in the states of Gujarat, Madhya Pradesh, Maharashtra, West Bengal, Assam and Bihar) collectively, as of March 31, 2023. Our disbursements across zones are also well-distributed, and we have reduced our concentration risk across industries and sectors, as demonstrated by the fact that no single industry, including the manufacturing sector, contributes more than 10% of our loan portfolio as of March 31, 2023.

Our complete portfolio of loans has in-house origination and benefits from our risk management framework. Leveraging our significant operational experience, we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. We primarily focus on small enterprise borrowers, whose monthly income is up to ₹ 0.15 million, with a demonstrable track record of servicing loans such as gold loans, loans for two-wheeler vehicles and have a CIBIL score above 700 at the time of origination. We source customers directly through our sales team of 1,911 employees as of March 31, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish strong relationships with them, high levels of customer satisfaction and increased loyalty. Our risk management and underwriting processes, including our extensive customer assessment methods and monitoring systems, have aided our healthy portfolio quality indicators such as low rates of Gross NPAs and Net NPAs. As of March 31, 2021, March 31, 2022 and March 31, 2023, our Gross NPA ratio was 3.16%, 2.74% and 2.43%, respectively, and our Net NPA ratio was 1.95%, 1.63% and 1.41%, respectively.

While our underwriting model contributes to suitable customers being onboarded, we have also created an on-ground collections infrastructure that is extensive, to ensure that we maintain a high asset quality. Our collections process is also technology-driven. As of March 31, 2023, approximately 89.49% of our Secured MSME Loan collections and 90.92% of our unsecured loan collections were non-cash based EMI collections, thus reducing our cash management risk, and enabling customers to receive real-time payment receipts through SMS.

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. In terms of distribution, our centralized real-time lending system, is a multi-product digital platform supporting mobile customer onboarding, paperless login and loan processing, which leads to quicker turn-around time. Our mobile application also enables customers to manage existing loans, in addition to servicing loans online. We have introduced ‘Leviosa’, a loan origination platform capable of on-boarding and disbursing loans. Further, we have also pioneered the use of our platform containing data of multiple portfolios in a single system, which allows for data migration from external to internal loan management systems, and enables other lenders to be on-boarded seamlessly. For our Loan against Gold portfolio, we have set up a dedicated ‘Gold Genie’ sales application,

enabling gold loan disbursement at a customer's home. Thereafter, the dedicated customer service team reminds customers about interest payments and collects feedback on any service improvements suggested.

Our business model focuses on collection of cash flows. Our AUM has grown at a CAGR of 49.17% from ₹ 22,213.23 million as of March 31, 2021 to ₹ 49,428.23 million as of March 31, 2023. In terms of business momentum, we witnessed disbursement growth at a CAGR of 40% between Fiscal 2019 and Fiscal 2023. (Source: CRISIL Report, page 189) We have witnessed consistent improvement in our balance sheet position in the last three Fiscals, and our net worth as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 12,051.08 million, ₹ 12,871.67 million and ₹ 17,272.68 million, respectively. Our Tangible Net Worth as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 9,447.16 million, ₹ 10,267.75 million and ₹ 14,668.76 million, respectively. In a limited period, we have demonstrated a history of healthy financial performance. In Fiscal 2021, 2022 and 2023, our revenue from operations were ₹ 5,070.99 million, ₹ 5,290.52 million and ₹ 7,328.12 million, respectively. Further, we believe we have the ability to access borrowings at a competitive cost due to our stable credit history, credit ratings, conservative risk management policies and brand equity. Our average cost of borrowing was 8.11%, 7.65% and 8.22% for Fiscal 2021, 2022 and 2023, respectively.

We have an experienced and dedicated management team with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. We believe the significant business expertise of our management team positions us well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations. We are backed by marquee institutional investors such as the Clermont Group, Arpwood Group and Malabar Group, who provide their expertise to our operations, including through their representatives on our Board. In addition to providing us with capital, our institutional shareholders have assisted us in our growth through strategic guidance based on their previous experience and insight into the financial services sector in India.

The following table sets out key financial and operational parameters in the relevant periods:

Particulars	As of / For the Year ended March 31,		
	2021	2022	2023
Customers ⁽¹⁾	56,587	72,816	102,722
AUM (₹ million) ⁽²⁾	22,213.23	31,921.81	49,428.23
Net Worth (₹ million) ⁽³⁾	12,051.08	12,871.67	17,272.68
Tangible Net Worth (₹ million) ⁽⁴⁾	9,447.16	10,267.75	14,668.76
Leverage (AUM/ Net worth)	1.84	2.48	2.86
AUM/ Tangible Net Worth	2.35	3.11	3.37
Restated Profit After Tax for the Year / Period (₹ million)	850.10	645.21	1,497.36
RoA (%) ⁽⁵⁾	2.01%	1.48%	2.92%
ROE (%) ⁽⁶⁾	7.67%	5.18%	9.93%
Return on Tangible Equity ⁽⁷⁾	10.02%	6.55%	12.01%
Branches ⁽⁸⁾	124	135	152
Employees ⁽⁹⁾	1,471	2,048	2,822
AUM per branch (₹ million) ⁽¹⁰⁾	179.14	236.46	325.19
AUM per employee (₹ million) ⁽¹¹⁾	15.10	15.59	17.52
Disbursement (Secured MSME Loans) per branch per month (₹ million) ⁽¹²⁾	4.00	8.23	12.48
Disbursement (Secured MSME Loans) per employee per month (₹ million) ⁽¹³⁾	0.66	0.89	1.07
Gross NPA ratio (%) ⁽¹⁴⁾	3.16%	2.74%	2.43%
Net NPA ratio (%) ⁽¹⁵⁾	1.95%	1.63%	1.41%
Operating Expenses to Average AUM (%) ⁽¹⁶⁾	6.59%	6.59%	5.70%
Average cost of borrowing (%) ⁽¹⁷⁾	8.11%	7.65%	8.22%
Cost to income ratio (%) ⁽¹⁸⁾	46.34%	57.19%	49.82%
Provision Coverage Ratio (%) ⁽¹⁹⁾	38.25%	40.44%	42.04%
Average yield on Gross Loan Book (%) ⁽²⁰⁾	15.09%	14.89%	15.91%
Net Interest Margin (%) ⁽²¹⁾	11.73%	9.39%	9.32%

Note:

- (1) Number of customers represents aggregate number of customers of our Company as of the last day of relevant period including securitized accounts.
- (2) AUM represents aggregate of Gross Loan Book and share of a partner bank for loan under co-origination as of the last day of the relevant period.
- (3) Net worth represents the sum of equity share capital and other equity as of the last day of the relevant period.
- (4) Tangible Net worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.

- (5) ROA represents profit after tax, divided by average of total assets on book. Total assets represents total assets as of the last day of the relevant period.
- (6) ROE is calculated as restated profit after tax for the year/ period divided by total equity.
- (7) Return on Tangible Equity is calculated as the Profit After Tax for the relevant period as a percentage of Average Tangible Net Worth in such period.
- (8) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.
- (9) Number of employees represents aggregate number of employees of our Company as of the last day of relevant period. Employees exclude trainees under National Apprentice Promotion Scheme.
- (10) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
- (11) AUM per employee represents AUM as of the last day of the relevant period divided by number of employees.
- (12) Disbursement per branch per month represents disbursements in the relevant period divided by number of branches and number of months.
- (13) Disbursement per employee per month represents disbursements in the relevant period divided by number of employees and number of months.
- (14) Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.
- (15) Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.
- (16) Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.
- (17) Average cost of borrowings represents finance cost as a percentage of average outstanding borrowing for the relevant year.
- (18) Cost to income ratio represents operating expenses (which comprises the aggregate of employee benefits expense, depreciation and amortisation and other expenses) as a percentage of total revenue less adjusted finance costs for the relevant year.
- (19) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.
- (20) Average yield on Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period.
- (21) Net Interest Margin represents our net interest income on the loans for a period to the average AUM for the period, represented as a percentage.

The following table sets out key financial and operational parameters pertaining to our Secured MSME Loan portfolio as of/ for the relevant periods:

Particulars	As of / For the Year ended March 31,		
	2021	2022	2023
Live MSME loan accounts	12,250	23,018	40,872
MSME borrowers	9,665	19,004	34,738
MSME disbursements (₹ million)	5,955.21	13,328.28	22,768.20
AUM from MSMEs (₹ million)	14,422.75	23,262.70	39,200.03

Competitive Strengths

Diversified pan-India presence with an extensive network to cater to our target customer segment

We have strategically focused our expansion within our target customer segment which offers significant growth opportunities. We are a lender that provides loans to borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working class individuals. Most small businesses in India do not maintain documents such as income proof, business registration, GST registration, income tax filings, and bank statements (*Source: CRISIL Report, page 163*), which makes access to credit challenging. Our understanding of local characteristics of these markets and customers has allowed us to address the needs of low and middle income customers and assisted us to penetrate deeper into such markets. As of March 31, 2023, we have an expansive footprint in 120 cities, spanning 16 Indian states and two union territories, with 152 branches. The extent of our network allows us to service our existing customers and attract new customers as a result of personal relationships cultivated through proximity and frequent interaction by our employees. We believe this allows us to expand our presence across the country more seamlessly than regional players.

We have lowered our geographic concentration risk and our extensive, geographically diverse distribution network allows us to penetrate underbanked populations in tier II and tier III cities in India. As of March 2022, less than 15% of the approximate 70 million MSMEs in India have access to formal credit in any form. (*Source: CRISIL Report, page 160*) This lack of access is augmented by the fact that tier II and tier III cities have lower credit penetration, and access to lending channels for entrepreneurs and small business owners in these regions is consequently limited, or restricted to informal lending channels.

As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. Set forth is our AUM distribution across regions, including as a percentage of our total AUM, for each of the period indicated:

Region	As of March 31					
	2021		2022		2023	
	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)
South India	8,632.54	38.86%	11,994.16	37.57%	19,047.97	38.53%
North India	6,486.00	29.20%	10,303.28	32.28%	15,242.41	30.84%
West India	5,743.41	25.85%	7,410.05	23.21%	10,370.45	20.98%
East India	1,347.79	6.07%	2,212.04	6.93%	4,767.40	9.65%
Total*	22,213.23	100.00%	31,921.81	100.00%	49,428.23	100.00%

Note: North India comprises our presence in the states and union territories of Chandigarh, Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand, South India comprises our presence in the states and union territories of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Puducherry, West India comprises our presence in the states of Gujarat, Madhya Pradesh and Maharashtra and East India comprises our presence in the states of West Bengal, Assam and Bihar.

* Includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million, comprising 0.02% and 0.01% of total AUM as of March 31, 2021 and March 31, 2022, respectively.

While MSME focused NBFCs have a significant portion of their portfolio (between 25% to 42%) emanating from the largest state in their respective portfolio, we had the lowest proportion of AUM, being 17% in Fiscal 2023, emanating from the largest state in our portfolio (Source: CRISIL Report, page 194), demonstrating better diversification and a granular, even spread.

State-wise presence of players (Fiscal 2023)

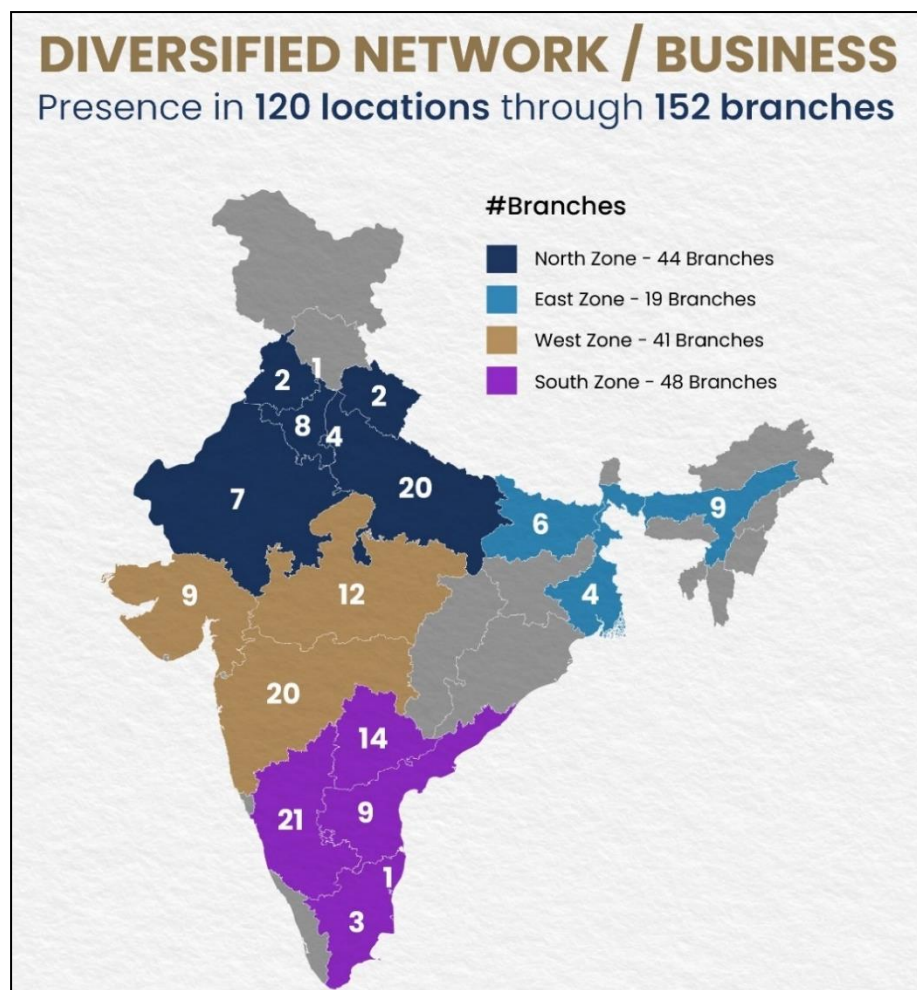
		Presence in states	Share of Top State	Name of top states
Housing Finance Companies	Aavas Financiers*	13	38%	Rajasthan (38%)
	Home First Finance Company	13	33%	Gujarat (33%), Maharashtra (14%), Tamil Nadu (14%), Telangana (9%)
	Aptus Value Housing Finance	5	43%	Tamil Nadu (43%), Andhra Pradesh (35%), Telangana (14%), Karnataka (8%)
	Vastu Housing Finance#	13	16%	Rajasthan (16%), Karnataka (15%), Madhya Pradesh (14%), Maharashtra (10%), Telangana (10%)
MSME focused NBFCs	HDB Financial Services	NA	NA	NA
	IIFL Finance	22	NA	NA
	Shriram City Union Finance	NM	NM	NM
	Fedbank Financial Services\$	15	25%	Karnataka (25%), Tamil Nadu (19%), Maharashtra (17%), Gujarat (13%), Telangana (9%)
	Five-Star Business Finance	8	35%	Tamil Nadu (35%), Andhra Pradesh (33%), Telangana (20%), Karnataka (7%) and Madhya Pradesh (5%)
	SBFC Finance	18^	17%	Karnataka (17%), Uttar Pradesh (16%), Telangana (13%), Maharashtra (11%), Madhya Pradesh (7%)
	Vistaar Finance#	12	37%	Tamil Nadu (37%), Karnataka (23%), Andhra Pradesh (11%), Maharashtra (7%)
	Veritas Finance	8	42%	Tamil Nadu (42%), West Bengal (17%), Telangana (10%), Andhra Pradesh (10%) and Karnataka (7%)
SFB	AU Small Finance Bank	21	35%	Rajasthan (35%), Maharashtra (14%), Punjab (17%), Gujarat (11%) and Punjab (6%)
Gold NBFCs	Muthoot Finance	29	NA	NA
	Manappuram Finance	28	NA	NA

Notes:

NA = Not available; * As of December 2022, ^ Presence includes 16 States and two Union Territories; \$: As of September 2021, #: As of Fiscal 2022; Shriram City Union Finance is now merged into Shriram Finance Limited, NM: Not Meaningful (Source: CRISIL Report, page 194)

Our branches are also spread across India to reduce concentration risk, with 28.95% in the North, 31.58% in the South, and 39.47% in the West and East collectively, as of March 31, 2023, and through our 152 branches, we strategically focus for untapped customers with potential for beneficial yield. Our presence in 16 states and two union territories reduces our concentration risk in comparison to peers, while also allowing us to penetrate a larger number of territories without the risk of entry into an unfamiliar market. As of March 31, 2023, we had reached an average district level penetration of 27.68% in the states in which we operate, calculated on the basis of location

of our branches, which gives us ability to scale, expand, underwrite prime risk and mitigate concentration risk. Set out below is the regional distribution of our branches as of March 31, 2023:



(Map not to scale)

We adopt a calibrated strategy of utilizing neighbouring branches to evaluate the local credit environment and focus on hiring local staff with an understanding of the catchment area, local personal and professional networks and the market. It also enables us to reduce our exposure to local or regional economic downturns, disruptions from political circumstances and/or natural disasters. In new geographies, 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 and periodically reviews operations to identify any potential for deeper expansion. We have made significant investments in terms of infrastructure and personnel in setting up our branch network in our existing geographies. We have adopted a contiguous strategy wherein we expand across regions in India where we have a presence and expand to adjacent geographies by evaluating areas with established credit culture. We believe we will be able to benefit from our operating leverage in consolidating our position in these geographies, as well as in any future expansion plans in these regions and adjunct areas.

100% in-house sourcing, leading to favourable business outcomes

Prohibitive cost of delivering services physically and high risk perception have constrained traditional institutions' ability to provide credit to underserved or unserved MSMEs and self-employed individuals historically. (Source: CRISIL Report, page 175) We acknowledge the complexities of underwriting such loans, and to ensure positive business outcomes, 100% of our loan portfolio has in-house origination, limiting our reliance on direct selling agents or connectors in order to ensure a more direct, thorough understanding of the customer's profile. We source customers directly through our sales team of 1,911 personnel as of March 31, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish close relationships with them, high levels of customer

satisfaction and increased loyalty. Our AUM per employee has also increased from ₹ 15.10 million as of March 31, 2021, to ₹ 15.59 million as of March 31, 2022 and further to ₹ 17.52 million as of March 31, 2023.

We believe direct sourcing allows for complete control over the quality of customers and processes involved for disbursement, which leads to better asset quality, compared to other methods of customer acquisition. It has helped mitigate underwriting and default risks by enabling us to have a customer base with a better credit profile. Further, it reduces turn-around time, as the borrower's profile is readily available with us, and we are aware of their existing credit history, reducing the time taken for profile verification.

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 believe we are likely to experience a lower churn rate of customers throughout our portfolio. We believe our in-house sourcing model helps us make a better credit evaluation of customers on a wide range of parameters after collating all customer information in our database.

We are aided in our loan origination process by technology. Our centralized real-time lending system, is a multi-product digital platform, which leads to faster product launches and turn-around time. It enables, among other things, real time integration through open API architecture that facilitate seamless customer information validation and cashless collections. We are able to capture significant amounts of data points through credit bureau data, micro-services driven, agile API stack enabling independent validation from source, customer financials, observations from our front end team, and feedback from our credit underwriting and management teams. Our integrated loan management and loan origination systems provide us with a seamless transaction processing capability and standardization of processes across branches which finally flows into a cloud-based central repository, thereby enabling credit assessment, portfolio management and customer engagement.

For our Loan against Gold portfolio, through our Gold Genie application, customers can apply for gold loan via social media or our website, receiving an immediate call-back after demonstrating interest. The customer can input all KYC details, reducing turnaround time, check progress of disbursal, and capture images of the jewelry on the application itself, enabling easy customer onboarding directly.

Comprehensive credit assessment, underwriting and risk management framework

We have a credit assessment and risk management framework to identify, monitor and manage risks inherent in our operations. Credit management is crucial to our business since a significant number of our customers are from the underserved financial segment. We have a core focus area of small enterprise borrowers, whose monthly income is up to ₹ 0.15 million, with a demonstrable track record of servicing loans such as gold loans, loans for two-wheeler vehicles, among others. High risk perception and prohibitive cost of delivering services physically have constrained formal lending to MSMEs. (*Source: CRISIL Report, page 175*) We focus on customers who have better income profiles, providing us with a stable growth trajectory. Accordingly, as a lender, our lending decisions are contingent on our evaluation of the ability of the individual and the business to service the loan, and the basis for such assessment is a combination of credit history and present cash flows.

Our Company's risk management committee has developed risk management policies, addressing credit risk, market risk, liquidity risks and operational risks. Leveraging our significant operational experience, we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. We focus on the profile of the borrower, and as of March 31, 2023, 82.32% of our Secured MSME Loan customers have a CIBIL score above 700 at the time of origination, while 7.90% of our customers are new to the formal secured lending ecosystem. We serve customers in tier II and tier III markets who have a strong credit history but may lack formal proof of income documents. Recognizing that borrowing from us is the transition from the unorganized to the organized lending sector for such customers, we mandate submission of income tax returns for eligibility calculation. Further, we focus on collateral-backed lending and as of March 31, 2023, 96.44% of our loan portfolio was secured. Property which is provided as collateral is largely self-occupied residential or commercial property, and as of March 31, 2023, 82.75% of Secured MSME Loans were with self-occupied residential property as collateral and 11.01% were with self-occupied commercial property as collateral. The remaining collateral provided is either rented or mixed use property. As of March 31, 2023, our Secured MSME Loans have an average LTV ratio of 42.51% and Loans against Gold having an average LTV ratio of 68.51%.

We follow individual file-based credit buying but manage risk at a portfolio level. To this end, we have developed our scorecard-based 'customer segmentation' approach for customer selection for ticket sizes up to ₹ 3.00 million, in order to ensure credit performance. This segmentation classifies customers into five categories based on risk behavior, where the top segments identify good credit behavior. The categorization has been done on the basis of

filtering more than 200 data points, including key parameters such as LTV, credit bureau score, leverage, property type, among others. Our endeavor is to grow our loan portfolio in the top segments.

Our grade-based classification shows differential credit performance which ranks risks. Our Gross NPA as on March 31, 2023 for Grade 1, Grade 2, Grade 3, Grade 4 and Grade 5 was 0.79%, 1.09%, 1.56%, 2.42% and 5.73%, respectively. Set forth below are details of the customer segmentation in terms of AUM:

Customer segment	As of March 31,					
	2021		2022		2023	
	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)
Grade 1	1,296.82	11.58%	3,667.11	17.96%	7,326.57	20.38%
Grade 2	2,280.07	20.36%	5,647.89	27.67%	12,252.12	34.08%
Grade 3	1,284.35	11.47%	2,439.93	11.95%	4,270.43	11.88%
Grade 4	2,619.10	23.39%	4,455.41	21.83%	8,028.58	22.33%
Grade 5	2,360.15	21.08%	3,010.55	14.75%	3,312.26	9.21%
Not Segmented	1,355.61	12.11%	1,192.84	5.84%	759.73	2.11%
Sub-total	11,196.10	100.00%	20,413.73	100.00%	35,949.69	100.00%

Set forth below are details of the customer segmentation in terms of disbursement amount:

Customer segment	As of March 31,					
	2021		2022		2023	
	Disbursement (₹ million)	Percentage of total disbursement (%)	Disbursement (₹ million)	Percentage of total disbursement (%)	Disbursement (₹ million)	Percentage of total disbursement (%)
Grade 1	1,094.89	20.43%	2,851.28	22.39%	4,748.27	22.12%
Grade 2	1,458.77	27.22%	4,158.86	32.66%	8,267.01	38.51%
Grade 3	640.35	11.95%	1,515.55	11.90%	2,535.66	11.81%
Grade 4	1,046.68	19.53%	2,635.16	20.69%	4,896.09	22.81%
Grade 5	915.17	17.08%	1,257.85	9.88%	818.81	3.81%
Not Segmented	202.83	3.79%	316.34	2.48%	203.20	0.95%
Total	5,358.69	100.00%	12,735.04	100.00%	21,469.04	100.00%

While we measure eligibility based on declared income, we spend a considerable amount of time, including locally, to understand the formal and informal income sources of customers as well as that of their family members, savings capacity and repayment track record with their formal and informal borrowings. We have a dedicated credit team at our branches, who are deployed with knowledge of local markets. We visit a customer's residence and place of business, gather detailed information about the customer from the neighbourhood, locality and their customers and suppliers and conduct a cash flow assessment of their income to enable us to make informed decisions. In addition, we physically inspect the collateral provided for our loans. Further, we seek to eliminate keyman risks in our loans by insuring our borrowers. In addition, our loan portfolio has a spouse or parent as a co-borrower to ensure that there are joint holders for loans. As of March 31, 2023, 90.38% of our borrowers or co-borrowers were women, which we believe has led to lower defaults and more prompt repayment.

We have introduced 'Leviosa', a loan origination platform capable of on-boarding and disbursing loans. Leviosa can be accessed remotely, and it automates and manages the complete loan processing outflow of all retail asset products. It has a powerful back-end loan engine which helps in instant decision-making, while accommodating any required flexibility in decision-making parameters. These collectively allow Leviosa to automate credit underwriting, focusing on straight-through processing, enabling the credit team to underwrite applications through rule-based outcomes and workflows based on customer profile. For our credit underwriting, all deviations and approvals in the sanctioning and disbursement process are built into the loan management software that we use, to eliminate human margins of error. Our proprietary credit and risk assessment model filters data for more than 40,649 customers as of March 31, 2023 for their credit behaviour across more than 200 variables. This makes the assessment more accurate and helps us reduce our risk.

Loans against Gold are primarily driven by the product programs for gold, duly approved by the Board, and the branch has limited control over the credit/product parameters. We have a dedicated in-house team of 167 chief valuers as of March 31, 2023, who are distributed across branches for valuation of gold, and who are guided by valuation guidelines approved by us. Each Loan against Gold has to be approved by two employees, as maker and

author. Security policies such as dual control over vault operations for cash and gold movement, CCTV surveillance, among others, have been put in place at our branches, for risk management.

Extensive on-ground collections infrastructure leading to maintenance of asset quality

While our underwriting model contributes to suitable customers being onboarded, we have also created an extensive on-ground collections infrastructure to ensure that we maintain a high asset quality. Our branches are staffed with persons sourced from the local area, with each branch servicing an area with a limited radius, resulting in branch staff being able to quickly attend a customer’s location as issues arise.

We also have an in-house collections team, responsible for detecting likely default early, thereby maintaining relatively low Gross NPA ratios. We have a three-tier collections infrastructure, comprising (i) tele-calling, (ii) field collection, and (iii) legal recovery, in order to optimize collections and minimize NPAs. We also track collections in real time through our mobile application. We believe our collection structure is comparable to larger NBFCs and banks, where there is an experienced regional supervisor reporting into an independent collection vertical dedicated to ensuring collection efficiencies. Additionally, we deploy collection agencies to assist our in-house collections team, and as of March 31, 2023, we have engaged 19 such agencies which are dedicated to our Secured MSME Loan portfolio.

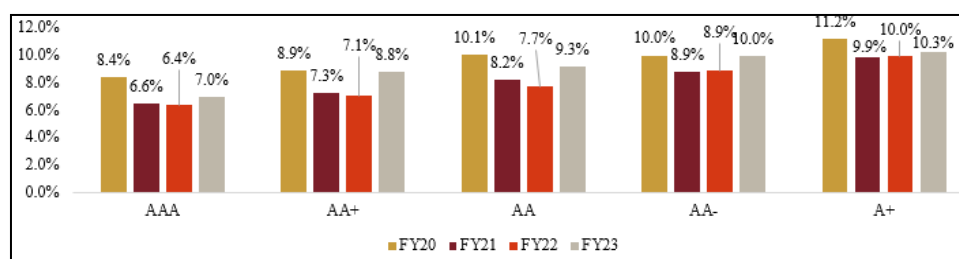
We vary our collections strategy based on the different stages of a loan, and have a monitoring mechanism that ensures involvement and intervention from various individuals across our business, all of which also ensures suitable asset quality. Our collections process is also technology-driven. Our collection representatives are able to access customer data on the phone and issue receipts digitally through their mobile application. As of March 31, 2023, approximately 89.49% of our Secured MSME Loan collections and 90.92% of our unsecured loan collections, were non-cash based EMI collections, thus reducing our cash management risk, and enabling customers to receive real-time payment receipts through SMS.

Further, our collection services are aided by a mobile application ‘Delta’ and a web application ‘Omega’, which are collections applications providing a priority list of overdue customers to the collection team in real-time. For the initial stages of delinquency, we focus on soft collections and send customers SMS reminders of their upcoming loan repayments and initiate recovery action immediately after a customer fails to make their monthly payment. Additionally, we engage call centres’ autodial capacity to ensure better collections. For higher stages of delinquency, our collections efforts include frequent follow up for collections, including reminder messages and calls from the branch. For customers categorised as NPA accounts, if our recovery team is unable to recover payments, we typically initiate legal action, including in respect of dishonoured non-cash instruments. For this purpose, we have an in-house legal team which supports and amplifies collections efforts to ensure that credit costs are minimized. For Fiscal 2021, 2022 and 2023, our Gross NPA ratio was 3.16%, 2.74% and 2.43%, respectively, and our Net NPA ratio was 1.95%, 1.63% and 1.41%, respectively.

We leverage our collections infrastructure to assist collections on behalf of third parties. This demonstrates the strength and reliability of our collections infrastructure, while allowing us to gain insights into borrower trends that sharpen our own loan origination.

Healthy liability franchise with low cost of funds

Our ability to access diversified sources of funding is a key contributor to our growth. We intend to continue to diversify our funding sources, identify new sources and pools of capital and implement ALM policies with the aim of further optimizing our borrowing costs and help expand our net interest margin. We have secured financing from diversified sources of capital, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs from banks and financial institutions to meet our capital requirements. The following table sets forth the average cost of borrowings trend by ratings category among NBFCs:



Source: CRISIL Report, page 154

We believe we have the ability to access borrowings at a competitive cost due to our stable credit history, credit ratings, conservative risk management policies and brand equity. Our average cost of borrowing was 8.11%, 7.65% and 8.22% for Fiscal 2021, 2022 and 2023, respectively and our Incremental Cost of Borrowings (which represents weighted average rate of interest on fresh borrowings in the relevant period) was 8.76% for Fiscal 2023.

As of March 31, 2023, our outstanding borrowings included ₹ 29,121.73 million from public and private sector banks and ₹ 3,672.49 million from NBFCs and other financial institutions. As of March 31, 2023, our total borrowings aggregated to ₹ 37,458.33 million, comprising primarily of term loans of ₹ 32,794.22 million, working capital demand loans from banks of ₹ 600.00 million, non-convertible debentures of ₹ 430.00 million and other collateralized borrowings of ₹ 3,634.11 million.

We have received a credit rating upgrade of [ICRA] A+ (Stable) in October 2022 from [ICRA] A (Positive) in October 2021. We have received a rating of CARE A+; Stable for our long term bank facilities in April 2023. Our ratings indicate resilient liability origination despite challenges faced by the Indian economy for varied factors.

In addition, we have entered into a co-origination agreement with ICICI Bank Limited in 2019, through which ICICI Bank Limited and our Company co-originate Secured MSME Loans at a mutually agreed ratio of 80:20, respectively. Loans sourced through the co-origination agreement are serviced entirely by us, and accordingly reflect as assets in our financial statements. This arrangement enables us to extend priority sector loans jointly with the leading bank, creating a seamless flow of funds.

Consistent financial performance backed by profitable growth

In a limited period, we have demonstrated a history of healthy financial performance. As of March 31, 2023, our average yield on Gross Loan Book was 15.91%, with Secured MSME Loans and Loans against Gold accounting for 15.89% and 15.64%, respectively. We have witnessed rapid growth since the commencement of our operations in 2017. For instance, our Loan against Gold portfolio has grown from 36,813 customers as of March 31, 2021 to 59,437 customers, as of March 31, 2023 at a CAGR of 27.07%. Our AUM has grown from ₹ 22,213.23 million as of March 31, 2021, to ₹ 49,428.23 million as of March 31, 2023, at a CAGR of 49.17%. We have witnessed consistent improvement in our balance sheet position in the last three Fiscals.

Our Secured MSME Loans have progressively increased from comprising 64.93% of our AUM as of March 31, 2021 to 79.31% as of AUM as of March 31, 2023, reflecting our increased focus on this segment. The table below sets forth the contribution of each of our product categories in terms of AUM and as a percentage of total AUM and yield for each of the corresponding periods:

	As of March 31,						AUM CAGR (Fiscal 2021 – Fiscal 2023) (%)
	2021		2022		2023		
	AUM (₹ million)	Percentage of Total AUM (%)	AUM (₹ million)	Percentage of Total AUM (%)	AUM (₹ million)	Percentage of Total AUM (%)	
Secured MSME Loans	14,422.75	64.93%	23,262.70	72.87%	39,200.03	79.31%	64.86%
Loans against Gold	5,600.50	25.21%	6,395.64	20.04%	8,641.02	17.48%	24.21%
Others*	2,189.98	9.86%	2,263.47	7.09%	1,587.18	3.21%	(14.87)%
Total	22,213.23	100.00%	31,921.81	100.00%	49,428.23	100.00%	49.17%

*Others include unsecured loans. This also includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million as of March 31, 2021 and March 31, 2022, respectively.

Our Return on Tangible Equity was 10.02%, 6.55% and 12.01% in Fiscal 2021, 2022 and 2023. Further, our Return on Total Tangible Assets was 2.15%, 1.57% and 3.07% in Fiscal 2021, 2022 and 2023. For further information, see “Selected Statistical Information” on page 271.

We have reduced our concentration risk across industries and sectors, as demonstrated by the fact that no single industry contributes more than 10% of our loan portfolio, as of March 31, 2023. Our secured portfolio has increased from 90.16% of our AUM as of March 31, 2021 to 96.44% as of March 31, 2023. Our quality loan portfolio also enables us to effectively assign or securitize a significant portion of it from time to time, thereby reducing operational risks.

Our Loan against Gold portfolio optimizes overall yield profile and provides additional growth levers. This portfolio also acts as an active hedge against the cyclical nature in the Indian retail lending industry that may arise due to economic or other factors. Over the years, gold prices have shown a consistent increase, and have, in most part, increased at a pace higher than the annual rate of inflation. (Source: CRISIL Report, page 185) Gold loans are typically small ticket, short duration, convenient and instant credit, and gold loans are a highly secured and liquid

asset class that tends to generate returns with minimal credit losses over market cycles. (Source: CRISIL Report, page 185) The hedge against inflation provided by gold has attracted consumers to gold over the years and from a financier perspective, the yield on gold loans, minimal risk of credit losses due to security provided in the form of the gold being pledged and the additional cushion due to the loan-to-value (average of 65% for NBFCs) makes gold loans a profitable product. (Source: CRISIL Report, page 185)

We also provide loan management services to third party financial institutions as a master service provider and act as a backup servicer to a leading global bank, where such institutions benefit from our experienced portfolio management, collection and related services.

Experienced, cycle-tested and professional management team with good corporate governance backed by marquee investors

We have an experienced and dedicated management team, including KMPs and Senior Management with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. Our Key Managerial Personnel and Senior Management includes a combination of management executives and independent members who bring in significant business experience, which positions us well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations.

Our CEO, Aseem Dhru, has more than 25 years of experience, and was previously Group Head - Business Banking, Working Capital and Retail Agri business at HDFC Bank. He has also been the Managing Director and CEO of HDFC Securities Limited and was a director on the board of HDB Financial Services Limited. Our Chief Financial Officer, Narayan Barasia, has experience in financial management, accounts, tax, treasury, secretarial and legal matters. He has worked at Godrej Foods Limited, Godrej Sara Lee Limited, and subsequently worked with Olam Agro India Limited. Prior to joining the Company, he was working with Greaves Cotton Limited, where he was the President – Auxiliary Power Business & Industrial Engineering Business. Mahesh Dayani, our Chief Business Officer, has worked at ICICI Bank Limited and HDFC Bank. Prior to joining our Company, he was working with Kotak Mahindra Bank Limited, where he was the Senior Executive Vice President. Pankaj Poddar, our Chief Risk Officer, started his career with Kotak Mahindra Bank Limited, and subsequently worked with Standard Chartered Bank. Prior to joining the Company, he was working with Bajaj Finance Limited, where he was the Chief Risk Officer-SME. Our senior management is committed to implementing high standards of corporate governance with a focus on the investors’ best interests and the maximisation of shareholder value and we have established policies and procedures to support transparency, sound business ethics and a well-established compliance framework.

The industry experience of heads of functional groups, such as operations, risk, finance, audit and collections, enhance the quality of our management. We have zonal heads for business, credit and collections, with regional experience that allows them to grow our operations in their respective areas, and ensure business efficiency. Each of our zonal heads has more than ten years of relevant experience with proven record of scaling businesses.

We are backed by marquee institutional investors such as the Clermont Group, Arpwood Group, and Malabar Group, who provide their expertise to our operations, including through their representatives on our Board. Our investors offer us strategic guidance and have enabled us to develop our multi-state, multi-city operations across India. In addition to providing us with capital, our institutional shareholders have assisted us in our growth through strategic guidance based on their previous experience and insight into the financial services sector in India.

Business Strategies

Leverage our pan-India network to deepen our penetration in our target customer segment

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. Owing to our geographical diversification at present, we intend to undertake geographical expansion by penetrating further in states in which we are already present. We intend to do this by leveraging our brand presence in the areas in which we operate to expand into adjacent districts, as well as expand into new districts of existing states in which we have a presence. 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 witness higher AUM at branches with higher vintage, and intend to set up new branches gradually as the branches we have added in Fiscal 2021 increasingly mature. For further information, see “Selected Statistical Information – Productivity Ratios – Secured MSME

Loans” and “*Selected Statistical Information – Productivity Ratios – Loan Against Gold*” on pages 277 and 280, respectively.

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 March 31, 2023, we had reached an average district level penetration of 27.68% in the states in which we operate, calculated on the basis of location of our branches. 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, there is scope to continue to grow our business further in these states, through increased penetration at the district level.

Expand our product portfolio through offering affordable housing finance to our target customer segment, utilising our existing network

In December 2022, we have incorporated a subsidiary, SBFC Home Finance Private Limited, through which we intend to commence our housing finance business. We had applied to RBI for registration of SBFC Home Finance Private Limited as a housing finance company on March 29, 2023, which has subsequently been returned, with directions to make such application after meeting the requirement of net owned funds for housing finance companies. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, our Company will be required to subscribe to the equity share capital amounting to ₹ 200.00 million of the Subsidiary. The subscription to the equity share capital of the Subsidiary is proposed to be funded from our Company’s internal accruals. We intend to focus on providing financing for affordable housing loans to individual borrowers from the EWS, LIG, and middle income segments, with a focus on tier II and tier III cities and towns, which we believe benefit from higher transparency in the sector, increasing affordability and urbanisation, and government schemes such as Housing for All. The increasing demand for housing is likely to continue the momentum of the NBFC housing credit market, especially affordable housing finance companies. (Source: CRISIL Report, page 152)

We believe the provision of housing loans through a registered housing finance entity provides certain competitive advantages, including increased leverage due to lower capital adequacy norms applicable to such entity, and lower risk-weightage applicable to housing finance loans.

Diversify our source of borrowings and improve operating leverage

Our average cost of borrowings was 8.11%, 7.65% and 8.22% in Fiscal 2021, 2022 and 2023, respectively. Our low cost of funds is due to several factors, primarily our stable credit history, credit ratings, conservative risk management policies and brand equity. A lower average cost of borrowing enables us to competitively price our loan products and helps us grow our business and operations.

We have also diversified our funding sources by using term loans, proceeds from loans securitized, proceeds from the issuance of NCDs from banks and financial institutions 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 strengthen asset liability management policies further, with the aim of further optimizing our borrowing costs. Further, we intend to expand and diversify our lender base. We are focused on 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 over time. We will continue to review and identify means to improve our cost to income ratio and improve our overall net interest margin from current levels, which stands at 9.32% as of March 31, 2023. As a result of these various initiatives we seek to improve our credit ratings for new fund raising, reduce the cost of our borrowing and hence deliver desirable return ratios.

Utilize technology to drive operational efficiency

We have made strategic investments in our information technology systems and implemented automated, digitized technology-enabled platforms and tools, to strengthen our offerings and derive greater operational, cost and management efficiencies.

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. We intend to strategically invest our

resources for leveraging technology for efficient operations as we scale up to ensure increased effectiveness of our operations. We intend to reduce our operating costs and increase efficiency in our business operations to improve the overall customer experience through increasing use of technology. We intend to continue strengthening and increasing the user-friendliness of our existing technology infrastructure.

BUSINESS OPERATIONS

We are an NBFC-ND-SI, headquartered in Mumbai, India, offering Secured MSME Loans and Loans against Gold, and received our registration from the Reserve Bank of India on September 24, 2008. Our AUM has grown from ₹ 22,213.23 million as of March 31, 2021 to ₹ 49,428.23 million as of March 31, 2023, at a CAGR of 49.17%. Our restated profit after tax for Fiscal 2021, 2022 and 2023 was ₹ 850.10 million, ₹ 645.21 million and ₹ 1,497.36 million, respectively, and our Tangible Net Worth as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 9,447.16 million, ₹ 10,267.75 million and ₹ 14,668.76 million, respectively. We focus on disbursing loans which have an ATS in the range of ₹ 0.50 million to ₹ 3.00 million and as of March 31, 2023, 87.27% of our AUM had an ATS within this range. As of March 31, 2023, 4.44% of our AUM comprised loans below ₹ 0.50 million and 8.29% comprised loans above ₹ 3.00 million.

We have a diversified pan-India presence, with an extensive network in our target customer segment. As of March 31, 2023, we have an expansive footprint in 120 cities, spanning 16 Indian states and two union territories, with 152 branches. All of our leads for customers are sourced in-house without any use of direct selling agents to source leads for us. While our underwriting model contributes to suitable customers being onboarded, we have also created a network of on-ground collections infrastructure to ensure that we maintain a high asset quality.

We have entered into a co-origination agreement with ICICI Bank Limited in 2019, whereby we carry on the loan on-boarding process as per approved procedures under the guidelines for co-origination prescribed by RBI, with no first loss default guarantee. Since we entered into a co-origination agreement following the issuance of RBI guidelines in September 2018, we have built our disbursement book jointly with our co-origination partner to help us diversify our liability profile, manage ALM and create our off-balance sheet portfolio, particularly for Secured MSME loans in the geographies where we are present. Our API integration with ICICI Bank Limited for the co-origination allows for faster disbursement. This includes ensuring loan approval, documentation and verification checks as per agreed product program under the co-origination arrangement. In each loan, while our own sales and credit team is involved, co-origination cases are also filtered and approved through ICICI Bank Limited's expansive database and experienced team. The loans are originated, collected and serviced by us, and our co-origination partner is entitled to revenues based on its share of the disbursement, while risks are also shared in proportion of disbursement. In Fiscal 2023, our Secured MSME Loan disbursement sourced through this co-origination agreement amounted to 21.24% of our total Secured MSME Loan disbursement. For further information, see "*Selected Statistical Information - Secured MSME Loans – Upto ₹ 3.00 Million*" on page 280. Accordingly, for co-origination loans, both operations team members vet customer files and property papers for accuracy, which enables us to learn from the partners' processes and strengthen our own process controls.

The following chart shows a breakdown of our AUM by states in India, including as a percentage of our total AUM, for each of the corresponding periods:

State/ Union Territory	As of March 31, 2021		As of March 31, 2022		As of March 31, 2023	
	(₹ in millions, except percentages)					
Chandigarh	228.36	1.03%	191.70	0.60%	133.31	0.27%
Delhi	1,537.56	6.92%	1,415.22	4.43%	1,204.61	2.44%
Haryana	948.77	4.27%	1,680.58	5.27%	3,282.27	6.64%
Punjab	626.09	2.82%	679.81	2.13%	728.32	1.47%
Rajasthan	579.35	2.61%	877.19	2.75%	1,175.69	2.38%
Uttar Pradesh	2,004.33	9.02%	4,695.13	14.71%	7,674.22	15.53%
Uttarakhand	561.54	2.53%	763.65	2.39%	1,043.99	2.11%
Andhra Pradesh	1,883.56	8.48%	2,069.50	6.48%	2,708.70	5.48%
Karnataka	3,659.34	16.47%	5,350.25	16.76%	8,611.08	17.42%
Puducherry	61.06	0.27%	64.89	0.20%	123.50	0.25%
Tamil Nadu	972.11	4.38%	1,090.25	3.42%	1,404.89	2.84%
Telangana	2,056.47	9.26%	3,419.27	10.71%	6,199.80	12.54%
Gujarat	1,405.26	6.33%	1,379.47	4.32%	1,548.41	3.13%
Madhya Pradesh	1,467.24	6.60%	2,416.23	7.57%	3,616.76	7.32%
Maharashtra	2,870.91	12.92%	3,614.35	11.32%	5,205.28	10.53%
Assam	991.94	4.47%	1,452.67	4.55%	2,286.44	4.63%
Bihar	7.87	0.03%	438.35	1.37%	1,955.58	3.96%

State/ Union Territory	As of March 31, 2021		As of March 31, 2022		As of March 31, 2023	
	(₹ in millions, except percentages)					
West Bengal	347.98	1.57%	321.02	1.01%	525.38	1.06%
Total*	22,213.23	100.00%	31,921.81	100.00%	49,428.23	100.00%

* The total AUM includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million, comprising 0.02% and 0.01% of total AUM as of March 31, 2021 and March 31, 2022, respectively.

Business transfer agreement executed between our Company (then named MAPE Finserve Private Limited), Karvy Financial Services Limited (“Seller”) and Karvy Stock Broking Limited (“KSBL”) and dated August 1, 2017 (“Business Transfer Agreement”)

Pursuant to the Business Transfer Agreement, the Seller transferred all rights, benefits, title, interest, obligations and employees of its retail lending business to our Company, as a going concern and on a slump sale basis, free and clear of all encumbrances (other than as disclosed under the Business Transfer Agreement and its related documents including inter alia collection agent agreement, local transfer documents, property agreements, escrow agreement, transitional services agreement and deeds of novation for business contracts) for a consideration of ₹ 10,795.63 million effectively on September 28, 2017. Further, our Company, the Seller and KSBL had entered into other agreements inter alia, collection agent agreement, transitional services agreement and accounts agreement to enable smooth transition and transfer of the retail lending business to our Company. For further information, see “Risk Factors - We may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively. If we fail to increase our operational efficiency, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively” and “History and Certain Corporate Matters - Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years” on pages 39 and 243.

Secured MSME Loans

Under our Secured MSME Loans portfolio, we offer a wide range of financial solutions that help entrepreneurs and MSMEs meet their growing credit needs. The average ticket size of our Secured MSME Loans is ₹ 0.99 million, with average contractual tenure of 9.84 years, as of March 31, 2023. Through our technology stack, we have APIs working in the backend from loan processing till disbursement which includes account verification, domain check, EPFO, IMPS, etc. This improves both cost efficiency and turnaround time for application processing, allowing us to make faster credit decisions for our customers. Collections for our Secured MSME Loans occur on an installment basis. For processing payments, our collection representatives are able to access customer data on the phone and issue receipts digitally real time through their mobile application. As of March 31, 2023, approximately 89.49% of our collections from Secured MSME Loans were non-cash based EMI collections, thus reducing our cash management risk, and enabling customers to receive real-time payment receipts, through SMS. Further, our collection services are aided by a mobile application ‘Delta’ and a web application ‘Omega’, which helps in updating the collections on real-time basis.

As of March 31, 2023, we service over 34,738 borrowers in our Secured MSME Loans portfolio. As of March 31, 2021, March 31, 2022 and March 31, 2023, our disbursements of Secured MSME Loans were ₹ 5,955.21 million, ₹ 13,328.28 million and ₹ 22,768.20 million, respectively. For the same periods, our disbursement yield on Secured MSME Loans was 14.61%, 15.59% and 16.39%, respectively. Our Gross NPA ratios for the same periods was 3.41%, 2.86% and 2.55%, respectively.

Loans against Gold

Under our Loan against Gold portfolio, borrowers can capitalise on their gold possessions by pledging these to us in lieu of a loan. Up to 75% of the gold item’s value can be sanctioned as a loan. Since our Loans against Gold are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which also shorten our turnaround time and increases the ease with which our customers can do business with us. We have set up a dedicated ‘Gold Genie’ sales application, enabling gold loan disbursal at a customer’s home. We strive to complete our gold loan transactions within a short time frame. We are able to process Loans against Gold within a short time frame as a result of our efficient technology support, skilled workforce and clear policies on internal processes. Although the duration for disbursement may vary due to the loan size and the number of items pledged, we have the ability to disburse loans within a few minutes from the time gold is tendered to the appraiser. As of March 31, 2023, the average ticket size of our Loans against Gold is ₹ 0.09 million, average tenure of 11 months. Collections for our Loans against Gold occur on a monthly interest payment basis.

We operate our secured Loans against Gold portfolio in 16 states and two union territories across India as of March 31, 2023. We service 59,437 borrowers in our Loans against Gold portfolio as of March 31, 2023. As of

March 31, 2021, March 31, 2022 and March 31, 2023, our AUM of Loans against Gold were ₹ 5,600.50 million, ₹ 6,395.64 million and ₹ 8,641.02 million, respectively. Our Gross NPA ratios for Loans against Gold portfolio for the same periods was 1.50%, 1.71% and 1.21%, respectively.

Other loans

Other unsecured loans comprise (i) personal loans, (ii) business and professional loans. The personal loans are provided to salaried individuals intended to support requirements such as financing weddings, dependant's education, home renovation or purchase. The average ticket sizes for our personal loans was ₹ 0.69 million, and with an average contractual tenure of 4.83 years, as of March 31, 2023. Business loans are provided to small business entrepreneurs for working capital and other requirements for running the business. Our professional loans are directed towards eligible professionals such as doctors and chartered accountants who aim to set up or expand offices, and fulfil similar professional requirements. Collections for our other unsecured loans occur on installment basis.

As of March 31, 2021, March 31, 2022 and March 31, 2023, our AUM of other loans were ₹ 2,189.98 million, ₹ 2,263.47 million and ₹ 1,587.18 million, respectively. We have discontinued disbursal of other unsecured loans from September 2022.

Target Customer Segment

We are a lender that provides loans to borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working class individuals. Most small businesses in India do not maintain documents such as income proof, business registration, GST registration, income tax filings, and bank statements (*Source: CRISIL Report, page 163*), which makes access to credit challenging. We primarily serve customers in small towns and cities, thereby fostering entrepreneurship in these regions, focusing on customers who have a strong credit history or who may have limited formal, commercial credit history. We focus on customers who have better income profiles, providing us with a stable growth trajectory. Our pan-India distribution network allows us to identify small businesses with identifiable cash flows, as well as undertake evaluation of historical asset creation. In all of our loans, a spouse or parent acts as a co-borrower to ensure that there are joint holders for loans.

Our customer centric business model 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 capital requirements.

We have focused on this customer segment and believe that such industry experience 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 the COVID-19 pandemic. While the impact of COVID-19 was felt through the industry, we were able to restrict its impact in Fiscal 2021 over the previous Fiscal, post which we have been able to reduce our Gross NPA ratio to 2.43% in Fiscal 2023.

We have developed our scorecard-based 'customer segmentation' approach for customer selection for ticket sizes up to ₹ 3.00 million, in order to ensure credit performance. This segmentation classifies customers into five categories based on risk behavior, where the top segments identify good credit behavior. Our endeavor is to grow our loan portfolio in the top segments.

Branch Network

We have an extensive network of 152 branches, as of March 31, 2023, spread across 16 states and two union territories, and approximately 129 districts (out of 466 districts) across India, with Karnataka, Uttar Pradesh, Maharashtra and Telangana being our key states.

The following table sets forth certain details of our branch network on a state/territory basis, as of March 31, 2023:

State/ Union Territory	Number of districts in the state (<i>Source: CRISIL Report, page 173</i>)	Number of our Branches	Percentage of total branches	AUM (₹ million)	Percentage of total AUM
Andhra Pradesh	13	9	5.92%	2,708.70	5.48%

State/ Union Territory	Number of districts in the state (Source: CRISIL Report, page 173)	Number of our Branches	Percentage of total branches	AUM (₹ million)	Percentage of total AUM
Assam	27	9	5.92%	2,286.44	4.63%
Bihar	38	6	3.95%	1,955.58	3.96%
Chandigarh	1	1	0.66%	133.31	0.27%
Delhi	9	4	2.63%	1,204.61	2.44%
Gujarat	33	9	5.92%	1,548.41	3.13%
Haryana	21	8	5.26%	3,282.27	6.64%
Karnataka	30	21	13.82%	8,611.08	17.42%
Maharashtra	35	20	13.16%	5,205.28	10.53%
Madhya Pradesh	51	12	7.89%	3,616.76	7.32%
Punjab	22	2	1.32%	728.32	1.47%
Puducherry	4	1	0.66%	123.50	0.25%
Rajasthan	33	7	4.61%	1,175.69	2.38%
Tamil Nadu	32	3	1.97%	1,404.89	2.84%
Telangana	10	14	9.21%	6,199.80	12.54%
Uttar Pradesh	75	20	13.16%	7,674.22	15.53%
Uttarakhand	13	2	1.32%	1,043.99	2.11%
West Bengal	19	4	2.63%	525.38	1.06%
Total	466	152	100.00%	49,428.23	100.00%

Set forth below are details of our market share* in the secured MSME lending portfolio, with a ticket size of ₹ 0.5 million - ₹ 3.0 million, in the corresponding states, as of March 31, 2023:

State/ Union Territory	Portfolio outstanding ₹ 0.5 million - ₹ 3.0 million (₹ million) (Source: CRISIL Report, page 173)	Our assets under funding** (₹ million)	Market share (%)*
Assam	15,869	770.78	4.86%
Bihar	25,940	1,505.63	5.80%
Uttar Pradesh	161,898	4,847.14	2.99%
Uttarakhand	25,829	719.02	2.78%
Haryana	86,554	2,441.19	2.82%
Karnataka	236,890	5,663.60	2.39%
Telangana	169,713	4,050.93	2.39%
Madhya Pradesh	111,632	2,255.35	2.02%
Delhi	58,450	665.52	1.14%
Andhra Pradesh	149,562	1,849.11	1.24%
Pondicherry	5,133	59.44	1.16%
Maharashtra	360,142	2,831.03	0.79%
Chandigarh	4,613	30.67	0.66%
Punjab	95,801	452.10	0.47%
West Bengal	53,065	265.21	0.50%
Rajasthan	195,290	691.63	0.35%
Gujarat	241,519	647.55	0.27%
Tamil Nadu	304,156	731.73	0.24%

Notes:

* Market share has been computed as our assets under funding divided by the portfolio of secured MSME loans of ticket size ₹ 0.5 million - ₹ 3.0 million outstanding, each as of March 31, 2023 in the relevant state, as per the CRISIL Report, as a percentage upon rounding off.

**Assets under funding refers to our AUM as of March 31, 2023, less co-origination partner's share of AUM.

We believe, based on the extent of our market share, that there is opportunity to increase our coverage in existing locations and expand geographically as well. 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 neighbouring 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 behaviour, (iv) understanding staff behaviours and culture, among other metrics. While we believe we have already established a supervisory leadership across verticals in our focussed states, 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 March 31, 2023, 57.24% of our branches have been opened for longer than 36 months, 28.95% of our branches have been opened for between 12 and 36 months and 13.81% our branches have been opened for less than 12 months.

Loan-to-Value (LTV) Ratio, EMI

The NBFC-ND-SI Directions issued by the RBI prescribe the maximum permissible parameters of the loan amount that can be provided to Loan against Gold customers. These are aimed at providing greater operational flexibility to lending institutions and improving the credit flow to unserved and underserved sector of the economy and make funds available at affordable cost, considering lower cost of funds from banks and greater reach of NBFCs. Under applicable regulations, NBFCs are required to maintain LTV ratio not exceeding 75% for loans granted against the collateral of gold jewellery, provided that for the purposes of determining the maximum permissible loan amount, the value of gold jewellery shall be the intrinsic value of the gold content therein with no additional cost elements. Our LTV for each of our gold loans is within the relevant range prescribed by the RBI. Our Loans against Gold have an average LTV ratio of 68.51% as of March 31, 2023. Our Secured MSME Loans have an average LTV ratio of 42.51% as of March 31, 2023.

While approving a loan application, we review, among others, the customer’s repayment capacity. This is determined by factors such as the customer’s age, educational qualification, family details, the customer’s business and salary profile and the security being provided by the customer. Our credit officers spend time locally to understand the income of the applicant. We deploy a local team with knowledge of local collateral and nuances to analyse suitability of the applicant. We analyse income sources from multiple data points to determine the value of loans to be sanctioned. Set forth below are key steps of our credit underwriting process:

 Sourcing	 Appraisal	 Credit	 Disbursement & Post	 Account Management
100% in house loan sourcing	KYC Verification & DeDupe	Personal Discussion	Sanction Letter	NACH, PDC & EMI Presentation
CIBIL Check (failure → rejection)	Analysis of Financials, Banking, Repayment Track Record	Property Visit	Loan details captured	Collections & Bounce tracking
Capture details of customer, business and collateral	<CAM Preparation	Legal & Valuation	Property document filing & charge creation	Legal
	RCU Checks, IRV, OV, BV, ITR, Reference checks	Case Proposal	CERSAI & CIBIL update	Customer Service

The amount and LTV of the loan is subject to our credit assessment of the customer and factors including value of the collateral and regulatory limits. Loans are required to be repaid in equated monthly instalments (“EMIs”) over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan.

Interest Rates, Fees and Collateral

A majority of our loan portfolio is at variable rates of interest, linked to the Prime Lending Rate and the pricing of such fixed interest rate loan is generally determined on the basis of market conditions. Of our Secured MSME Loans extended as on March 31, 2023, 97.94% in terms of Gross Loan Book was based on a floating rate of interest and 2.06% in terms of Gross Loan Book was based on a fixed rate of interest. Floating interest rate loans protect us from increase in interest rate by our lenders, since interest rate increases can be passed on to our borrowers. In addition to the normal rate of interest, our Company may also levy certain charges such as processing fees, cheque bouncing charges and pre-payment charges. The details of all charges are mentioned in the loan agreement or other documents executed between us and the customer. These fees are subject to change from time to time based on market conditions and regulatory requirements.

For Secured MSME Loans, we create security through equitable mortgages or registered mortgages in property, based on the customer segment and applicable state laws. For our Loans against Gold, the underlying collateral is gold jewellery and the security is created by way of a pledge. The underlying collateral is physically held at our branches with heightened security features.

Credit Approval and Disbursement

Our Company has clearly defined credit approval authority, which is based on the experience and expertise of individual credit approvers. The credit authority delegation is based on a duly approved, defined framework, based on value of loan and types of deviation. Our Company's risk management committee has developed risk management policies, addressing credit risk, market risk, liquidity risks and operational risks. Leveraging our significant operational experience, and we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. The Risk Management Committee has laid down a credit policy detailing the policy norms, process and procedure to be adopted for credit appraisal and approval, exposure limits for single/ group borrower, sectors, among others, subject to RBI guidelines issued from time to time, under which each new customer is analysed for creditworthiness before the loan is sanctioned.

We have monitoring structures in place, including CIBIL monitoring, which sets off triggers based on CIBIL defaults; business set-up triggers, which identifies triggers for fraudulent activities by businesses; policy triggers, which capture policy deviation; collateral triggers, which identify potential stress based on past valuations and locations, LTV, demographic triggers, based on age, salary and company profile. Other than these, we undertake regular random checks to confirm adherence to policy through the life cycles of our loans.

Secured MSME Loans

Our credit risk assessment framework for Secured MSME Loans, has three prongs:

- Ability to pay

In order to determine eligibility, we mandate submission of income tax returns. We review other financial statements of the potential borrower to identify their sources of income, income history and conduct a thorough income profile assessment. We have a dedicated credit team at our branches, who are deployed with knowledge of local markets. We spend a considerable amount of time to understand the formal and informal income sources of customers as well as that of their family members, and their savings capacity. We visit a customer's residence and place of business, gather detailed information about the customer from the neighbourhood, locality and their customers and suppliers and conduct a cash flow assessment of their income to enable us to make informed decisions.

- Willingness to pay

We analyse the repayment track record of potential borrowers along with their formal and informal borrowings. We focus on the profile of the borrower, and as of March 31, 2023, 82.32% of our Secured MSME Loan customers have a CIBIL score above 700 at the time of origination. We conduct referral checks and review their bank account statement to identify and assess any gaps in their complete income and expenditure, to understand their likely repayment habits.

- Collateral

We conduct legal and title searches on the property being provided as security for our loans, and duly review the title documents provided by borrowers. We also conduct independent valuations on such property, to arrive at the

market value, based on which the quantum of the loan is determined. In addition, we physically inspect the collateral provided for our loans.

We are aided in this evaluation process by our technology solutions. Our centralized real-time lending system, Leviosa, is a multi-product digital platform, which leads to faster product launches and turn-around time. It enables, among other things, real time integration through open API architecture that facilitate seamless customer information validation. We are able to capture significant amounts of data points through credit bureau data, API stack enabling independent validation from source, customer financials, observations from our front end team, and feedback from our credit underwriting and management teams. It runs background checks in terms of instant CIBIL, GST and income tax verification, income calculation, identity checks, enabling quick credit approval and immediate disbursement.

Loan against Gold

Loans against Gold are primarily driven by the product programs for gold, duly approved by the Board, and the branch has limited control over the credit/product parameters. We have a dedicated in-house team of 167 chief valuers as of March 31, 2023, who are distributed across branches for valuation of gold, and who are guided by valuation guidelines approved by us. Each Loan against Gold has to be approved by two employees, as maker and author. The amount funded against the gold jewellery is based on a fixed rate per gram for the gold content in the jewellery only, and we do not take into account the gold jewellery's total weight, production cost, style, brand or gemstone value. We value the jewellery's gold content based on appraised karat grading guided by our centralized policies and guidelines. The price per gram of gold is fixed daily based on multiple factors such as the last 30 days average closing gold rates. The actual loan amount varies based on the type of gold jewellery pledged. Thus, our gold loans are well collateralized, given that the actual value of the collateral in all cases will be expected to realize a higher value than our appraised value.

Appraisal of the gold jewellery that serves as collateral is the most critical part of the loan approval process. Our valuers are trained and have experience in appraising the gold karat grading and gold content of the jewellery. The appraisal process begins with weighing the jewellery using calibrated weighing machines, before subjecting it to prescribed valuation tests for the quality and karat grading of gold, including stone tests and acid tests. This is followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests and destructive tests. Once the gold jewellery passes these tests, its relevant details, including its gross weight, net weight, various deductions, karat grading, and its photographs are captured in the loan management system. Based on the information entered, the system displays the eligible loan amount considering the rates per gram of gold for the day. Although disbursement times vary depending on the loan ticket size and the number of jewellery items pledged, the time to sanction is short. For details on the LTV of our collaterals, see "*Selected Statistical Information – Product Wise average LTV on AUM Origination Basis*" on page 283.

At the branch level, we have also digitized the entire process from application to sanction and disbursal, through the *Gold Genie* application. Customers can apply for gold loan via social media or our website, receiving an immediate call-back after demonstrating interest in availing of the loan. The customer can input all KYC details, reducing turnaround time, check progress of disbursal, and capture images of the jewelry on the application itself. The pledge document is sent to the registered mobile number via WhatsApp after disbursal, and the money is credited into the customer's account through IMPS, while the jewelry packet verification takes place either at the customer's residence or at our branch. The Gold Genie application fetches and stores almost 600 data elements/documents/images for a single transaction.

Collections, Asset Quality and Monitoring

Once disbursed, all loans are booked under the Loan Management System ("LMS") and loan management and support services post disbursement are done through LMS, which includes statement of account, repayment schedule, among others. LMS has inbuilt checks and security controls which are defined and managed by our in-house technology team.

We have set up a dedicated in-house Business Intelligence ("BI") and analytics unit to drive data and information flow in a timely manner at all levels. We have created a repository of data points at each stage of the customer journey before and after onboarding. This information is analyzed on a continuous basis through AI-based statistical models to show behavioral trends and drive future decisions and outcomes. Based on this data analysis, monthly portfolio trends and insights are published for review and further action. This helps in early stress identification based on which relevant portfolio and collection actions are taken.

Based on past data repository and continuous data mining, we have been able to develop our own “customer segment” model to create better credit filters and to acquire quality loan profiles. We also use models to monitor acquisition and portfolio trends in real time, based on predefined triggers. This helps us in taking timely corrective action to drive desired business and credit outcomes.

We have now adopted procedures such as daily DPD stamping and upgradation of loans to ‘standard’ classification only when the fully overdue amount is received. We also have an in-house collections team, responsible for detecting likely default early, thereby maintaining relatively low Gross NPA ratios. Additionally, we deploy collection agencies to assist our in-house collections team, and as of March 31, 2023, we have engaged 19 such agencies which are dedicated to our Secured MSME Loan portfolio. For further information, see “- Extensive on-ground collections infrastructure leading to maintenance of asset quality” on page 208.

We vary our collections strategy based on the different stages of a loan, and have a monitoring mechanism that ensures involvement and intervention from various individuals across our business, all of which also ensures healthy asset quality. Our collections process is also technology-driven. Our collection representatives are able to access customer data on the phone and issue receipts digitally real time through their mobile application. As of March 31, 2023, approximately 89.49% of our Secured MSME Loan collections and 90.92% of our unsecured loan collections were non-cash based EMI collections, thus reducing our cash management risk, and enabling customers to receive real-time payment receipts, through SMS.

Further, our collection services are aided by a mobile application ‘Delta’ and a web application ‘Omega’, which are collections applications providing a priority list of overdue customers to the collection team in real-time. For the initial stages of delinquency, we focus on soft collections and send customers SMS reminders of their upcoming loan repayments and initiate recovery process immediately after a customer defaults in their monthly payment. Additionally, we engage call centres’ autodial capacity to ensure better collections. For higher stages of delinquency, our collections efforts include frequent follow up for collections, including reminder messages and calls from the branch. For customers categorised as NPA accounts, if our recovery team is unable to recover payments, we typically initiate legal action, including in respect of dishonoured non-cash instruments. For this purpose, we have an in-house legal team which supports and amplifies collections efforts to ensure that credit costs are reigned in.

Among NBFCs, the Gross NPA ratio for Secured MSME Loans for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 4.2% in March 2023. (Source: CRISIL Report, page 179) As of March 31, 2023, our Gross NPA ratio for secured MSME loans for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 1.97%, and our overall Gross NPA ratio was 2.43%. Owing to our asset quality management, we have been able to grow our AUM at a CAGR of 49.17% between Fiscal 2021 and Fiscal 2023.

Internal Audit

We have an internal audit process which conducts (i) verification of loan files for Secured MSME Loans, (ii) branch audit for gold loans verifying all gold packets, (iii) departmental audits for verification and implementation of effective processes and controls, and (iv) conducts offsite analytical monitoring for identifying and addressing risks and ensuring operational and regulatory compliance. The audit process conducts an evaluation of the adequacy and effectiveness of internal systems on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal guidelines.

Treasury Operations and Funding

Our treasury operations are mainly focused on raising funds for meeting our funding requirements and managing short term surpluses. We have secured financing from diversified sources of capital, including term loans, proceeds from loans securitized, proceeds from the issuance of NCDs from banks and financial institutions to meet our capital requirements. As of March 31, 2023, our outstanding borrowings included ₹ 29,121.73 million in term loans from public and private sector banks, ₹ 3,672.49 million from NBFCs and other financial institutions and ₹ 600.00 million in secured working capital demand loans from banks. We are continuously seeking to diversify our sources of funding to facilitate flexibility in meeting our funding requirements.

The following table sets out our sources of capital for the periods indicated:

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	(₹ million)	Percentage of total borrowings (%)	(₹ million)	Percentage of total borrowings (%)	(₹ million)	Percentage of total borrowings (%)
Term loans – Secured						
Banks	25,179.91	90.82%	27,253.65	92.42%	29,121.73	77.75%
NBFCs and financial institutions	375.00	1.35%	1,293.48	4.39%	3,672.49	9.80%
Working Capital Demand Loan – Secured						
Banks	-	-	-	-	600.00	1.60%
Debt securities – Secured						
Non-convertible debentures	1,500.00	5.41%	430.00	1.46%	430.00	1.15%
Others collateralised borrowing	670.61	2.42%	511.05	1.73%	3,634.11	9.70%
Total	27,725.52	100.00%	29,488.18	100.00%	37,458.33	100.00%

For details on the maturity pattern of our Company’s liabilities and assets as at March 31, 2023, see “*Selected Statistical Information – Asset Liability Management*” on page 281.

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		
	March 31, 2021	March 31, 2022	March 31, 2023
	(₹ in million, except percentages)		
Total assets (₹ in million)	42,311.90	45,150.34	57,464.40
Tier I Capital	9,087.59	9,864.61	14,049.52
Tier II Capital	221.71	119.27	86.24
Total Capital	9,309.30	9,983.88	14,135.76
Risk Weighted Assets	35,469.74	38,087.02	44,300.08
Capital Adequacy Ratio (%) (CRAR)	26.25%	26.21%	31.90%
CRAR - Tier I Capital (%)	25.62%	25.90%	31.71%
CRAR - Tier II Capital (%)	0.63%	0.31%	0.19%
Total Borrowings⁽¹⁾ to Tangible Equity⁽²⁾ ratio⁽³⁾	2.93	2.87	2.55

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.

(2) Total Tangible Equity represents the aggregate of Equity share capital and Other equity balance less goodwill as of the last day of the relevant period.

(3) Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.

Credit Ratings

We have received a credit rating of Ind A/ Stable in Fiscal 2018, and have subsequently been upgraded to Ind A+/ Stable in Fiscal 2022 by India Rating. We have received a credit rating upgrade of [ICRA] A+ (Stable) in October 2022 from [ICRA] A (Positive) in October 2021, for our term loan and NCDs. We have received a rating of CARE A+; Stable by CARE Ratings for our long term bank facilities in April 2023.

Risk Management Framework

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 sales, credit, collections and operations have been segregated at all levels, to ensure that there is no commingling of risks. We have recruited state-level senior leadership of these functions to ensure monitoring of these key risks on a continuous basis. In addition to this, our internal audit function uses data analytics and on-ground fact checking to create an extra level of oversight and control to the key risks of our business. Our risk management framework is primarily driven by our Board and its subcommittees, the 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, operational risk, IT risk, reputation risk, cash management risk, collateral risk and legal risk. Our Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect our Company.

We have policies in place to address these risks, which are reviewed annually by senior management and approved by the Board of Directors.

Credit Risk

Credit risk is the risk of financial loss to our Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loan receivables from customers. We believe in segregation of functional responsibilities between credit underwriting/ approval, sourcing/ business, operations and debt management (which includes collection and recovery). Accordingly, credit functions are responsible for credit appraisal and approval and do not have business/profit targets. Business functions are responsible for sourcing/sales and revenue. Operations functions are responsible for disbursement after ensuring documentation and compliance/ fulfilment of terms and conditions of sanctions. The Risk Management Committee has laid down a credit policy detailing the policy norms, process and procedures to be adopted for credit appraisal and approval, including exposure limits, subject to RBI guidelines issued from time to time under which each new customer is analysed for creditworthiness before the loan is sanctioned.

In order to avoid excessive concentrations of risk, our Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio across industry segments, geography and loan sizes. Identified concentrations of credit risks are controlled and managed accordingly.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest Risk

Our company offers fixed rates only for short tenure products. Longer tenure products are linked to our Company's prime lending rate which is reviewed and revised based on the trend in cost of funds for the Company to ensure that interest rate risk is passed on to the customers.

Liquidity Risk

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. Our Company has an asset-liability management approach approved by the Board and has constituted an Asset Liability Committee to oversee the liquidity risk management function of the company. Our 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 our Company's reputation.

Our Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planning funding requirements accordingly.

The composition of our Company's liability mix ensures healthy asset-liability maturity pattern and well diversified resource mix.

Operational Risk

Our Company identifies various operational risks inherent to its business model. These cover risks of a loss resulting from inadequate or failed internal process, people and systems, or from external events. We have a dedicated operations function whose constant endeavour is to have thorough process guidelines, controlled through system platforms and monitored through dashboards.

In addition, we may face cyber-security risks such as frauds, errors, hacking and system failures, which may expose us to data breaches, among other potential losses. We have an audit department to effectively identify, measure, report, monitor and control such operational risks. As a part of our risk management process, we have segregated functional responsibility, as we believe this is one of the key control process that needs to be adopted in managing the operational risks inherent in our business. Accordingly, gold valuation and branch operations are placed under the operations vertical headed by the Chief Operations Manager reporting to the CEO and the branch / sales managers are placed under the business vertical. Loan against Gold is primarily driven by the product programs duly approved by the Board and the branch has limited control over the credit / product parameters. The delegation of authority for the approval of Loans against Gold vests in business heads such as branch managers, area business managers, divisional heads, product heads and large ticket loans are approved by the Chief Business Officer, Head Credit or CEO depending on the amount, subject to the borrower level ceiling defined in our product program. Further, every item of gold jewellery pledged is appraised again by an independent valuer attached to the internal audit department. Controls like dual control over vault operations for cash and gold movement, CCTV surveillance, among others, have been put in place at branches.

Our Company has laid down policy and processes for monitoring of delinquent accounts and auctioning of gold for persistent defaulters.

Legal Risk

Our Company has created a separate legal team to manage all legal matters relating to our Company. Further, there is a dedicated unit to drive effective legal process for collections, while external counsel is sought for critical agreements, contracts, among others. We also seek to address regulatory risks, which stem from our requirement to comply with evolving laws and other compliance requirements to which we are subject. We monitor compliance with the requirements of regulatory authorities.

Information Technology

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. Our 'phygital' model leverages technology to identify opportunities, and coupled with our personal relationships with our customers, we are able to deliver products and services to our target customers. 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 use IVR based tele-calling as part of customer engagement to provide better and effective customer experience. We will continue to make investments 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 risk and audit. For instance, we:

- Have introduced 'Leviosa', a loan origination platform capable of on-boarding and disbursing loans. Leviosa can be accessed by teams remotely. It automates and manages the complete loan processing outflow of all retail asset products owing to its powerful back-end loan engine which helps in instant decision-making. It also allows for flexibility in changing decision-making parameters. These collectively allow Leviosa to automate credit underwriting, focusing on straight-through processing, enabling the credit team to underwrite applications through rule-based deviations and workflows based on customer profile;
- Have collection services aided by a mobile application 'Delta' and a web application 'Omega', which are collections applications providing a priority list of overdue customers to the collection team in real-time;

- Continue to use a platform containing data of multiple portfolios in a single system, which allows for data migration from external to internal loan management systems, and enables other lenders to be on-boarded seamlessly;
- Have a mobile application for SBFC customers to apply for new loans, manage existing loans, repay loans online;
- Have a co-origination module customized to on-board other lenders, with a mix of on-book and off-book components. This platform enables digital disbursement of loans under our co-origination agreement and provides API-driven interfaces between two diverse loan management systems; and
- Have set up a dedicated 'Gold Genie' sales application, enabling gold loan disbursement at a customer's home.

Data Recovery and Business Continuity Plans

We have defined how our critical business processes will continue during situations such as fires or natural disasters. We leverage multiple offices and work-from-home capabilities so that employees spread across locations may continue to serve and respond to our customers and their queries in an efficient manner for uninterrupted operations. Connectivity to critical applications and functions has been provided to designated employees to ensure business continuity. The geographical spread of our regional offices across India, along with planned distribution of infrastructure and personnel across these offices, can be leveraged during any crisis at a specific geographical location.

All critical and non-critical applications are hosted on a cloud service and we do not have any physical data center. Our cloud infrastructure is built around different regions and availability zones. For non-critical applications, we leverage multiple cloud-native capabilities and tools including scheduled back-up to ensure that our data is consistently backed up. We have service level agreements for data retrieval when required. Back-ups are shifted to a separate cloud object storage periodically and can be retrieved as per the retention timeframe defined in our backup policies. To validate the effectiveness of these back-ups, we periodically restore these back-ups on our testing environments and confirm the accuracy and consistency of data restored. We also implement machine-image back-ups for critical as well as non-critical databases, in order to create a server replica in case the primary server cannot be accessed.

We have a maintenance plan for our critical database, with a full back-up (which takes place at 05:00 am daily), and differential back-up (which takes place every hour) of individual databases being exported to the cloud service for backup (which takes place at 07:00 am daily).

Sales and 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 Fiscals 2021, 2022 and 2023, our business promotion expenses was ₹ 16.51 million, ₹ 53.41 million and ₹ 17.08 million, and accounted for 0.33%, 1.01% and 0.23% of our total revenue from operations.

Competition

The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. We attempt to ensure that the interest rates we charge are in line with the market and similar to those charged by our competitors. Majority of small finance banks which received approval for commencement of operations from RBI are focused on the low and middle income individuals and micro, small and medium enterprises.

For example, we compete with players in MSME finance such as Vistaar Finance, Veritas Finance, AU Small Finance Bank and the non-home segment of affordable housing finance companies. (*Source: CRISIL Report, page 189*), and Fedbank Financial Services, Manappuram Finance, Muthoot Fincorp and Muthoot Finance in the Loan against Gold segment. (*Source: CRISIL Report, page 189*)

Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services. 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.


Human Resources

Our employees are crucial in order for us to maintain our competitive advantage and continued success. In our effort to support the Skill India mission, we initiated SBFC Gurukul. The program is run under the guidelines of National Apprenticeship Promotion Scheme and National Apprentice Training Scheme, where we groom and train fresh undergraduates and graduates in skills which match their aptitude and interest. We finance local businesses and hire local candidates, including candidates from underprivileged backgrounds. We ensure that there is individual discussion with the candidates before we register and enroll them in SBFC Gurukul, which has induction and facilitation program, classroom and on the job training. We assign buddies who are proficient in the subject matters to help us to keep the youngsters motivated, followed by regular review and feedback mechanism. A mandatory one day workshop is run for mentors and coaches assigned with different SBFC Gurukul batches. As of March 31, 2023, 218 candidates are enrolled in different management training courses including those for chief valuer, credit processing officer, branch sales manager, human resources executive, accountant and internal auditor. After the training period, we consider their inclusion as part of our workforce.

We aim to instill integrity, excellence and agility as part of our workplace culture, and conduct orientations, training and performance management programs to outline and reinforce these values. As at March 31, 2023, we had 2,822 full-time employees under our payroll. The following table sets out the number of our full-time employees by function as of March 31, 2023:

Department	No. of Employees
Sales and Marketing	1,911
Operations	98
Credit	537
Finance	21
Human Resources	20
Legal and Compliance	7
Audit and Risk Management	25
Collections	170
Technology	15
Others	18
Total	2,822

Intellectual Property

Our Company has registered three trademarks in India under class 36, including in respect of financial services for our logo, . For further information, see “Government and Other Approvals” on page 430. Also see, “Risk Factors – We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims” on page 52.

Corporate Social Responsibility

We undertake our Corporate Social Responsibility (“CSR”) activities with our CSR committee, and have undertaken a number of CSR projects under our CSR policy. We focus our CSR efforts on primary education, health, critical illness, mental wellbeing and skill development. Our CSR expenses were ₹ 1.39 million, ₹ 20.35 million and ₹ 16.61 million in Fiscal 2021, 2022 and 2023, respectively.

Our CSR policy is in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014.

Insurance

Our Company has obtained insurance policies to cover our assets against losses from fire, burglary, risks to our property and against third party liabilities, including a public liability policy. Additionally, we maintain a group term insurance policy and a group health insurance policy to cover the medical expenses incurred by our

employees during hospitalisation, for any illness or injury suffered. Our Company is also covered for directors' and officers' liability insurance and has obtained public offering of securities insurance.

Properties

We lease the building where our Registered Office and our Corporate Offices are located. In addition, as on March 31, 2023, we have leased 152 branch properties across India. The typical period for which leases are generally entered into by our Company for its branches ranges from 11 months to nine years. None of our properties have been leased from related parties. For further information, see “*Risk Factors—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*” on page 50 of this Prospectus.

KEY REGULATIONS AND POLICIES

The following is an overview of certain key laws and regulations in India which are applicable to the operations of our Company in India. The information available in this section has been obtained from various legislations, rules and regulations notified thereunder and other regulatory requirements available in the public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the Bidders and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.

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 Financial 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

Constitution of Committees

All Applicable NBFCs are required to constitute the committees disclosed below:

- i. **Audit Committee:** An NBFC is required to constitute an audit committee consisting of not less than three members of its board of directors. The audit committee constituted by an NBFC as required under Section 177 of the Companies Act, 2013 shall be the audit committee for the purposes of the Master Directions as well, and its powers and functions shall be as provided under Section 177 of the Companies Act, 2013.
- ii. **Nomination Committee:** NBFCs are required to constitute a nomination committee to ensure 'fit and proper' status of proposed or existing directors, which shall have the same powers and functions as the nomination and remuneration committee required to be constituted under Section 178 of the Companies Act, 2013.
- iii. **Risk Management Committee:** NBFCs are required to constitute a risk management committee to manage the integrated risk.
- iv. **Asset Liability Management Committee:** NBFCs are required to constitute an asset liability management committee. The asset liability management committee is required to be headed by the chief executive officer/ managing director or the executive director of such NBFC, as prescribed under the Master Directions.

Fit and Proper Criteria

Applicable NBFCs are required to (a) maintain a policy approved by the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis, in line with the guidelines prescribed under the Master Directions; (b) obtain a declaration and undertaking from directors giving additional information on the directors, in the format prescribed under the Master Directions; (c) obtain a deed of covenant signed by directors, in the format prescribed under the Master Directions; and (d) furnish to the RBI a quarterly statement on change of directors and a certificate from the managing director of the Applicable NBFCs that fit and proper criteria in selection of the directors has been followed. The statement must be submitted to the regional office of the Department of Non-Banking Supervision of the RBI where the Applicable NBFC is registered, within 15 days of the close of the respective quarter. The statement submitted for the quarter ending March 31, is required to be certified by the auditors.

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

RBI notified Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 on January 16, 2023. Under these directions, any person who intends to make an acquisition that is likely to result in major shareholding in a banking company, is required to seek previous approval of the RBI by submitting an application to it. These directions are issued to ensure that the ultimate ownership and control of banking companies are well diversified and the major shareholders of banking companies are 'fit and proper' on a continuing basis. 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 CRAR 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 non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided hereunder:

S. No.	Provisioning Requirement
1.	Loans, advances and other credit facilities including bills purchased and discounted
(i) Loss Assets	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.
(ii) Doubtful Assets	(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 –

S. No.	Provisioning Requirement											
	Period for which the asset has been considered as doubtful	Per cent of provision										
	Up to one year	20%										
	One to three years	30%										
	More than three years	50%										
(iii) Sub-standard Assets	A general provision of 10% of total outstanding is to be made.											
2. Lease and hire purchase assets -												
(i) Hire purchase Assets	<p>I. In respect of hire purchase assets, the total dues (overdue and future instalments taken together) as reduced by -</p> <p>(a) the finance charges not credited to the profit and loss account and carried forward as unmatured finance charges; and</p> <p>(b) the depreciated value of the underlying asset, is to be provided for.</p> <p><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.</p> <p>II. <u>Additional provision for hire purchase and leased assets:</u></p> <table border="1"> <tbody> <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> </tbody> </table> <p>III. On expiry of a period of 12 months after the due date of the last instalment of hire purchase/leased asset, the entire net book value is to be fully provided for</p>		Where hire charges or lease rentals are overdue upto 12 months	Nil	Where hire charges or lease rentals are overdue for more than 12 months upto 24 months	10% of the net book value	Where hire charges or lease rentals are overdue for more than 24 months but upto 36 months	40% of the net book value	Where hire charges or lease rentals are overdue for more than 36 months but upto 48 months	70% of the net book value	Where hire charges or lease rentals are overdue for more than 48 months	100% of the net book value
Where hire charges or lease rentals are overdue upto 12 months	Nil											
Where hire charges or lease rentals are overdue for more than 12 months upto 24 months	10% of the net book value											
Where hire charges or lease rentals are overdue for more than 24 months but upto 36 months	40% of the net book value											
Where hire charges or lease rentals are overdue for more than 36 months but upto 48 months	70% of the net book value											
Where hire charges or lease rentals are overdue for more than 48 months	100% of the net book value											

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 shall 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.

Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("SBR Framework")

The RBI released the SBR Framework i.e. Framework for Scale Based Regulation for Non-Banking Financial Companies dated October 22, 2021 and put in place a revised regulatory framework for NBFCs. The SBR Framework 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.

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 ("RBI") System for Select NBFCs and Urban Co-operative Banks (the "RBI Guidelines")

RBI for non-deposit taking NBFCs with an asset size of ₹50 billion and above (the "**RBI 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 RBI Guidelines, RBI Applicable NBFCs are required to implement the RBI framework by March 31, 2022. The RBI 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 RBI Applicable NBFCs. Under the RBI Guidelines, the board of directors of the RBI 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 RBI function. It's also mandated that the policy be reviewed periodically, and that the internal audit function not be outsourced. Further, the RBI Guidelines also require that the risk assessment of business and other functions of RBI 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.

Master Circular dated April 1, 2022 on Bank Finance to Non- Banking Financial Companies

The circular lays down RBI's regulatory policy regarding financing of NBFCs by banks. The circular specifies, inter alia, certain guidelines for bank finance to NBFCs registered with RBI and bank finance to NBFCs not requiring registration. The circular further specifies activities which are not eligible for bank credits (such as certain bills discounted/rediscouted by NBFCs, investments of NBFCs both of current and long-term nature and unsecured loans by NBFCs to any company) and other prohibitions on bank finance to NBFCs. The aforesaid circular also prescribes the prudential ceilings for exposure of banks to NBFCs.

Reserve Bank of India's Master Circular on Prudential norms on income recognition, asset classification and provisioning pertaining to advances dated April 1, 2021 ("Master Circular on Prudential Norms")

The RBI, pursuant to its "Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances" issued on October 1, 2021, classifies NPAs into (i) standard assets; (ii) doubtful assets; and (iii) loss assets. The circular also specifies provisioning requirements specific to the classification of the assets. The Master Circular on Prudential Norms also lays down guidelines for classification of assets. It also urges the banks to ensure that while granting loans and advances, realistic repayment schedules may be fixed on the basis of cash flows with borrowers. Further, the Master Circular on Prudential Norms states that policy of income recognition should be objective and based on record of recovery rather than on any subjective considerations. Similarly, the classification of assets of banks has to be done based on objective criteria which would ensure a uniform and consistent application of the norms.

RBI further issued "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications" on November 12, 2021, with a view to ensuring uniformity in the implementation of income recognition, asset classification and provisioning norms across all lending institutions. The circular, amongst other matters, requires borrower accounts to be flagged as overdue by lending institutions as part of their day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as special mention accounts ("SMA") as well as NPA is required to be undertaken as part of day-end processes for the relevant date, such that the date of SMA/ NPA shall reflect the asset classification status of an account at the day-end of that calendar date. The circular clarifies that the SMA classification requirement for borrower accounts is applicable to all loans, including retail loans, irrespective of size of exposure of the lending institution. Further, the circular provides that upgradation of accounts classified as NPAs may be upgraded to 'standard' only if the entire arrears of interest and principal are paid by the borrower, as opposed to such upgradation being undertaken upon payment of only interest overdues.

The clarifications were made applicable immediately from the date of circular except for the instructions related to specification of due date / repayment date which were made applicable from December 31, 2021 and instructions related to non-performing assets classification in case of interest payments and customer education which are effective March 31, 2022 onwards.

Pursuant to the notification dated February 15, 2022, RBI has issued further clarifications to the "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" clarifying the definition of 'out of order'. Additionally, the notification also clarified the upgradation of loan accounts from NPAs to standard assets category upon repayment of entire arrears of interest and principal pertaining to all the credit facilities, in case of borrowers having more than one credit facility from a lending institution.

Further, RBI issued a master circular "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated April 1, 2022, consolidating instructions received through previous circulars and notifications on the concerned matter issued upto March 31, 2022.

The Reserve Bank – Integrated Ombudsman Scheme, 2021 (the "Ombudsman Scheme")

The RBI through its 'Statement on Developmental and Regulatory Policies' dated February 5, 2021, proposed the integration of the Ombudsman Scheme for Non-Banking Financial Companies, 2018 with the Banking Ombudsman Scheme, 2006 and the Ombudsman Scheme for Digital Transactions, 2019 under the 'One Nation One Ombudsman' approach for grievance redressal and has done the same through the Ombudsman Scheme effective from November 12, 2021. This is intended to make the process of redressal of grievances easier by enabling the customers of the banks, NBFCs and non-bank issuers of prepaid payment instruments to register their complaints under the integrated scheme, with one centralized reference point.

The Ombudsman Scheme was introduced by the RBI with the object of enabling resolution of complaints in respect of certain services rendered by particular categories of NBFCs, to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. Further, the RBI through its notification on Appointment of Internal Ombudsman by Non-Banking Financial Companies dated November 15, 2021 has established the office of Internal Ombudsman for NBFCs along with its roles and responsibilities.

the Ombudsman Scheme, inter alia, establishes the office of the ombudsman, specifies the procedure for the redressal of grievances and the mechanism for appeals against the awards passed by the ombudsman.

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 (“Consolidated 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, pursuant to the Consolidated 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/2020-21/16DOR.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) had 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. Further, through the RBI circular on the same, dated June 4, 2021 the aggregate exposure limit was increased to ₹500 million as on March 31, 2021. All the measures under these circulars 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 Manufacturers 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.

Foreign Exchange Management Act 1999 ("FEMA")

Foreign investment in Indian securities is regulated through the Consolidated Foreign Direct Investment ("FDI") Policy and Foreign Exchange Management Act 1999 ("FEMA"). The government bodies responsible for granting foreign investment approvals are the ministries / departments concerned of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board ("FIPB"), as provided in the press release dated May 24, 2017. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT"), earlier known as Department of Industrial Policy and Promotion ("DIPP") issued the Consolidated FDI Policy Circular of 2020 ("Consolidated FDI Policy") by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which consolidates and supersedes all previous press notes, press releases and clarifications on FDI. The DPIIT has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendment to FEMA. In case of any conflict, FEMA prevails.

Further, on January 4, 2018 the RBI released the Master Direction on Foreign Investment in India (updated from time to time). Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/activities that cannot be brought in under the automatic route may be brought in through the approval route.

Approvals are accorded on the recommendation of the FIPB, which is chaired by the Secretary, DIPP, with the Union Finance Secretary, Commerce Secretary and other key Secretaries of the Government of India as its members.

As per the sector specific guidelines of the Government of India, 100% FDI/ Non-Resident Indian (“NRI”) investments are allowed under the automatic route in certain NBFC activities subject to compliance with guidelines of the RBI in this regard.

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 originally incorporated on January 25, 2008 at Mumbai, India as ‘MAPE Finserve Private Limited’, a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. The Board of our Company approved the change in the name of our Company from ‘MAPE Finserve Private Limited’ to ‘Small Business Fincredit India Private Limited’ by their resolution dated July 3, 2017, which was thereafter approved by the Shareholders of our Company through their resolution dated August 24, 2017 due to change in control in favor of the new promoters of the Company i.e. Arpwood Group and a fresh certificate of incorporation, under the Companies Act, 2013, was issued by the RoC on August 31, 2017. Thereafter, the Board of our Company approved the change in the name of our Company from ‘Small Business Fincredit India Private Limited’ to ‘SBFC Finance Private Limited’ by their resolution dated October 24, 2019 for the ease of reference that a shorter name provides, which was thereafter approved by the Shareholders of our Company through their resolution dated December 11, 2019 and a fresh certificate of incorporation, under the Companies Act, 2013, was issued by the RoC on January 13, 2020. Subsequently, our Company was converted into a public limited company under the Companies Act, 2013 and consequently the name of our Company was changed from “SBFC Finance Private Limited” to ‘SBFC Finance Limited’ pursuant to a resolution passed by the Board of our Company on September 21, 2022 and a special resolution passed by the Shareholders of our Company on September 23, 2022, and a fresh certificate of incorporation dated September 30, 2022 was issued by the RoC.

Changes in the registered office of our Company

The registered office of our Company is currently situated at 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India.

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of incorporation:

Date of change	Details of change in the registered office	Reasons for change
August 1, 2009	Change of the registered office from Laxmi Towers, 4 th Floor, A Wing, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India to 13/14, 1 st Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030, Maharashtra, India.	Administrative convenience
August 24, 2017	Change of the registered office from 13/14, 1 st Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030, Maharashtra, India to Unit No. 762, Bldg. No. 7, 6 th Floor, Solitaire Corporate Park, Andheri (E), Mumbai 400 093, Maharashtra, India.	Administrative convenience
March 11, 2019	Change of the registered office address from Unit No. 762, Bldg. No. 7, 6 th Floor, Solitaire Corporate Park, Andheri (E), Mumbai 400 093, Maharashtra, India to 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai 400 059, Maharashtra, India.	Expiry of lease and requirement of larger space

Main objects of our Company

The main objects of our Company as contained in the Memorandum of Association are:

1. “To lend and advance money or give credit with or without security to such persons or companies on such terms as may seem expedient and to guarantee or become liable for the payment of money or for the performance of any obligations, and generally to transact all kinds of guarantee business; trust and agency business and to receive money on deposit or loan and to borrow or raise money in such manner as the Company shall think fit, and in particular by the issue of debentures or debenture-stock and to secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien upon all or any of the property or assets of the Company (both present and future), including the uncalled capital, and

also by a similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other person or company, as the case may be subject to Section 58A of the Companies Act, 1956 and the relevant RBI directives.

2. *To borrow raise money with or without security and or by issue or sale of bonds, mortgages, debentures or debenture-stock of the Company, whether perpetual or otherwise and to utilize any money so raised to any of the objects of the Company and to advance and lend money and assets of all kinds upon such terms as may be arranged subject to Section 58-A of the Companies Act, 1956 and the relevant RBI Directions.*
3. *To undertake and provide services related to buying, selling and dealing in shares and securities of bodies corporate, whether listed at stock exchanges or unlisted, to provide information, recommendations, advisory and consultancy services to any person through agents, franchises, newsletters, circulars, mailers, and other such print and electronic mediums including Internet, Website, Portals or by any other means for investments, trading dealings shares and securities including bonds, debentures, stocks, warrants, depository receipts and like financial instruments and to undertake and carry on all other activities.*
4. *To render services as brokers, distributors, commission agents, corporate agents, importers and exporters, and to act as principals, agents, corporate agents, distributors, contractors, executors, administrators, managers, trustees, or otherwise and by or through trustees, agents or attorney, or otherwise whether alone or in conjunction with others to carry on the ecommerce or otherwise business of retail and institutional distribution pf the schemes of the Mutual Funds, insurance policies, or any other financial products/ instruments issued by Banks, Mutual Funds, Insurance Companies or any financial intermediary, to contract for, and negotiate and issue and participate in finding any public and private loans and advances, underwriting contracts, mortgages, equity participation, cash credits, overdrafts and other financial facilities including services of backup servicer, master servicer, servicing and collection agent along with enforcement, auction and sale of securities, mortgage assets or any other assets of any other entity.*
5. *To carry on in India or abroad the business of advertising & publicity and for this propose to purchase, sell sponsor, hire, charter, manage, acquire, undertake, hold, provide & promote, publicity or advertising time space or opportunity on any premises, internet, broadcasting centre, television centre, hoardings, neon signs, electronic display board, newspapers, magazines, souvenirs and all other present and feature medias or display devices and to do all incidental acts and things necessary for the attainment of the objects under these presents.”*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out.

Amendments to the Memorandum of Association in the last 10 years

Set out below are the amendments to the Memorandum of Association in the 10 years immediately preceding the date of this Prospectus:

Date of Shareholders' resolution	Nature of amendment
March 19, 2016	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹20,500,000 divided into 2,050,000 Equity Shares of ₹ 10 each to ₹170,500,000 divided into 2,050,000 Equity Shares of ₹ 10 each and 15,000,000 Compulsorily Convertible Preference Shares of ₹ 10 each
August 24, 2017	Clause I of the Memorandum of Association was amended to reflect the change of name of the Company from 'MAPE Finserve Private Limited' to 'Small Business Fincredit India Private Limited'
September 14, 2017	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹170,500,000 divided into 2,050,000 Equity Shares of ₹ 10 each and 15,000,000 Compulsory Convertible Preference Shares of ₹ 10 each to ₹10,000,000,000 divided into 985,000,000 Equity Shares of ₹ 10 each and 1,50,00,000 Compulsory Convertible Preference Shares of ₹ 10 each
June 25, 2018	Inserted the following sub clause no. A (4) in Clause III(A) of the main object of the Memorandum of Association:

Date of Shareholders' resolution	Nature of amendment
	<i>“To render services as brokers, distributors, commission agents, corporate agents, importers and exporters, and to act as principals, agents, corporate agents, distributors, contractors, executors, administrators, managers, trustees, or otherwise and by or through trustees, agents or attorney, or otherwise whether alone or in conjunction with others to carry on the ecommerce or otherwise business of retail and institutional distribution of the schemes of the Mutual Funds, insurance policies, or any other financial products/ instruments issued by Banks, Mutual Funds, Insurance Companies or any financial intermediary, to contract for, and negotiate and issue and participate in finding any public and private loans and advances, underwriting contracts, mortgages, equity participation, cash credits, overdrafts and other financial facilities.”</i>
December 19, 2018	Inserted the following sub clause no. A (5) in Clause III(A) of the main object of the Memorandum of Association: <i>“To carry on in India or abroad the business of advertising & publicity and for this propose to purchase, sell sponsor, hire, charter, manage, acquire, undertake, hold, provide & promote, publicity or advertising time space or opportunity on any premises, internet, broadcasting centre, television centre, hoardings, neon signs, electronic display board, newspapers, magazines, souvenirs and all other present and feature medias or display devices and to do all incidental acts and things necessary for the attainment of the objects under these presents.”</i>
December 11, 2019	Clause I of the Memorandum of Association was amended to reflect the change of name of the Company from ‘Small Business Fincredit India Private Limited’ to ‘SBFC Finance Private Limited’
September 23, 2022	Clause I of the Memorandum of Association was amended to reflect the change of name of the Company from ‘SBFC Finance Private Limited’ to ‘SBFC Finance Limited’
September 23, 2022	Clause V of the Memorandum of Association was amended to reflect the change in authorised share capital from ₹10,000,000,000 divided into 985,000,000 Equity Shares of ₹ 10 each and 1,50,00,000 Compulsory Convertible Preference Shares of ₹ 10 each to ₹ 9,850,000,000 divided into 985,000,000 Equity Shares of ₹ 10 each
October 15, 2022	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹ 9,850,000,000 divided into 985,000,000 Equity Shares of ₹ 10 each to ₹ 13,000,000,000 divided into 1,300,000,000 Equity Shares of ₹ 10 each
July 13, 2023	Substituted sub-clause (4) of clause III (A) with the following: <i>“To render services as brokers, distributors, commission agents, corporate agents, importers and exporters, and to act as principals, agents, corporate agents, distributors, contractors, executors, administrators, managers, trustees, or otherwise and by or through trustees, agents or attorney, or otherwise whether alone or in conjunction with others to carry on the ecommerce or otherwise business of retail and institutional distribution of the schemes of the Mutual Funds, insurance policies, or any other financial products/ instruments issued by Banks, Mutual Funds, Insurance Companies or any financial intermediary, to contract for, and negotiate and issue and participate in finding any public and private loans and advances, underwriting contracts, mortgages, equity participation, cash credits, overdrafts and other financial facilities including services of backup servicer, master servicer, servicing and collection agent along with enforcement, auction and sale of securities, mortgage assets or any other assets of any other entity.”</i>

Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar year	Activity
2008	Incorporation of the Company
2017	Investment by Arpwood Partners Investment Advisors LLP in our Company
2019	Investment by SBFC Holdings Pte. Ltd. in our Company
2021	ICRA Credit Rating for our long-term fund-based bank lines and non-convertible debentures reaffirmed as ‘A’ and outlook upgraded from Stable to Positive
2022	Investment by Malabar India Fund Limited in our Company
2022	ICRA Credit Rating for our long-term fund-based bank lines and non-convertible debentures upgraded to ‘A +’ and outlook revised to Stable
2022	Incorporation of our Subsidiary

Significant financial or strategic partnerships

Our Company does not have any significant strategic or financial partners.

Time/cost overrun

Our Company has not experienced any time/ cost overruns pertaining to its business operations.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, see “*Our Business*” on page 200.

Defaults or rescheduling/ restructuring of borrowings with financial institutions/banks

There are no defaults and there have been no rescheduling or restructuring in relation to borrowings availed by our Company from financial institutions or banks.

Details regarding material acquisitions or divestments of business/ undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Except as disclosed below, we have not made any material acquisitions or divestments of any business or undertaking, and have not undertaken any merger, amalgamation or any revaluation of assets in the preceding 10 years:

Business transfer agreement executed between our Company (then named MAPE Finserve Private Limited), Karyv Financial Services Limited (“Seller”) and Karyv Stock Broking Limited (“KSBL”) and dated August 1, 2017 (“Business Transfer Agreement”)

Pursuant to the Business Transfer Agreement, the Seller transferred all rights, benefits, title, interest, obligations and employees of its retail lending business to our Company, as a going concern and on a slump sale basis, free and clear of all encumbrances (other than as disclosed under the Business Transfer Agreement and its related documents including *inter alia* collection agent agreement, local transfer documents, property agreements, escrow agreement, transitional services agreement and deeds of novation for business contracts) for a consideration of ₹ 10,795.63 million effectively on September 28, 2017. Further, our Company, the Seller and KSBL had entered into other agreements *inter alia*, collection agent agreement, transitional services agreement and accounts agreement to enable smooth transition and transfer of the retail lending business to our Company.

Shareholders’ agreements and other material agreements

Amended and Restated Shareholders’ agreement dated February 22, 2022, by and amongst our Company, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited, Eight45 Services LLP, SBFC Holdings Pte. Ltd., Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund (“Malabar Group”) (collectively, the “Parties”) read with the amendment agreement dated October 18, 2022 and the second amendment agreement dated July 12, 2023 entered into between the aforementioned parties (“Shareholders’ Agreement”)

The Shareholders’ Agreement, entered into between the Parties, records the inter-se rights and obligations by virtue of the respective shareholding of the certain shareholders in our Company, the management of our Company and certain other matters.

The Shareholders’ Agreement, *inter alia*, sets out the inter-se rights and obligations of the parties thereto vis-à-vis our Company, and provides, subject to the terms and conditions contained therein, certain rights and obligations including without limitation: (i) pre-emptive rights of shareholders; (ii) certain transfer restrictions including right of first offer, tag along rights and drag along rights in the event of any transfer of shares by certain Parties to any third party; (iii) information rights; and (iv) affirmative voting rights under certain reserved matters.

Further, in order to facilitate the proposed Offer process in accordance with applicable laws, the Parties entered into an amendment agreement dated October 18, 2022, to the Shareholders Agreement (the “**Amendment Agreement**”), and the second amendment agreement dated July 12, 2023 recording certain amendments and waivers with respect to certain special rights available to the Parties under the Shareholders’ Agreement.

Further, under the Amendment Agreement, a) So long as SBFC Holdings Pte. Ltd. holds (i) at least 30% (thirty percent) of the paid-up Equity Share Capital on a fully diluted basis (“**Clermont Nomination Threshold 1**”), it shall be entitled to nominate 4 (four) Directors on the Board (provided however, in the event the shareholding of the Arpwood Group goes below 5% (five percent) of the paid-up Equity Share Capital on a fully diluted basis,

and SBFC Holdings Pte. Ltd. continues to maintain the Clermont Nomination Threshold 1, then SBFC Holdings Pte. Ltd. shall be entitled to nominate 1 (one) additional nominee Director on the Board; (ii) at least 15% (fifteen percent) of the paid-up Share Capital on a fully diluted basis, it shall be entitled to nominate 2 (two) Directors on the Board; and (iii) at least 5% (five percent) of the paid-up Share Capital on a fully diluted basis, it shall be entitled to nominate 1 (one) Director; and b) So long as the Arpwood Group holds at least 5% (five percent) of the paid-up Equity Share Capital on a fully diluted basis, it shall be entitled to nominate 1 (one) Director. However, both SBFC Holdings Pte. Ltd. and Arpwood Group shall cease to have the right to appoint its respective nominee Director under the Amendment Agreement once their respective shareholding falls below the thresholds mentioned herein above.

In terms of the Amendment Agreement, all the rights of the shareholders under the Shareholders Agreement shall automatically fall away, without any further action by any party on the date on which the Equity Shares shall list and commence trading on the Stock Exchanges pursuant to the Offer. These rights are not prejudicial or adverse to the interest of the minority or the public shareholders of our Company.

Share subscription agreement dated May 18, 2023 by and amongst Amansa Investments Ltd and the Company ("Share Subscription Agreement")

Pursuant to the Share Subscription Agreement, Amansa Investments Ltd ("**Amansa**") subscribed to 27,272,727 Equity Shares, at ₹ 55 per Equity Share, amounting to a total consideration of ₹1,499,999,985. If the Equity Shares of the Company do not get listed on the Stock Exchanges before the expiry of 12 (twelve) months from the date of issuance of final observations in respect of the DRHP, the Share Subscription Agreement provides to Amansa, subject to the terms and conditions contained therein, certain rights and obligations including without limitation pre-emptive rights, certain transfer restrictions including tag along rights and drag along rights, information rights and affirmative voting rights under certain reserved matters. These rights provided under clause 9 of the Share Subscription Agreement will only be available to Amansa, if the Equity Shares of the Company do not get listed on the Stock Exchanges before the expiry of 12 (twelve) months from the date of issuance of final observations in respect of the DRHP. Further, the Share Subscription Agreement shall terminate upon the listing and commencement of trading of the Equity Shares on the Stock Exchanges pursuant to the Offer.

Share purchase agreement dated May 18, 2023 by and amongst SBFC Holdings Pte. Ltd., the Promoter Selling Shareholders, certain Buyers and the Company ("Share Purchase Agreement")

Pursuant to the Share Purchase Agreement, SBFC Holding Pte. Ltd. and the Promoter Selling Shareholders sold an aggregate of 61,818,181 Equity Shares to Amansa Investments Ltd, Malabar India Fund Limited, Steadview Capital Mauritius Limited, Malabar Midcap Fund, Malabar Select Fund, Massachusetts Institute Of Technology, Dovetail Global Fund PCC - Paragon Partners Equity Fund, Paragon Partners Equity Fund and Siddharth Parekh (together the "**Buyers**"), at ₹ 55 per Equity Share, each receiving various number of Equity Shares as decided in the Share Purchase Agreement. The Share Purchase Agreement, inter alia, sets out the inter-se rights and obligations of the parties thereto vis-à-vis our Company, and provides, subject to the terms and conditions contained therein, certain rights and obligations including without limitation. Further, in the event the Equity Shares of the Company do not get listed on the Stock Exchanges before the expiry of 12 (twelve) months from the date of issuance of final observations in respect of the DRHP, the following rights shall be made available to the Buyers, namely:(i) pre-emptive rights of shareholders; (ii) certain transfer restrictions including tag along rights and drag along rights in the event of any transfer of shares by certain Parties to any third party; (iii) information rights; and (iv) affirmative voting rights under certain reserved matters. Further, the Share Purchase Agreement shall terminate upon the listing and commencement of trading of the Equity Shares on the Stock Exchanges pursuant to the Offer.

Except as disclosed in this section, our Company has not entered into any subsisting material agreement.

Other than as disclosed above in this section, our Company, our Promoters and the Shareholders are not a party to any other agreements, including any deed of assignment, acquisition agreement, shareholders' agreement, inter-se agreement/ arrangement or agreements of like nature, with respect to securities of our Company.

Further, we confirm there are no other agreements and clauses or covenants which our Company, our Promoters, the members of the Promoter Group or the Shareholders are a party to, in relation to securities of our Company, which are material and need to be disclosed and that there are no other clauses / covenants which are adverse or pre-judicial to the interest of the minority/ public Shareholders.

Holding company

SBFC Holdings Pte. Ltd. is our holding company. For details, see “*Promoters and Promoter Group – Details of the Corporate Promoters - SBFC Holdings Pte. Ltd.*” on page 264.

Our Subsidiary

SBFC Home Finance Private Limited

Corporate information

SBFC Home Finance Private Limited was incorporated on December 6, 2022, as a private limited company in accordance with the provisions of the Companies Act, 2013. The corporate identity number of the company is U65992MH2022PTC394642. Its registered office is situated at Unit 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri East, Mumbai 400059, Maharashtra, India. As on the date of this Prospectus, SBFC Home Finance Private Limited is primarily engaged in the business of providing housing finance.

Capital structure

The authorised share capital of SBFC Home Finance Private Limited is ₹ 1,000,000 divided into 100,000 equity shares of ₹ 10 each and its issued, subscribed and paid up equity share capital is ₹ 5,00,000 divided into 50,000 equity shares of ₹ 10 each.

Shareholding pattern

The following table sets forth the details of the shareholding of SBFC Home Finance Private Limited:

S. No.	Name of the shareholder	Number of shares of face value ₹ 10 each	Percentage of total equity shareholding (%)
1.	Our Company	49,992	99.98%
2.	Mahesh Dayani*	1	0.0020%
3.	Narayan Barasia*	1	0.0020%
4.	Pankaj Poddar*	1	0.0020%
5.	Sanket Agrawal*	1	0.0020%
6.	V M Maneesh*	1	0.0020%
7.	Sumeet Ghai*	1	0.0020%
8.	Saiprashant Menon*	1	0.0020%
9.	Ganesh Vaidya*	1	0.0020%
		50,000	100%

*shares held as nominee of the Company

Board of Directors

The board of directors of SBFC Home Finance Private Limited comprises of two directors, Aseem Dhru and Amol Jain.

Accumulated profits or losses

There are no accumulated profits or losses of our Subsidiary that have not been accounted for by our Company in the Restated Financial Information. The Subsidiary was incorporated on December 6, 2022 and hence does not have any accumulated profits or losses from previous years.

Confirmations

Other than those disclosed as related party transactions with our Subsidiary and as reported in the Restated Financial Information, see “*Financial Statements – Notes to Restated Financial Information – Note 43*” on page 347, as on the date of this Prospectus, our Subsidiary does not have any related business transactions with our Company.

As on the date of this Prospectus, our Subsidiary does not have any business interest in our Company.

As on the date of this Prospectus, our Company and our Subsidiary do not have any common pursuits.

As on the date of this Prospectus, our Subsidiary is not listed in India or abroad.

Joint ventures and associates

As on the date of this Prospectus, our Company does not have any joint ventures or associates.

Guarantees given by the Promoter Selling Shareholders

As on the date of this Prospectus, no guarantees have been issued by the Promoter Selling Shareholders to any third party.

Agreements with Key Managerial Personnel, Senior Management, Director, Promoters or any other employee

There are no agreements entered into by our Key Managerial Personnel or Senior Management or Director or Promoter Selling Shareholders or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

In terms of the Articles of Association, the maximum number of Directors that our Company can have shall be not more than 15.

Board of Directors

The details regarding the Board, as on the date of this Prospectus, are set forth below:

Name, date of birth, designation, address, occupation, term, period of directorship, DIN and age of the Directors	Other directorships
<p>Neeraj Swaroop <i>Date of birth:</i> July 15, 1958 <i>Designation:</i> Independent Director and Chairperson <i>Address:</i> 1104, Signia Isles, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra <i>Occupation:</i> Corporate executive <i>Term:</i> 5 years from November 21, 2022 <i>Period of directorship:</i> From November 21, 2017 <i>DIN:</i> 00061170 <i>Age:</i> 65 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • Avanse Financial Services Limited • HDFC Securities Limited • Spandana Sphoorty Financial Limited <p>Foreign Companies NIL</p>
<p>Aseem Dhru <i>Date of birth:</i> April 7, 1970 <i>Designation:</i> Managing Director and Chief Executive Officer <i>Address:</i> B-12, 12th Floor, Ahuja Tower, Rajabhau Anant Desai Marg, Prabhadevi, Mumbai - 400025, Maharashtra <i>Occupation:</i> Service <i>Term:</i> 5 years from September 28, 2022 <i>Period of directorship:</i> Since September 28, 2017 <i>DIN:</i> 01761455 <i>Age:</i> 53 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • SBFC Home Finance Private Limited • Rossari Biotech Limited <p>Foreign Companies NIL</p>
<p>Amol Jain <i>Date of birth:</i> December 16, 1972 <i>Designation:</i> Non-Executive Nominee Director* <i>Address:</i> 301, 3rd Floor, Le Papeyon, Mount Mary Road, Bandra West, Mehboob Studio, Mumbai – 400050, Maharashtra <i>Occupation:</i> Business <i>Term:</i> Liable to retire by rotation in accordance with applicable law <i>Period of directorship:</i> Since May 9, 2017 <i>DIN:</i> 00334710 <i>Age:</i> 50 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • SBFC Home Finance Private Limited • Sterling Adlife India Private Limited • Arcturos Healthcare Private Limited <p>Foreign Companies NIL</p>
<p>Arjun Sakhuja <i>Date of birth:</i> July 16, 1989 <i>Designation:</i> Non-Executive Nominee Director** <i>Address:</i> Tower X.1, Apartment – 402, Beauport Tower, Marsa, Dubai – 488008, UAE <i>Occupation:</i> Professional <i>Term:</i> Liable to retire by rotation in accordance with applicable law <i>Period of directorship:</i> From February 5, 2020 <i>DIN:</i> 08669224 <i>Age:</i> 34 years</p>	<p>Indian Companies NIL</p> <p>Foreign Companies</p> <ul style="list-style-type: none"> • Orion Energy Pte. Ltd.
<p>John Mescall <i>Date of birth:</i> April 25, 1981 <i>Designation:</i> Non-Executive Nominee Director** <i>Address:</i> Villa-A4V-06, 393-Al Thanyah Fifth, Premise Number: 393091449, Dubai – 506991, UAE <i>Occupation:</i> Professional</p>	<p>Indian Companies NIL</p> <p>Foreign Companies</p> <ul style="list-style-type: none"> • Clermont Financial Pte. Ltd. • SBFC Holdings Pte. Ltd.

Name, date of birth, designation, address, occupation, term, period of directorship, DIN and age of the Directors	Other directorships
<p><i>Term:</i> Liable to retire by rotation in accordance with applicable law <i>Period of directorship:</i> From May 29, 2019 <i>DIN:</i> 08385575 <i>Age:</i> 42 years</p>	<ul style="list-style-type: none"> • Clermont Asia Pte. Ltd • Clermont Limited • Clermont Capital Limited • Tamarind Capital Pte. Ltd. • Indie Holdings Pte. Ltd • Eviation Aircraft Limited
<p>Jonathan Tadeusz Tatur <i>Date of birth:</i> November 29, 1984 <i>Designation:</i> Non-Executive Nominee Director** <i>Address:</i> 1208 Damac Park Tower A, Dubai, UAE <i>Occupation:</i> Professional <i>Term:</i> Liable to retire by rotation in accordance with applicable law <i>Period of directorship:</i> From December 17, 2019 <i>DIN:</i> 08639243 <i>Age:</i> 38 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • Arcturos Healthcare Private Limited; • Sterling Addlife India Private Limited <p>Foreign Companies</p> <ul style="list-style-type: none"> • Sustainable Samui Co. Ltd. • Chalten International Limited.
<p>Rajesh Mannalal Agrawal <i>Date of birth:</i> March 31, 1976 <i>Designation:</i> Independent Director <i>Address:</i> 4504 45th Floor, Tower- B, Three Sixty West, Dr. Annie Besant Road, Worli, Mumbai – 400025, Maharashtra <i>Occupation:</i> Business <i>Term:</i> 5 years from November 11, 2020 <i>Period of directorship:</i> November 11, 2020 <i>DIN:</i> 00302467 <i>Age:</i> 47 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • Gabs Investments Private Limited • Ajanta Pharma Limited <p>Foreign Companies</p> <ul style="list-style-type: none"> • Ajanta Pharma Philippines Inc.
<p>Surekha Marandi <i>Date of birth:</i> July 27, 1959 <i>Designation:</i> Independent Director <i>Address:</i> Flat No. 301, Wing A, Neelsidhi Garden, CHS Takka, Plot No. 417/418, Panvel, Raigarh, Maharashtra, 410206 <i>Occupation:</i> Professional <i>Term:</i> 5 years from September 23, 2022 <i>Period of directorship:</i> From September 23, 2022 <i>DIN:</i> 06952573 <i>Age:</i> 64 years</p>	<p>Indian Companies</p> <ul style="list-style-type: none"> • Origo Commodities India Private Limited • Satya Microcapital Limited <p>Foreign Companies</p> <p>NIL</p>

* Nominee of Arpwood Group

** Nominee of SBFC Holdings Pte. Ltd.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except for (i) Arjun Sakhuja, John Mescall and Jonathan Tadeusz Tatur (nominated by the SBFC Holdings Pte. Ltd. Pursuant to the terms of the Shareholders' Agreement); and (ii) Amol Jain (nominated by Arpwood Group pursuant to the terms of the Shareholders' Agreement), there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our other Directors were appointed on the Board. For details, see "History and Certain Corporate Matters – Shareholders' agreements and other material agreements" and "Main Provisions of the Articles of Association" on pages 243 and 488, respectively. For details of shareholding of the major shareholders of our company holding 1% or more of the paid-up Equity Share capital of our Company, please see "Capital Structure – Details of equity shareholding of the major Shareholders of our Company." on page 83.

Brief profiles of the Directors

Neeraj Swaroop is an Independent Director and Chairperson of the Board. He holds a bachelor's of technology degree in mechanical engineering from Indian Institute of Technology, Delhi and a post graduate diploma in management from Indian Institute of Management, Ahmedabad. He has been associated with our Company since

November 21, 2017. Prior to joining our Company, he was associated with Pond's (India) Limited, Bank of America, HDFC Bank Limited, Standard Chartered Bank and Singapore Exchange Limited and he is currently a visiting faculty at S.P. Jain Institute of Management & Research, Mumbai.

Aseem Dhru is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's degree in commerce from Gujarat University. He is a member of the Institute of Chartered Accountants of India and has been certified by the Institute of Cost and Works Accountants of India. He has over 25 years of experience in the banking industry and has been associated with our Company since September 28, 2017. Prior to joining our Company, he was associated with HDFC Bank Limited as a group head – business banking working capital & retail agri business, HDFC Securities Limited as managing director and chief executive officer and was a director on the board of HDB Financial Services Limited.

Amol Jain is a Non-Executive Nominee Director of our Company. He holds a bachelor's of technology degree in electrical engineering from Indian Institute of Technology, Bombay and a post graduate diploma in management from Indian Institute of Management, Ahmedabad. He has been associated with our Company since May 9, 2017. He is part of the senior leadership team at Arpwood Partners Fund I LLP as its co-founder. Prior to co-founding Arpwood Partners Fund I LLP in 2015, Amol was associated with TPG Capital India Private Limited and was part of DSP Merrill Lynch from 1999 to 2005. He has also been a director on the board of Shriram Equipment Finance Limited, Shriram Holdings Madras Private Limited and TPG Wholesale Private Limited (now renamed as Vishal Mega Mart Private Limited).

Arjun Sakhuja is a Non-Executive Nominee Director of our Company and employee of Clermont Group. He holds a bachelor's of science degree in economics from the University of Warwick and a master's degree in business administration from the London Business School. He has been associated with our Company since February 5, 2020. Prior to joining the Clermont Group, he was associated with Citigroup Global Markets Limited and Boston Consulting Group International Inc. (BCG) as project leader.

John Mescall is a Non-Executive Nominee Director of our Company and managing director of Clermont Group. He holds a bachelor's degree in law and accounting from the University of Limerick, Ireland. He has been associated with our Company since May 29, 2019. Prior to joining the Clermont Group, he was associated with Ernst and Young, Ireland as a manager in the assurance department of its financial services group.

Jonathan Tadeusz Tatur is a Non-Executive Nominee Director of our Company and employee of Clermont Group. He holds a bachelors of arts degree from St. John's College in the University of Cambridge and a master's of philosophy degree in economics from Brasenose College in the University of Oxford. He has been associated with our Company since December 17, 2019.

Rajesh Mannalal Agrawal is an Independent Director of our Company. He holds a bachelor's degree in business studies from the University of Buckingham, UK and a master's degree in business administration from Bentley College, USA. He has been associated with our Company since November 11, 2020. He is currently associated with Ajanta Pharma Limited as joint managing director.

Surekha Marandi is an Independent Director of our Company. She holds a master's degree in arts with honours in history from Jadavpur University. She has been associated with our Company as a Board member since September 23, 2022. Prior to joining our Company, she has served at the Reserve Bank of India for over three decades in the regulatory and supervisory, financial inclusion and development and human resource management areas. She was also appointed as an executive director of the RBI, where she supervised the consumer education and protection department, financial inclusion and development department. She has also served on the boards of United Bank of India and Bank of Baroda.

Relationship between the Directors, the Key Managerial Personnel and Senior Management

As on the date of this Prospectus, none of our Directors are related to each other or to any of the Key Managerial Personnel and Senior Management.

Terms of appointment of the Executive Directors

Aseem Dhru

The total remuneration paid to Aseem Dhru in Fiscal 2023 was ₹ 42.73 million, which included a base salary of ₹ 28.00 million, a child education allowance of ₹ 12.26 million and perquisites of ₹ 2.47 million. Further, he is

entitled to receive performance based bonus for the Fiscal 2023 which has been deferred. For further details please see “*Our Management - Interest of the Key Managerial Personnel and Senior Management*” on page 262 below.

Aseem Dhru is currently entitled to the following remuneration and other benefits, the details of which are set forth below:

Particulars	Description
Basic salary	₹ 15.89 million
House rent allowance	₹ 9.53 million
Other allowance	₹ 1.81 million
Perquisites (Medical, PF, NPS, etc.)	₹ 4.55 million
Gross salary	₹ 31.78 million

Additionally, Aseem Dhru is entitled to USD 75,000 per annum for overseas undergraduate education of each child.

Remuneration paid/ payable to the Non-executive Directors

Pursuant to the resolution dated July 14, 2020 by our Board the Independent Directors are entitled to receive a sitting fee of ₹ 100,000 per meeting for attending meetings of our Board and ₹ 100,000 per meeting for attending the meetings of the committees of our Board.

Except sitting fees amounting to ₹ 3.20 million, ₹ 1.10 million and ₹ 1.40 million was paid to Neeraj Swaroop, Rajesh Mannalal Agrawal and Surekha Marandi respectively (our Independent Directors), no remuneration was paid to the Non-executive Directors in Fiscal 2023.

Remuneration paid to our Directors by our Subsidiary

None of our Directors have received any remuneration, sitting fees or commission from our Subsidiary in Fiscal 2023.

Bonus or profit-sharing plan for the Directors

Our Company does not have any bonus or profit-sharing plan for our Directors.

Shareholding of the Directors

In accordance with the Articles of Association, the Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold any Equity Shares. For details, see “*Capital Structure*” on page 80:

Sr. No.	Name of the Director	Equity Shares held	Percentage of Equity Share capital (%)
1.	Aseem Dhru	42,958,167	4.48

For further details on Aseem Dhru’s shareholding through ESOP Schemes, see “*Capital Structure - Employee Stock Options Plan of our Company*” beginning on page 90.

Service contracts with the Directors

Our Company has not entered into any service contracts with its Directors providing for benefits upon termination of employment.

Contingent and deferred compensation payable to the Directors

Except for Aseem Dhru, there is no contingent or deferred compensation payable to any of our Directors.

Interest of the Directors

All our Directors may be deemed to be interested to the extent of (i) sitting fees, if any, payable to them for attending meetings of our Board and Committees and other remuneration or commission, if any, payable or reimbursement of expenses to them; and (ii) Equity Shares, if any, already held by them or their relatives or any

firms, companies and trusts in which our Directors are interested as a director, member, partner or trustee, in our Company, or that may be Allotted to them in the Offer in terms of this Prospectus and any dividend payable to them and other benefits arising out of such shareholding.

Further, our Managing Director and Chief Executive Officer may also be deemed to be interested to the extent of the remuneration payable to him by our Company. For further details, see “-Terms of appointment of the Executive Directors” on page 249.

No sum has been paid or agreed to be paid to the Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

None of the Directors have any interest in any property acquired or proposed to be acquired by our Company.

None of the Directors have any interest in the promotion or formation of our Company.

None of the Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

Confirmations

None of our Directors is or was a director of any listed company during the five years immediately preceding the date of this Prospectus, whose shares have been or were suspended from being traded on any stock exchange during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Further, none of our Directors have been identified as Wilful Defaulters or Fraudulent Borrowers.

Changes in the Board during the last three years

The changes in the Board during the three years immediately preceding the date of this Prospectus are set forth below:

Name of Director	Date of Change	Reasons
Robin Banerjee	December 21, 2022	Resigned as an Independent Director
Robin Banerjee	October 15, 2022	Appointed as an Independent Director
Surekha Marandi	September 23, 2022	Appointed as an Independent Director
Rajeev Gupta	July 18, 2022	Resigned as an Additional Director
Rajesh Mannalal Agrawal	November 11, 2020	Appointed as an Additional Director
Amitabh Mohanty	September 17, 2020	Resigned as an Independent Director

Borrowing powers

Our Board pursuant to its resolution dated May 29, 2019 read with its resolution dated February 13, 2023 and shareholders’ resolution dated February 20, 2023, is empowered to borrow up to ₹ 65,000 million, notwithstanding the borrowings exceeding the aggregate of the paid-up share capital and free reserves of the Company at any point of time in accordance with Section 179 and Section 180 of the Companies Act, 2013 and our Articles of Association.

Corporate governance

The provisions of the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and other applicable regulations of SEBI, in respect of corporate governance including in respect of the constitution of the Board and its committees thereof, and formulation and adoption of policies and will continue to be compliant post listing of the Equity Shares of the Company as well.

As on the date of this Prospectus, we have eight Directors on the Board, comprising one Executive Director and seven Non-executive Directors comprising three Independent Directors, including a woman Director on the Board.

Board committees

Our Company has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act, 2013:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee;
- (d) Risk Management Committee; and
- (e) Corporate Social Responsibility Committee.

Audit Committee

The Audit Committee was constituted by our Board at its meeting held on March 20, 2018 and was last reconstituted by the circular resolution passed by our Board on December 20, 2022. The Audit Committee is in compliance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. The members of the Audit Committee are:

- (a) Surekha Marandi (*Chairperson*);
- (b) Neeraj Swaroop; and
- (c) John Mescall.

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The terms of reference of the Audit Committee shall include the following:

- a) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- b) Recommending to the Board the appointment, re-appointment, replacement, remuneration and terms of appointment of the statutory auditors of the Company;
- c) Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- d) Approving payments to the statutory auditors for any other services rendered by the statutory auditors;
- e) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Qualifications and modified opinions in the draft audit report.
- f) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

- g) 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;
- h) Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- m) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- n) 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;
- o) Discussing with internal auditors on any significant findings and follow up thereon;
- p) 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;
- q) 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;
- r) 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;
- s) Reviewing the functioning of the whistle blower mechanism;
- t) 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;
- u) ensuring that an information system audit of the internal systems and process is conducted at least once in two years to assess operational risks faced by the Company;
- v) 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, if any, whichever is lower including existing loans / advances / investments;
- w) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- x) Considering and commenting on the rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders; and
- y) Such roles as may be delegated by the Board and/or prescribed under the Companies Act and SEBI Listing Regulations or other applicable law.

The powers of the Audit Committee will include the following:

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice;
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations; and
- e. To have full access to information contained in records of Company.

The Audit Committee shall mandatorily review the following information:

- a. management's discussion and analysis of financial condition and result of operations;
- b. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c. management letters/letters of internal control weaknesses issued by the statutory auditors;
- d. internal audit reports relating to internal control weaknesses;
- e. the appointment, removal and terms of remuneration of the chief internal auditor; and
- f. statement of deviations, including:
 - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
 - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted by our Board at its meeting held on March 20, 2018 and was last reconstituted by the meeting of our Board on October 14, 2022. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently consists of:

- (a) Rajesh Mannalal Agrawal (*Chairperson*);
- (b) Neeraj Swaroop; and
- (c) John Mescall.

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee shall include the following:

- a. formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
- b. for the appointment of an independent director, the 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 of directors of the Company 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 external agencies, if required,

- (ii) consider candidates from a wide range of backgrounds, having due regard to diversity, and
- (iii) consider the time commitments of the candidates;
- c. formulation of criteria for evaluation of the performance of independent directors and the Board;
- d. devising a policy on diversity of the Board;
- e. identifying persons, who are qualified to become directors or who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance;
- f. 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;
- g. recommending remuneration of executive directors and any increase therein from time to time within the limit approved by the members of the Company;
- h. recommending remuneration to non-executive directors in the form of sitting fees for attending meetings of the Board and its committees, remuneration for other services, commission on profits;
- i. recommending to the Board, all remuneration, in whatever form, payable to Senior Management;
- j. performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
- k. engaging the services of any consultant/professional or other agency for the purpose of recommending compensation structure/policy;
- l. analyzing, monitoring and reviewing various human resource and compensation matters;
- m. reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- n. 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; and
- o. performing such other functions as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations, Companies Act, each as amended or other applicable law."

Risk Management Committee

The Risk Management Committee was constituted by our Board at its meeting held on March 20, 2018 and was last reconstituted by the circular resolution passed by our Board on December 20, 2022. The Risk Management Committee is in compliance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations. The Risk Management Committee currently consists of:

- (a) Neeraj Swaroop (*Chairperson*);
- (b) Surekha Marandi;
- (c) Aseem Dhru;
- (d) John Mescall;
- (e) Amol Jain;

- (f) Mahesh Dayani;
- (g) Pankaj Poddar;
- (h) Narayan Barasia; and
- (i) Sanket Agrawal.

Scope and terms of reference: The terms of reference of the Risk Management Committee shall include the following:

- (a) Formulating a detailed risk management policy which shall include:
 - (i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - (ii) Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - (iii) Business continuity plan;
- (b) Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (c) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (d) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (e) Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (f) Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- (g) Seeking information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- (h) Coordinating its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors; and
- (i) Such other terms of reference and activities as may be delegated by the Board and/or prescribed under the SEBI Listing Regulations or other applicable law.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board at its meeting held on October 14, 2022. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently consists of:

- (a) Surekha Marandi (*Chairperson*);
- (b) Aseem Dhru; and
- (c) John Mescall.

Scope and terms of reference: The Stakeholders' Relationship Committee shall be responsible for, among other things, the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
5. To consider and resolve the grievances of security holders of the Company.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted by our Board at its meeting held on October 14, 2022. The Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee currently consists of:

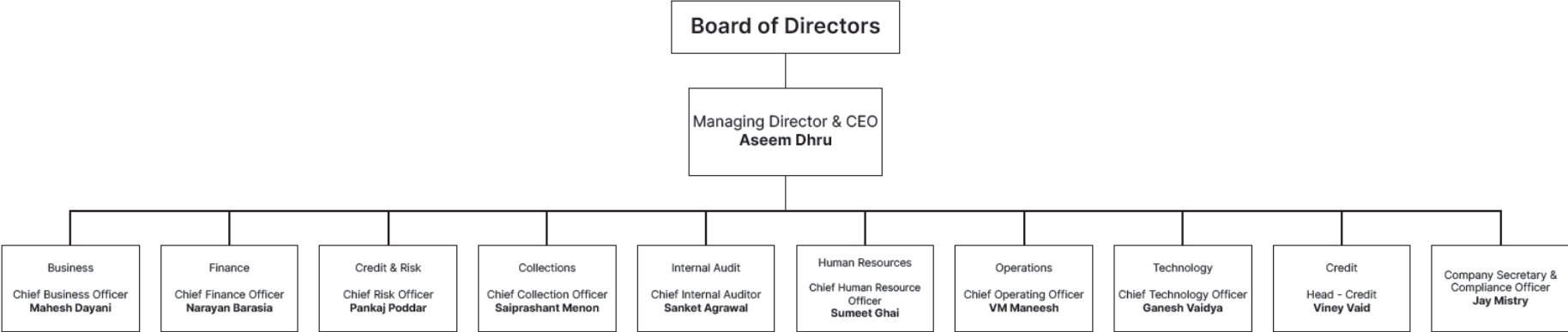
- (a) Surekha Marandi (*Chairperson*);
- (b) Aseem Dhru; and
- (c) John Mescall.

The Corporate Social Responsibility Committee shall be responsible for, among other things, the following:

- a. formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto, in accordance with Schedule VII of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("**CSR Rules**"), each as amended;
- b. Formulating and recommending to the Board of Directors, a roadmap of the CSR activities to be undertaken by the Company and annual budget to carry out the CSR activities including amendments therein, from time to time;
- c. recommending the amount of expenditure to be incurred on the corporate social responsibility activities, from time to time as per the annual budget/ CSR programme approved by the Board of Directors and in accordance with the Companies Act, 2013 and the CSR Rules;
- d. Formulating and recommending an annual action plan in pursuance of its CSR Policy which shall include the following: (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013, (b) the manner of execution of such projects or programmes as specified the CSR Rules, (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes, (d) monitoring and reporting mechanism for the projects or programmes, (e) details of need and impact assessment, if any, for the projects undertaken by the company, as specified in the CSR Rules;
- 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 delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- g. reviewing and monitoring the implementation of corporate social responsibility policy of the Company and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

- h. Establishing a transparent monitoring mechanism for implementation of CSR projects and programs undertaken by the Company and submitting a half-yearly report to the Board of Directors;
- i. 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

Management Organisation Structure



Key Managerial Personnel

In addition to Aseem Dhru, our Managing Director and Chief Executive Officer, the details of the other Key Managerial Personnel as on the date of this Prospectus are set forth below. For details of Aseem Dhru, our Managing Director and Chief Executive Officer, see “- *Brief Profiles of the Directors*” on page 248.

Narayan Barasia, is the Chief Financial Officer of our Company. He joined the Company on October 24, 2018. In his current role, he is responsible for financial management, accounts, tax, treasury, secretarial and legal matters. He holds a bachelor’s in commerce from the University of Calcutta, is an associate of the Institute of Chartered Accountants of India, is a member of the Institute of Company Secretaries of India and has successfully completed the Chartered Financial Analysts Program. He has more than two decades of experience, and has worked at Godrej Foods Limited, Godrej Sara Lee Limited, and subsequently worked with Olam Agro India Limited. Prior to joining the Company, he was working with Greaves Cotton Limited, where he was the president – auxiliary power business & industrial, engineering business. He received a compensation of ₹ 23.75 million in Fiscal 2023.

Jay Mistry, is the Company Secretary and Compliance Officer of our Company. He joined the Company on June 5, 2021. In his current role, he is responsible for secretarial and regulatory compliance of the Company. He holds a bachelors in law from the University of Mumbai and is a member of the Institute of Company Secretaries of India, wherein he achieved an ‘all India rank -14’ in the professional examination conducted by ICSI. He has more than five years of experience in securities and corporate laws, and corporate compliances. He started his career with Chembond Chemicals Limited. Prior to joining the Company, he was working with IRIS Business Services Limited as their company secretary. He received a compensation of ₹ 2.02 million in Fiscal 2023.

Senior Management

In addition to Narayan Barasia, our Chief Financial Officer and Jay Mistry, our Company Secretary and Compliance Officer who are also our Key Managerial Personnel and whose details have been disclosed above, the details of the Senior Management as on the date of this Prospectus are set forth below.

Mahesh Dayani, is chief business officer of our Company. He joined the Company on November 1, 2017. In his current role, he is responsible for developing the Company's distribution, products, marketing & delivering profitable growth. He holds a bachelors in commerce from the University of Calcutta and a post graduate diploma in business administration from ICFAI Business School, Hyderabad and is also an associate member of the Indian Institute of Bankers. He has over 22 years of experience across wholesale and retail banking, and has worked at ICICI Bank Limited and HDFC Bank Limited. Prior to joining the Company, he was working with Kotak Mahindra Bank, where he was the senior executive vice president. He received a compensation of ₹ 23.60 million in Fiscal 2023.

Pankaj Poddar, is chief risk officer of our Company. He joined the Company on November 20, 2017. In his current role, he is involved in identification, measurement and mitigation of risks for the company including credit risk, operating risks, liquidity risk, market risk. He has managed the role of credit and risk management which included credit policy formulation, credit underwriting, fraud control, collateral management, portfolio management along with managing other operating risks for the Company. He holds a bachelor’s in commerce from the Maharshi Dayanand Saraswati University, Ajmer and is an associate member of the Institute of Chartered Accountants of India wherein he achieved an ‘all India rank 36’ in the final examination conducted by ICAI. He has over 19 years of experience in the financial services sector where he has handled various leadership roles in the retail and SME space. He started his career with Kotak Mahindra Bank, and subsequently worked with Standard Chartered Bank. Prior to joining the Company, he was working with Bajaj Finance Limited, where he was the chief risk officer-small & medium enterprises. He received a compensation of ₹ 21.42 million in Fiscal 2023.

Saiprashant Menon, is chief collection officer of our Company. He joined the Company on May 29, 2020. In his current role, he is responsible for creating and implementing collection & legal strategies so as to maximize collections whilst protecting customer relationship. He holds a bachelor’s in commerce from the University of Mumbai. He has more than 21 years of experience in collections. He started his career with Standard Chartered Bank, and subsequently worked with Citi Financial Consumer Finance Limited, Royal Bank of Scotland and Fullerton India Credit Company Limited. Prior to joining the Company, he was working with Bajaj Housing Finance Limited, where he was the national head - collections. He received a compensation of ₹ 10.99 million in Fiscal 2023.

Sanket Agrawal, is chief internal auditor of our Company. He joined the Company on September 30, 2020 as Head – Internal Audit and was appointed as the Chief Internal Auditor on November 19, 2021. In his current role, he is responsible for oversight of risk management and governance, internal operational controls, business integrity and ethics. He also provides objective assurance, advice and anticipative value-added support to functions. He holds a bachelor's in commerce from the G.S. College of Commerce & Economics and is an associate of the Institute of Chartered Accountants of India. He has approximately 10 years of experience, and started his career with Deloitte Haskins & Sells LLP where he was working in the statutory audit – audit & assurance team and audited and advised large multinational corporations in India and abroad. He received a compensation of ₹ 4.46 million in Fiscal 2023.

VM Maneesh, is chief operations officer of our Company. He joined the Company on March 21, 2022. In his current role, he is responsible for managing critical systems and processes which underpin the Company's pan-India operations. He holds a bachelor's in commerce from the University of Mumbai and a master's degree in financial management from the University of Mumbai. He has over 19 years of financial services experience in credit, risk and operations. He started his career with ICICI Bank, and subsequently worked with HDFC Bank Limited and HSBC Bank Limited. Prior to joining the Company, he was working with Bajaj Finance Limited. He received a compensation of ₹ 8.14 million in Fiscal 2023.

Sumeet Ghai, is chief human resource officer of our Company. He joined the Company on February 4, 2022. In his current role, he is responsible for managing human resource dynamics through creation and adoption of a strategic plan that is in alignment with the business strategy of the Company. He holds a diploma in hotel management & catering technology from the National Council for Hotel Management and Catering Technology, New Delhi and a post graduate diploma in business administration, with a specialization in human resource management. He has over 15 years of experience in human resource management. Prior to joining the Company, he started his career with the Taj Group of Hotels, and subsequently worked with Mahindra Holidays and Resorts India Limited as the general manager – human resources. He received a compensation of ₹ 5.00 million in Fiscal 2023.

Viney Vaid, is the Head - Credit of our Company. He joined the Company on December 18, 2017. He holds a bachelor's in commerce and a master's in financial management from the Kurukshetra University. He has worked at Reliance Home Finance Private Limited and Bajaj Finance Limited. Prior to joining the Company, he was working with HDB Financial Services Limited, where he was zonal manager - mortgage. He received a compensation of ₹ 5.12 million in Fiscal 2023.

Ganesh Vaidya, is the –Chief Technology Officer of our Company. He joined the Company on May 7, 2018. He holds a master's of business administration in software development and management from Symbiosis International University, Pune. He has worked at HDFC Bank Limited. Prior to joining the Company, he was working with Kotak Mahindra Bank Limited, where he was the associate vice president. He received a compensation of ₹ 4.10 million in Fiscal 2023.

Status of the Key Managerial Personnel and Senior Management

All the Key Managerial Personnel and Senior Management are permanent employees of our Company.

Relationship among the Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management are related to each other.

Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management

Our Company does not have any bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management, other than in the ordinary course of business.

Shareholding of the Key Managerial Personnel and Senior Management

Except as disclosed with respect to Aseem Dhru, our Managing Director and Chief Executive Officer under “-Shareholding of the Directors” on page 250 above and as disclosed below, none of the Key Managerial Personnel or Senior Management hold any Equity Shares as on the date of this Prospectus:

S. No.	Name of the Key Managerial Personnel and Senior Management	Equity Shares held	Number of employee stock options outstanding
1.	Mahesh Dayani	12,150,166	15,503,333

S. No.	Name of the Key Managerial Personnel and Senior Management	Equity Shares held	Number of employee stock options outstanding
2.	Narayan Barasia	2,405,000	7,240,833
3.	Saiprashant Menon	420,000	1,240,000
4.	Pankaj Poddar	3,435,300	6,720,833
5.	Sanket Agrawal	210,000	930,000
6.	VM Maneesh	-	1,000,000
7.	Sumeet Ghai	-	450,000
8.	Jay Mistry	-	80,000
9.	Viney Vaid	227,500	572,500
10.	Ganesh Vaidya	-	350,000

Service Contracts with the Key Managerial Personnel and Senior Management

Other than statutory benefits payable upon termination of employment, none of our Key Managerial Personnel or Senior Management has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Interest of the Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management do not have any interests in our Company or our Subsidiary, other than to the extent of (i) the remuneration or benefits to which they are entitled in accordance with the terms of their appointment or reimbursement of expenses incurred by them during the ordinary course of business by our Company; and (ii) the Equity Shares and employee stock options held by them, if any, and any dividend payable to them and other benefits arising out of such shareholding. For details, see “- *Shareholding of the Key Managerial Personnel and Senior Management*” and “*Capital Structure – Notes to Capital Structure – Employee Stock Options Plan of our Company*” on pages 261 and 90.

In addition to Mr. Aseem Dhru, deferred compensation is payable to our Key Managerial Personnel and Senior Management, collectively, for Fiscal 2023. For further details, please see “*Restated Financial Information*” on page 290. The Nomination and Remuneration Committee shall determine the allocation of their individual amounts, subject to guidelines set forth by the RBI and in accordance with applicable law.

Arrangements and understanding with major shareholders, customers, suppliers or others

None of the Key Managerial Personnel or Senior Management have been selected pursuant to any arrangement or understanding with the major Shareholders, customers, suppliers or any other person.

Changes in the Key Managerial Personnel and Senior Management during the last three years

The changes in the Key Managerial Personnel and Senior Management during the three years immediately preceding the date of this Prospectus:

Name	Date	Reason
Ganesh Vaidya	April 27, 2023	Redesignated as Chief Technology Officer
Viney Vaid	October 14, 2022	Redesignated as Head - Credit
Ganesh Vaidya	April 1, 2022	Redesignated as Head - Technology
Deepak K Mudalgikar	April 1, 2022	Cessation as chief technology officer
Manu Mahajan	April 1, 2022	Redesignated as head, project management office
VM Maneesh	March 21, 2022	Appointed as chief operations officer
Sumeet Ghai	February 4, 2022	Appointed as chief human resources officer
Sanket Agrawal	November 19, 2021	Redesignated as chief internal auditor
Jay Mistry	June 5, 2021	Appointed as company secretary
Swati Amey Morajkar	May 3, 2021	Resigned as company secretary
Vivek Tripathi	November 7, 2020	Cessation as chief human resources officer
Sanket Agrawal	September 30, 2020	Appointed as head – internal audit

Employee stock option and stock purchase schemes

For details of the employee stock option plan, see “*Capital Structure – Notes to Capital Structure – Employee Stock Options Plan of our Company*” on page 90.

Payment or Benefit to Key Managerial Personnel and Senior Management of our Company

No amount or benefit has been paid or given to any Key Managerial Personnel or Senior Management of our Company within the two years preceding the date of this Prospectus or is intended to be paid or given, other than (a) in the ordinary course of their employment, including any employee stock options, for services rendered as officers of our Company, or (b) dividend that may be payable in their capacity as Shareholders. For details, please see “*Financial Statements*” on page 285.

Non - appearance in list of companies struck off by the MCA

We confirm that the names of the Directors of the Company are not appearing in the list of directors of struck-off companies by the RoC or the MCA. We further confirm that the names of the companies forming part of the Promoter Group of the Company are not appearing in the list of struck-off companies by the RoC or the MCA. Further, as disclosed in the section entitled “*Our Group Companies*” on page 269 of the Prospectus, the Company does not have any group company as on the date of Prospectus.

PROMOTERS AND PROMOTER GROUP

SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd. (together, “**Clermont Group**”), Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP (together, “**Arpwood Group**”) are the corporate promoters of our Company. As on the date of this Prospectus, the Promoters hold an aggregate of 755,917,628 Equity Shares, comprising 78.83% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details, including in relation to the transfers to be consummated after the date of this Prospectus but prior to the Bid / Offer Opening Date see “*Capital Structure – Notes to Capital Structure - Details of Equity Shareholding of our Promoters and members of the Promoter Group in our Company*” on page 85.

Details of the Corporate Promoters

I. SBFC Holdings Pte. Ltd.

Corporate Information:

SBFC Holdings Pte. Ltd. was incorporated on July 27, 2017 under the laws of Singapore. Its Unique Entity Number (UEN) is 201721219C and its PAN is ABBCS7833C. SBFC Holdings Pte. Ltd. is primarily engaged in the business of investment holding. There have been no changes to the primary business activities undertaken by SBFC Holdings Pte. Ltd.

The registered office of SBFC Holdings Pte. Ltd. is at 80 Raffles Place, #46-01, UOB Plaza, Singapore 048624.

Shareholding Pattern of SBFC Holdings Pte. Ltd.

The following table sets forth details of the shareholding pattern of SBFC Holdings Pte. Ltd., as on the date of this Prospectus:

S. No.	Name of Shareholder	Number of shares	Percentage (%) of shareholding
1.	Clermont Financial Pte. Ltd.	100	100

Board of directors of SBFC Holdings Pte. Ltd.

The board of directors of SBFC Holdings Pte. Ltd. as on the date of this Prospectus are as under:

1. John Mescall; and
2. Leroy Langeveld

Details of the promoter of SBFC Holdings Pte. Ltd.

For details of Clermont Financial Pte. Ltd. who is the promoter of SBFC Holdings Pte. Ltd., and has also been identified as a Promoter of the Company, please see “*Promoters and Promoter Group – Details of the Corporate Promoters - II. Clermont Financial Pte. Ltd.*” below.

Details of Change in Control:

There has been no change in the control of SBFC Holdings Pte. Ltd.

Our Company confirms that permanent account number, bank account number, corporate registration number of SBFC Holdings Pte. Ltd. and address of the registrar of companies where SBFC Holdings Pte. Ltd. is registered has been submitted to the Stock Exchanges at the time of filing this Prospectus with them.

II. Clermont Financial Pte. Ltd.

Corporate Information:

Clermont Financial Pte. Ltd. was incorporated on August 14, 2017 under the laws of Singapore. Its Unique Entity Number (UEN) is 201723035G and it does not have a permanent account number. Clermont Financial Pte. Ltd. is primarily engaged in the business of investment holding. There have been no changes to the primary business activities undertaken by Clermont Financial Pte. Ltd.

The registered office of Clermont Financial Pte. Ltd. is 80 Raffles Place, #46-01, UOB Plaza, Singapore 048624.

Shareholding Pattern of Clermont Financial Pte. Ltd.

The following table sets forth details of the shareholding pattern of Clermont Financial Pte. Ltd., as on the date of this Prospectus:

S. No.	Name of Shareholder	Number of shares	Percentage (%) of shareholding
1.	Clermont Corporation Pte. Ltd.	100	100

Board of directors of Clermont Financial Pte. Ltd.

The board of directors of Clermont Financial Pte. Ltd. as on the date of this Prospectus are as under:

1. John Mescall; and
2. Russell Low

Details of the promoter of Clermont Financial Pte. Ltd.

Clermont Corporation Pte. Ltd. holds 100 shares constituting 100% shareholding in Clermont Financial Pte. Ltd.. Clermont Corporation Pte. Ltd. was incorporated as a private company limited by shares on October 23, 2006. Its Unique Entity Number (UEN) is 200615855N.

The board of directors of Clermont Corporation Pte. Ltd. as on the date of this Prospectus are as under:

1. Russell Low

Details of Change in Control:

There has been no change in the control of Clermont Financial Pte. Ltd.

Our Company confirms that bank account number, corporate registration number of Clermont Financial Pte. Ltd. and address of the registrar of companies where Clermont Financial Pte. Ltd. is registered has been submitted to the Stock Exchanges at the time of filing this Prospectus with them.

III. Arpwood Capital Private Limited

Corporate Information:

Arpwood Capital Private Limited was incorporated as a private limited company on March 25, 2013 under the Companies Act, 1956. Its CIN is U65100MH2013PTC241310 and its PAN is AALCA5389E. Arpwood Capital Private Limited is primarily engaged in the business of being a mergers and acquisitions advisor. There have been no changes to the primary business activities undertaken by Arpwood Capital Private Limited.

The registered office of Arpwood Capital Private Limited is 51B, Floor 5, Plot 222, Maker Chamber IV, Jammalal Bajaj Marg, Nariman Point, Mumbai – 400021, Maharashtra, India.

Shareholding Pattern of Arpwood Capital Private Limited

As on the date of this Prospectus, the authorised share capital of Arpwood Capital Private Limited is ₹ 2,00,00,000 divided into 20,00,000 equity shares of face value of ₹ 10 each. The issued and paid-up share capital of Arpwood Capital Private Limited, as on the date of this Prospectus is ₹ 5,10,00,000 divided into 510,000 equity shares of face value of ₹ 10.

The following table sets forth details of the shareholding pattern of Arpwood Capital Private Limited, as on the date of this Prospectus:

S. No.	Name of Shareholder	Number of shares	Percentage (%) of shareholding
1.	Arpwood Consultant LLP	510,000	100

Board of directors of Arpwood Capital Private Limited

The board of directors of Arpwood Capital Private Limited as on the date of this Prospectus are as under:

1. Rajeev Gupta; and
2. Raj Kumar Kataria.

Details of the promoter of Arpwood Capital Private Limited

Arpwood Consultants LLP holds 510,000 shares constituting 100 % shareholding in Arpwood Capital Private Limited. Arpwood Consultants LLP was converted from a private company into a limited liability partnership on March 17, 2016 under the Limited Liability Partnership Act, 2008. Its LLP identification number is AAF-9719.

The following table sets forth details of the partners of Arpwood Consultant LLP, as on the date of this Prospectus:

S. No.	Name of Partner	Designation	Capital (₹)	Profit/ Loss sharing ratio
1.	Rajeev Gupta	Partner	4,995,000	75%
2.	Raj Kumar Kataria	Partner	1,665,000	25%

The natural persons in control of Arpwood Consultant LLP are Rajeev Gupta and Raj Kumar Kataria.

Details of Change in Control:

There has been no change in the control of Arpwood Capital Private Limited.

Our Company confirms that permanent account number, bank account number, corporate registration number of Arpwood Capital Private Limited and address of the registrar of companies where Arpwood Capital Private Limited is registered shall be submitted to the Stock Exchanges at the time of filing this Prospectus with them.

IV. Arpwood Partners Investment Advisors LLP

Corporate Information:

Arpwood Partners Investment Advisors LLP was incorporated as a limited liability partnership on March 5, 2015 under the Limited Liability Partnership Act, 2008. Its LLP identification number is AAD-4983 and its PAN is ABBFA8976H. Arpwood Partners Investment Advisors LLP is primarily engaged in the business of being an Investment Adviser. There have been no changes to the primary business activities undertaken by Arpwood Partners Investment Advisors LLP.

The registered office of Arpwood Partners Investment Advisors LLP is 51B, Floor 5, Plot 222, Maker Chamber IV, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400021, Maharashtra, India.

Partners of Arpwood Partners Investment Advisors LLP

The following table sets forth details of the partners of Arpwood Partners Investment Advisors LLP, as on the date of this Prospectus:

S. No.	Name of Partner	Designation	Capital (₹)	Profit/ Loss sharing ratio
1.	Arpwood Consultant LLP	Partner	572,500	34.87%
2.	Amol Jain	Designated Partner	538,566	32.79%
3.	Manoj Dengla	Partner	421,329	25.66%
4.	Rajeev Gupta	Designated Partner	109,574	6.67%
5.	Vistra ITCL	Partner	32,681	0.01%

Details of Change in Control:

There has been no change in the control of Arpwood Partners Investment Advisors LLP.

Our Company confirms that the PANs, bank account numbers, Aadhar card numbers, driving licence numbers and passport numbers of the partners of Arpwood Partners Investment Advisors LLP shall be submitted to the Stock Exchanges at the time of filing this Prospectus.

V. Eight45 Services LLP

Corporate Information:

Eight45 Services LLP was incorporated as a limited liability partnership on April 18, 2018 under the Limited Liability Partnership Act, 2008. Its LLP identification number is AAM-4498 and its PAN is AAHFE0666P. Eight45 Services LLP is primarily engaged in the business of management consultants and advisors in all forms and aspects of trade and industry. There have been no changes to the primary business activities undertaken by Eight45 Services LLP.

The registered office of Eight45 Services LLP is 51B, Floor 5, Plot 222, Maker Chamber IV, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400021, Maharashtra, India.

Partners of Eight45 Services LLP

The following table sets forth details of the partners of Eight45 Services LLP, as on the date of this Prospectus:

S. No.	Name of Partner	Designation	Capital (₹)	Profit/ Loss sharing ratio
1.	Gaurav Tevatia	Limited Partner	80,000,000	48.48%
2.	Vishal Thakkar	Limited Partner	12,375,000	37.50%
3.	Mayank Gupta	Limited Partner	4,125,000	12.50%
4.	Amit Jain	Limited Partner	2,500,000	1.51%
5.	Arpwood Partners Investment Advisors LLP (through Manoj Dengla)	Designated Partner	66,000,000	0.01%
6.	Amol Jain	Designated Partner	12,500	0.01%

Details of Change in Control:

There has been no change in the control of Eight45 Services LLP.

Our Company confirms that the PANs, bank account numbers, Aadhar card numbers, driving licence numbers and passport numbers of the partners of Eight45 Services LLP shall be submitted to the Stock Exchanges at the time of filing this Prospectus.

Details regarding change in control of our Company

Our Promoters are not the original Promoter of our Company. Other than as disclosed below, there has been no change in control of our Company in the last five years:

On May 29, 2019, Lyra Partners Limited transferred 560,000,000 Equity Shares of our Company for a consideration of ₹ 13.18 for each Equity Share to SBFC Holdings Pte. Ltd., thereby transferring control of our Company. The RBI had granted approval for the same through its letter dated January 30, 2019. For details see “*Capital Structure – Build-up of our Promoter’s Equity Shareholding in our Company*” on page 85.

Additionally, pursuant to a resolution dated October 14, 2022, the Board took note that SBFC Holdings Pte. Ltd., Clermont Financial Pte. Ltd. (holding company of SBFC Holdings Pte. Ltd.), Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP are the Promoters of our Company. For details see “*History and Certain Corporate Matters*” on page 240 and “*Capital Structure – Build-up of our Promoter’s Equity Shareholding in our Company*” on page 85.

Interests of the Promoters

- i. The Promoters are interested in our Company to the extent (i) that they are promoters of our Company; (ii) of their shareholding in our Company; and (iii) of their right to nominate directors on the board of our Company. For details in relation to the experience of our Promoters in the business of our Company, please see, “*Risk Factors – Although our Promoters have made investments in the financial services sector in India, our Promoters do not have experience in certain functional areas of our business operations*” on page 41.
- ii. The Promoters have no interest in any property acquired in the three years preceding the date of this Prospectus or is proposed to be acquired by our Company or in any transaction in acquisition of land, construction of building and supply of machinery, etc.
- iii. No sums have been paid or agreed to be paid to our Promoters or to the firms or companies in which our

Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them as directors or otherwise for services rendered by such Promoters or by such firms or companies in connection with the promotion or formation of our Company.

Payment or benefits to our Promoters or the members of our Promoter Group

Except as stated otherwise in “*Financial Statements – Notes to Restated Financial Information - Note 47*” on page 350, no amount or benefits have been paid or given to our Promoters or the members of the Promoter Group during the two years preceding the date of this Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or the members of our Promoter Group.

Material guarantees given by the Promoters to third parties with respect to Equity Shares

As on the date of this Prospectus, the Promoters have not given any material guarantees to any third party with respect to the Equity Shares.

Companies or firms with which our Promoters have disassociated in the last three years

Except as stated below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Prospectus:

Name of Company or Firm from which Promoter has Disassociated	Reasons for and Circumstances Leading to Disassociation	Date of Disassociation
Arpwood Partners Investment Advisors I LLP	Entire stake of the Arpwood Partners Investment Advisors I LLP, held by Arpwood Partners Investment Advisors LLP, has been transferred and the LLP is owned by Mr. Amol Jain, Mr. Manoj Dengla and Mr. Rajeev Gupta individually.	April 24, 2021
Movi Credit Asia Pte. Ltd.	Entire stake of Movi Credit Asia Pte. Ltd., held by Clermont Financial Pte. Ltd., has been transferred to Corinthia Holdings Pte. Ltd. pursuant to a sale and purchase agreement	October 18, 2022

Promoter Group

The entities forming a part of our Promoter Group are as follows:

1. Arpwood Consultants LLP;
2. Vastrapur Investment Advisors LLP;
3. Indie Holdings Pte. Ltd.; and
4. Clermont Corporation Pte. Ltd.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term “Group Company” includes such companies (other than promoters and subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Information, as covered under the applicable accounting standards, and also other companies as considered material by our Board. The Board by way of its resolution dated July 12, 2023 has resolved that there are no companies with which our Company has had any related party transactions and there are no companies considered material by the Board.

Accordingly, as on the date of this Prospectus, there are no group companies of our Company in terms of the SEBI ICDR Regulations.

DIVIDEND POLICY

The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and the applicable laws including the Companies Act, 2013 together with the applicable rules notified thereunder. The dividend, if any, will depend on a number of factors, including but not limited to our Company's profits, accumulated reserves, earnings outlook, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions, cost of raising funds from alternate sources, cash flows and other factors considered relevant by our Board. In addition, the dividend, if any, will also depend on a number of external factors including but not limited to applicable laws and regulations including taxation laws, economic conditions, and prevalent market practices. For details in relation to risks involved in this regard, see *“Risk Factors – Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements”* and *“Key Regulations and Policies – Key regulations applicable to our Company – Circular dated June 24, 2021 on Declaration of Dividends by NBFCs”* on pages 52 and 233, respectively.

As on the date of this Prospectus, our Company has a formal dividend policy approved by our Board on July 12, 2023.

We have neither declared nor paid any dividends on the Equity Shares in any of the three Financial Years preceding the date of this Prospectus and until the date of this Prospectus.

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our “Restated Financial Information” on page 290 as well as “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 200 and 382, respectively. The consolidated financial information for Fiscal 2023 is not directly comparable with the standalone financial information for Fiscals 2021 and 2022 since we did not have any subsidiary in such prior periods. Unless otherwise indicated or the context otherwise requires, the Restated Financial Information included in this Prospectus, for Fiscals 2021 and 2022 are derived from our restated standalone financial information, and the financial information for Fiscal 2023 is derived from our restated consolidated financial information. For further information, see “Restated Financial Information” on page 290. Unless the context otherwise requires, in this section, references to “the Company”, or “our Company” refer to SBFC Finance Limited on a standalone basis while “we”, “us” and “our” refer to SBFC Finance Limited on a consolidated basis.

Certain non-GAAP measures presented in this Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks or financial institutions in India or elsewhere. Other companies may calculate the non-GAAP Measures differently from us, limiting its utility as a comparative measure.

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 year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages and per share data)		
Profit After Tax	850.10	645.21	1,497.36
AUM ⁽¹⁾	22,213.23	31,921.81	49,428.23
Average AUM ⁽²⁾	19,347.65	27,067.52	40,675.02
Total Assets ⁽³⁾	42,311.90	45,150.34	57,464.40
Average Total Assets ⁽⁴⁾	42,195.88	43,731.12	51,307.37
Total Tangible Assets ⁽⁵⁾	39,707.98	42,546.42	54,860.48
Average Total Tangible Assets ⁽⁶⁾	39,591.96	41,127.20	48,703.45
Net Worth ⁽⁷⁾	12,051.08	12,871.67	17,272.68
Average Net Worth ⁽⁸⁾	11,087.93	12,461.38	15,072.18
AUM/ Net Worth	1.84	2.48	2.86
Tangible Net Worth ⁽⁹⁾	9,447.16	10,267.75	14,668.76
Average Tangible Net Worth ⁽¹⁰⁾	8,484.01	9,857.46	12,468.26
Total Borrowings ⁽¹¹⁾	27,725.52	29,488.18	37,458.33
Average Total Borrowings ⁽¹²⁾	29,144.64	28,606.85	33,473.26
Return on Total Tangible Assets ⁽¹³⁾	2.15%	1.57%	3.07%
Return on Total Assets (%) ⁽¹⁴⁾	2.01%	1.48%	2.92%
Return on Tangible Equity ⁽¹⁵⁾	10.02%	6.55%	12.01%
Return on Equity (%) ⁽¹⁶⁾	7.67%	5.18%	9.93%
Basic Earnings Per Equity Share ⁽¹⁷⁾	1.09	0.81	1.71
Diluted Earnings Per Equity Share ⁽¹⁷⁾	1.06	0.79	1.62
Tangible Net Asset Value Per Equity Share ⁽¹⁸⁾	11.50	12.30	16.35
Net Asset Value Per Equity Share ⁽¹⁹⁾	14.66	15.42	19.26
Profit as a percentage of Average Total Assets (%)	2.01%	1.48%	2.92%

(1) AUM represents aggregate of Gross Loan Book and share and loan share of partner bank under co-origination agreement as of the last day of the relevant period.

- (2) Average AUM represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period.
- (3) Total Assets represents total assets as of the last day of the relevant period.
- (4) Average Total Assets represents the simple average of our total assets as of the last day of the relevant period and our total assets of the last day of the previous period.
- (5) Total Tangible Assets represents Total Assets less goodwill as of the last day of the relevant period.
- (6) Average Total Tangible Assets represents the simple average of our Total Tangible Assets as of the last day of the relevant period and our Total Assets of the last day of the previous period.
- (7) Net Worth represents the sum of equity share capital and other equity as of the last day of the relevant period.
- (8) Average Net Worth represents the simple average of Net Worth as of the last day of the relevant period and Net Worth as of the last day of the previous period.
- (9) Tangible Net Worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.
- (10) Average Tangible Net Worth represents the simple average of Tangible Net Worth as of the last day of the relevant period and Tangible Net Worth as of the last day of the previous period.
- (11) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.
- (12) Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period.
- (13) Return on Total Tangible Assets is calculated as the profit after tax for the relevant period as a percentage of Average Total Tangible Assets in such period.
- (14) 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.
- (15) Return on Tangible Equity is calculated as the profit after tax for the relevant period as a percentage of Average Tangible Net Worth in such period.
- (16) Return on Equity is calculated as the profit after tax for the relevant period as a percentage of Average Net Worth in such period.
- (17) 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).
- (18) Tangible Net Asset Value per equity share is Tangible Net Worth as at the end of the relevant period divided by number of equity shares outstanding (including partly paid and those issued to ESOP trust) at the end of the relevant period.
- (19) Net Asset Value per equity share is Net Worth as at the end of the relevant period divided by number of equity shares outstanding (including partly paid and those issued to ESOP trust) at the end of the relevant period.

Financial Ratios

The following table sets forth, for the periods indicated, certain financial ratios for our Company:

	As of / For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages and ratios)		
AUM ⁽¹⁾	22,213.23	31,921.81	49,428.23
AUM Growth (%) ⁽²⁾	34.77%	43.71%	54.84%
Average AUM ⁽³⁾	19,347.65	27,067.52	40,675.02
Gross Loan Book	21,101.64	30,293.11	44,526.91
Securitized assets ⁽⁴⁾	752.04	588.30	3,911.04
Total Tangible Assets ⁽⁵⁾	39,707.98	42,546.42	54,860.48
Revenue from Operations	5,070.99	5,290.52	7,328.12
Other Income	44.34	16.50	75.49
Total Income	5,115.33	5,307.02	7,403.61
Adjusted Finance Costs ⁽⁶⁾	2,362.63	2,189.06	2,752.14
Operating Expenses ⁽⁷⁾	1,275.65	1,783.20	2,317.25
Operating Expenses to Average Total Tangible Assets (%) ⁽⁸⁾	3.22%	4.34%	4.76%
Pre Provision Operating Profit (PPOP)	1,477.05	1,334.76	2,334.22
Pre Provision Operating Profit (PPOP) to Average Total Tangible Assets	3.73%	3.25%	4.79%
Credit Cost ⁽⁹⁾	336.40	467.80	320.56
Credit Cost to Average Total Assets (%) ⁽¹⁰⁾	0.85%	1.14%	0.66%
Gross NPA ⁽¹¹⁾	666.55	828.94	1,081.65
Gross NPA ratio (%) ⁽¹²⁾	3.16%	2.74%	2.43%
NPA Provision ⁽¹³⁾	254.96	335.22	454.77
Net NPA ⁽¹⁴⁾	411.59	493.72	626.88
Net NPA ratio (%) ⁽¹⁵⁾	1.95%	1.63%	1.41%
Provision Coverage Ratio (%) ⁽¹⁶⁾	38.25%	40.44%	42.04%
Total Loan Loss Provision (LLP) ⁽¹⁷⁾	652.49	662.75	834.35
Total LLP to Gross Loan Book (%)	3.09%	2.19%	1.87%
Operating Expenses to Net Income ⁽¹⁸⁾	46.34%	57.19%	49.82%
Gross Loan Book/ Tangible Net Worth ⁽¹⁹⁾	2.23	2.95	3.04
Average Gross Loan Book/ Average Tangible Net Worth ⁽²⁰⁾	2.17	2.61	3.00
Net Loan Book ⁽²¹⁾	20,449.15	29,630.36	43,692.56

Figures disclosed in the above table, except Revenue from Operations, Other Income, Total Income, Finance Costs and Total Assets, are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

- (1) AUM represents aggregate of Gross Loan Book and loan share of partner bank under co-origination agreement as of the last day of the relevant period.
- (2) AUM Growth represents growth in AUM for the relevant period over AUM of the previous period.
- (3) Average AUM represents the simple average of our AUM as of the last day of the relevant period and our AUM of the last day of the previous period.
- (4) Securitized assets represents aggregate of future principal outstanding and principal overdue outstanding, for loan assets which have been transferred by our Company by way of securitization (including the minimum retention requirement portion retained in the books) and outstanding as of the last day of the relevant period.
- (5) Total Tangible Assets represents Total Assets less goodwill as of the last day of the relevant period.
- (6) Adjusted Finance Costs represents aggregate of finance costs and fee expenses excluding interest on lease liabilities and interest on current tax liability for the relevant period.
- (7) Operating Expenses represents employee benefits expense, depreciation and amortization expense, interest on lease liabilities and other expenses for the relevant period.
- (8) Operating Expenses to Average Total Tangible Assets represents operating expenses for the relevant period upon the simple average of our Total Tangible Assets as of the last day of the relevant period and our Total Tangible Assets as of the last day of the previous period.
- (9) Credit Cost represents impairment loss (including loss on derecognition) allowance on financial instruments as per Ind AS 109, write off (net of recovery) for the relevant period.
- (10) Credit Cost to Average Total Tangible Assets represents our Credit Cost for a period to the Average Total Tangible Assets for the period.
- (11) Gross NPA represents Gross Loan Book pertaining to loans which are required to be classified as NPA as per the Income Recognition, Asset Classification and Provisioning Norms issued and modified by RBI from time to time.
- (12) Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.
- (13) NPA provision represents total Expected Credit Loss allowance on Stage 3 Loans held in the books as of the last day of the relevant period.
- (14) Net NPA represents Gross NPA reduced by NPA provisions as of the last day of relevant period.
- (15) Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.
- (16) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.
- (17) Total Loan Loss Provision (LLP) represents total provision held against the total Gross Loan Book outstanding as of the last day of relevant period.
- (18) 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.
- (19) Gross Loan Book represents the aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization and are outstanding as on the last day of the relevant period.
- (20) Average Tangible Net Worth represents the simple average of Tangible Net Worth as of the last day of the relevant period and Tangible Net Worth as of the last day of the previous period.
- (21) Net Loan Book represents the Gross Loan Book less Total Loan Loss Provision made on Gross Loan Book of the last day of the relevant period.

Return Ratios

	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentages)		
Total Income to Average AUM ⁽¹⁾	26.44%	19.61%	18.20%
Adjusted Finance Costs to Average AUM ⁽²⁾	12.21%	8.09%	6.77%
Net Income to Average AUM ⁽³⁾	14.23%	11.52%	11.44%
Operating Expenses to Average AUM ⁽⁴⁾	6.59%	6.59%	5.70%
Credit Cost to Average AUM ⁽⁵⁾	1.74%	1.73%	0.79%
PBT to Average AUM ⁽⁶⁾	5.90%	3.20%	4.95%
PAT to Average AUM ⁽⁷⁾	4.39%	2.38%	3.68%
Return on Total Tangible Assets ⁽⁸⁾	2.15%	1.57%	3.07%
Return on Tangible Equity ⁽⁹⁾	10.02%	6.55%	12.01%

- (1) Total Income to Average AUM represents sum of revenue from operations and other income for the period to the Average AUM for the period.
- (2) Adjusted Finance Cost to Average AUM represents our Adjusted Finance Cost for the period to the Average AUM for the period.
- (3) Net Income to Average AUM represents the difference between Total Income and Adjusted Finance Costs for the period to the Average AUM for the period.
- (4) Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.
- (5) Credit Cost to Average AUM represents our Credit Cost for a period to the Average AUM for the period.
- (6) PBT to Average AUM represents our profit before tax for a period to the Average AUM for the period.
- (7) PAT to Average AUM represents our profit after tax for a period to the Average AUM for the period.
- (8) Return on Total Tangible Assets represents our profit after tax for a period to the Average Total Tangible Assets for the period
- (9) Return on Tangible Equity represents our profit after tax for a period to the Average Tangible Net Worth for the period.

Yields, Spreads and Margins

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Interest Income ⁽¹⁾	4,631.66	4,731.47	6,541.52
Adjusted Finance Costs ⁽²⁾	2,362.63	2,189.06	2,752.14
Total Interest-earning Assets ⁽³⁾	34,268.74	38,503.10	52,560.96
Average Interest-earning Assets ⁽⁴⁾	36,065.91	36,385.92	45,532.03
Average Total Assets ⁽⁵⁾	42,195.88	43,731.12	51,307.37
Average Interest-bearing Liabilities ⁽⁶⁾	29,144.64	28,606.85	33,473.26
Total Income	5,115.33	5,307.02	7,403.61
Net Interest Income ⁽⁷⁾	2,269.03	2,542.41	3,789.38
Gross Loan Book	21,101.64	30,293.11	44,526.91
Yield on Average Gross Loan Book ⁽⁸⁾	15.09%	14.89%	15.91%
Yield on Monthly Average Gross Loan Book ⁽⁹⁾	16.11%	15.47%	15.88%
Product Yield on Monthly Average – Secured MSME Loans ⁽¹⁰⁾	14.13%	13.94%	15.89%
Product Yield on Monthly Average – Loan against Gold ⁽¹⁰⁾	20.27%	19.58%	15.64%
Average Cost of Borrowings ⁽¹¹⁾	8.11%	7.65%	8.22%
Spread ⁽¹²⁾	6.98%	7.23%	7.69%
Net Interest Margin (%) ⁽¹³⁾	11.73%	9.39%	9.32%
Incremental Cost of Borrowings ⁽¹⁴⁾	8.11%	7.78%	8.76%
Incremental Borrowings ⁽¹⁵⁾	6,071.61	9,360.00	17,134.84

- (1) Interest Income include interest on loans, interest on investment in pass-through certificates and interest on deposit from banks.
- (2) Adjusted Finance Costs represents aggregate of finance costs and fees expenses reduced by interest on lease liabilities and interest on current tax liability.
- (3) Total Interest-earning Assets represents loans; balances with banks in fixed deposit accounts, investment in government securities and investment in pass-through certificates 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 relevant period and total interest-earning assets outstanding as of the last day of the previous period.
- (5) Average Total Assets represents the simple average of our Total Assets as of the last day of the relevant period and our Total Assets of the last day of the previous period.
- (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 relevant period and our total interest-bearing liabilities outstanding as of the last day of the previous period.
- (7) Net Interest Income represents Interest Income less Adjusted Finance Costs, for the relevant period.
- (8) Yield on Average Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period, expressed as a percentage.
- (9) Yield on Monthly Average Gross Loan Book represents the ratio of interest income on loan assets for the relevant fiscal period expressed as a percentage of the Monthly Average Gross Loan Book. Monthly Average Gross Loan Book is calculated as the sum of (i) the Gross Loan Book as of the end of each month in the relevant fiscal period and (ii) the Gross Loan Book as of the last day of the immediately preceding fiscal period, divided by 13 (in the case of any fiscal year).
- (10) Product Yield on Monthly Average Gross Loan Book represents the ratio of interest income for the relevant product loan assets for the relevant fiscal period expressed as a percentage of the Monthly Average Gross Loan Book. Monthly Average Gross Loan Book is calculated as the sum of (i) the Gross Loan Book as of the end of each month in the relevant fiscal period and (ii) the Gross Loan Book as of the last day of the immediately preceding fiscal period, divided by 13 (in the case of any fiscal year).
- (11) Average Cost of Borrowings represents finance cost (including collateralized borrowings) for the relevant period as a percentage of Average Borrowings in such period. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant period and our Total Borrowings outstanding as of the last day of the previous period.
- (12) Spread represents average yield on Gross Loan Book less average cost of borrowings including collateralized borrowings.
- (13) Net Interest Margin represents our net interest income on the loans for a period to the average AUM for the period, represented as a percentage.
- (14) Incremental Cost of Borrowing represents weighted average rate of interest but excludes processing fees at the time of availing of fresh borrowings in the relevant period.
- (15) Incremental Borrowings represents borrowings (including collateralized borrowings) during the period.

Gross Loan Book

Asset Category	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Gross Loan Book⁽¹⁾	21,101.64	30,293.11	44,526.91
Secured MSME Loans	13,311.16	21,634.00	34,298.71
Loan against Gold	5,600.50	6,395.64	8,641.02
Others ⁽²⁾	2,189.98	2,263.47	1,587.18
Secured credit exposure	89.64%	92.54%	96.44%

Asset Category	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Unsecured credit exposure	10.36%	7.46%	3.56%

(1) Gross Loan Book represents the aggregate of future principal outstanding, principal overdue held in our books as on the last day of the relevant period, as well as loan assets which have been transferred by our Company by way of securitization and are outstanding as on the last day of the relevant period.

(2) Others includes Gross Loan Book other than Secured MSME Loans and Loan against Gold, being unsecured loans.

Average Gross Loan Book

Asset Category	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Average Gross Loan Book⁽¹⁾	18,386.26	25,697.37	37,410.01
Secured MSME Loans	11,646.14	17,472.58	27,966.35
Loans against Gold	4,632.87	5,998.07	7,518.33
Others ⁽²⁾	2,107.25	2,226.72	1,925.33

(1) Average Gross Loan Book represents simple average of Gross Loan Book as of the last day of the relevant period and our Gross Loan Book as of the last day of the previous period.

(2) Others includes other than Secured MSME Loans and Loan against Gold, being unsecured loans.

Asset Quality

Provisioning and Write-Offs

Asset Category (Loan Book)	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Gross Loan Book	21,101.64	30,293.11	44,526.91
Gross NPAs ⁽¹⁾	666.55	828.94	1,081.65
NPA Provisions ⁽²⁾	254.96	335.22	454.77
Net NPAs ⁽³⁾	411.59	493.72	626.88
Bad Debts Write-off ⁽⁴⁾	54.61	359.26	150.67

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

(2) NPA provisions represents total Expected Credit Loss allowance on Stage 3 Loans held in the books as of the last day of the relevant period.

(3) Net NPA represents Gross NPA reduced by Impairment Loss Allowance (i.e., Expected Credit Loss Allowance or ECLs) made against these loans as of the last day of relevant reporting period.

(4) Bad Debts Write-off (net of recovery) includes loss on settlement.

Stage Wise Loans – Details

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Gross Loan Book -			
1. Stage 1 ⁽¹⁾	18,205.18	27,798.74	41,926.14
2. Stage 2 ⁽²⁾	2,229.91	1,665.43	1,519.12
3. Stage 3 ⁽³⁾	666.55	828.94	1,081.65
4. Total Gross Loan Book	21,101.64	30,293.11	44,526.91
ECL Allowance – Loans			
5. Stage 1	310.14	174.28	267.37
6. Stage 2	87.39	153.25	112.21
7. Stage 3	254.96	335.22	454.77
8. Total ECL Allowance Loans	652.49	662.75	834.35
Net Loan Book			
9. Stage 1 (9=1-5)	17,895.04	27,624.47	41,658.77
10. Stage 2 (10=2-6)	2,142.52	1,512.17	1,406.91
11. Stage 3 (11=3-7)	411.59	493.72	626.88
12. Total Net Loan Book – Loans (12=4-8)	20,449.15	29,630.36	43,692.56
13. Gross NPA to Gross Loan Book (%)⁽⁴⁾	3.16%	2.74%	2.43%
14. Gross NPA to AUM (%)⁽⁵⁾	3.00%	2.60%	2.19%

Note: For further details, see "Risk Factors – The quality of our portfolio may be impacted due to higher levels of NPAs and our business may be adversely affected if we are unable to provide for such higher levels of NPAs." and "Management's Discussion and Analysis of

Financial Condition and Results of Operations –Factors Affecting our Results of Operations and Financial Condition – Asset quality, NPAs and provisioning requirements” on pages 29 and 385, respectively.

- (1) Stage 1 Loans refers to less than 30 Day Past Due (“DPD”) accounts other than restructured and NPA accounts which are less than 30 DPD. It also excludes any loan accounts which has been tagged as loss account.
- (2) Stage 2 Loans refers to 30-89 DPD and all loans restructured under the Resolution Framework which allowed a one-time restructuring of loans impacted by COVID-19 pandemic which are 89 DPD or below.
- (3) Stage 3 Loans refers to Non-Performing Assets as defined in the master circular dated July 1, 2015 “Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances” issued by RBI, as amended.
- (4) Gross NPA ratio (%) to Gross Loan Book represents the closing balance of Stage 3 loan to the Gross Loan Book as of the last day of the relevant period.
- (5) Gross NPA ratio (%) to AUM represents the closing balance of Stage 3 loan to AUM as of the last day of the relevant period.

Stage wise loans – Secured MSME Loans

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Stage 1	12,048.11	19,860.63	32,410.36
Stage 2	808.78	1,153.93	1,013.39
Stage 3 ⁽¹⁾	454.27	619.44	874.96
Gross Loan Book – Secured MSME Loans	13,311.16	21,634.00	34,298.71
Secured MSME Loans (%)			
Stage 1 ⁽²⁾	90.51%	91.80%	94.49%
Stage 2 ⁽³⁾	6.08%	5.34%	2.96%
Stage 3 ⁽⁴⁾	3.41%	2.86%	2.55%
Total	100.00%	100.00%	100.00%

- (1) Stage 3 represents Gross NPA of Secured MSME as of the last day of the relevant period.
- (2) Stage 1% represents Stage 1 of Secured MSME to Gross Loan Book of Secured MSME of our Company as of the last day of relevant period.
- (3) Stage 2% represents Stage 2 of Secured MSME to Gross Loan Book of Secured MSME of our Company as of the last day of relevant period.
- (4) Stage 3% represents Stage 3 / Gross NPA of Secured MSME to Gross Loan Book of Secured MSME of our Company as of the last day of relevant period.

Stage wise loans – Loan against Gold

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Stage 1	4,216.86	5,842.93	8,114.93
Stage 2	1,299.86	443.58	421.51
Stage 3 ⁽¹⁾	83.78	109.13	104.58
Gross Loan Book – Loan against Gold	5,600.50	6,395.64	8,641.02
Secured loans against gold (%)			
Stage 1 ⁽²⁾	75.29%	91.36%	93.91%
Stage 2 ⁽³⁾	23.21%	6.93%	4.88%
Stage 3 ⁽⁴⁾	1.50%	1.71%	1.21%
Total	100.00%	100.00%	100.00%

- (1) Stage 3 represents Gross NPA of Loan against Gold as of the last day of the relevant period.
- (2) Stage 1% represents Stage 1 of Loan against Gold to Gross Loan Book of Loan against Gold of our Company as of the last day of relevant period.
- (3) Stage 2% represents Stage 2 of Loan against Gold to Gross Loan Book of Loan against Gold of our Company as of the last day of relevant period.
- (4) Stage 3% represents Stage 3 / Gross NPA of Loan against Gold to Gross Loan Book of Loan against Gold of our Company as of the last day of relevant period.

Product-wise Gross NPA

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Secured MSME Loans	454.27	619.44	874.96
Loans against Gold	83.78	109.13	104.58
Others ⁽¹⁾	128.50	100.37	102.11
Total Gross NPA	666.55	828.94	1,081.65

- (1) Others includes Gross Loan Book other than Secured MSME Loans and Loan against Gold, being unsecured loans.

Product-wise Gross NPA (%)

	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentages)		
Secured MSME Loans	3.41%	2.86%	2.55%
Loans against Gold	1.50%	1.71%	1.21%
Others ⁽¹⁾	5.87%	4.43%	6.43%
Total Gross NPA	3.16%	2.74%	2.43%

(1) Others includes Gross Loan Book other than Secured MSME Loans and Loan against Gold, being unsecured loans.

Productivity Ratios – Overall

The following table sets forth, for the periods indicated, certain productivity ratios for our Company:

	As of/ For the year ended March 31,		
	2021	2022	2023
AUM ⁽¹⁾ (₹ in million)	22,213.23	31,921.81	49,428.23
Number of branches ⁽²⁾	124	135	152
Number of on-roll employees ⁽³⁾	1,471	2,048	2,822
Number of Customers ⁽⁴⁾	56,587	72,816	102,722
AUM per branch ⁽⁵⁾ (₹ in million)	179.14	236.46	325.19
AUM per employee ⁽⁶⁾ (₹ in million)	15.10	15.59	17.52

(1) AUM represents aggregate of Gross Loan Book and share and loan share of partner bank under co-origination agreement as of the last day of the relevant period.

(2) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.

(3) Number of on-roll employees represents aggregate number of employees of our Company as of the last day of relevant period. On roll employees exclude trainees under National Apprentice Promotion Scheme.

(4) Number of customers represents aggregate number of customers of our Company as of the last day of relevant period including securitized accounts.

(5) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(6) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.

Productivity Ratios – Secured MSME Loans

The following table sets forth, for the periods indicated, certain productivity ratios for our Secured MSME Loans. Secured MSME Loans include loans against residential property and loans against commercial property, excluding Loans against Gold for our Company:

Productivity Ratios – Secured MSME Loans	As of/ For the year ended March 31,		
	2021	2022	2023
AUM - Secured MSME Loans (₹ in million)	14,422.75	23,262.70	39,200.03
Number of Customers	9,665	19,004	34,738
Disbursements- Secured MSME Loans (₹ in million)	5,955.21	13,328.28	22,768.20
Disbursement Yield on origination (%)	14.61%	15.59%	16.39%
Number of branches ⁽¹⁾	124	135	152
Number of on-roll employees ⁽²⁾	754	1,255	1,769
Number of branches with Vintage >=36 months	68	83	87
Number of branches with Vintage <36 month and >12 months	26	40	44
Number of branches with Vintage <=12 months	30	12	21
AUM per branch with Vintage >=36 months (₹ in million)	182.83	223.20	312.81
AUM per branch with Vintage <36 month and >12 months (₹ in million)	59.33	102.15	247.14
AUM per branch with Vintage <=12 months (₹ in million)	14.92	54.26	52.93
AUM per branch ⁽³⁾ (₹ in million)	116.31	172.32	257.89
AUM per employee ⁽⁴⁾ (₹ in million)	19.13	18.54	22.16
Disbursement per branch per month ⁽⁵⁾ (₹ in million)	4.00	8.23	12.48
Disbursement per employee per month ⁽⁶⁾ (₹ in million)	0.66	0.89	1.07
Employees per Branch	6	9	12

(1) Number of branches represents aggregate number of branches of our Company for Secured MSME loans as of the last day of relevant period.

(2) Number of on-roll employees represents aggregate number of business, credit & risk and debt management employees of our Secured MSME business, as of the last day of relevant period. On roll employees exclude trainees under National Apprentice Promotion Scheme.

(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.

- (5) Disbursement per branch per month represents disbursements in the relevant period divided by number of branches and number of months.
- (6) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

Secured MSME Loan Portfolio – AUM

Particulars	As of March 31,		
	2021	2022	2023
	(in million, except percentages)		
AUM	14,422.75	23,262.70	39,200.03
0 days+ AUM ⁽¹⁾	1,259.43	1,596.52	2,001.30
0 days+ AUM ⁽²⁾ (%)	8.73%	6.86%	5.11%
30 days + AUM ⁽³⁾	932.85	1,104.77	1,468.78
30 days + AUM ⁽⁴⁾ (%)	6.47%	4.75%	3.75%

(1) 0 days+ AUM refers to accounts that are 0 Days Past Due (“DPD”).

(2) 0 days+ AUM (%) refers to 0 DPD to the AUM of Secured MSME Loans as of the last day of the relevant period as a percentage.

(3) 30 days + AUM refers to accounts that are more than 30 DPD.

(4) 30 days + AUM (%) refers to 30+ DPD to the AUM of Secured MSME as of the last day of the relevant period as a percentage.

Secured MSME Loan Portfolio – Restructured Standard Book

Particulars	As of March 31,		
	2021	2022	2023
	(in million, except percentages)		
Restructured AUM ⁽¹⁾	466.30	1,150.76	894.29
Standard Restructured AUM* ⁽²⁾	424.56	938.52	643.40
Standard Restructured AUM ⁽³⁾ (%)	91.05%	81.56%	71.95%

(1) Restructured AUM refers to all accounts restructured under the resolution framework of the RBI which allowed a one-time restructuring of loans impacted by COVID-19 pandemic as of the last day of the relevant period.

(2) Standard Restructured AUM refers to Restructured AUM which are 89 DPD or below as of the last day of the relevant period.

(3) Standard Restructured AUM (%) refers to Restructured AUM to the Standard Restructured AUM, as a percentage, as of the last day of the relevant period.

* Classified as Stage-2 assets.

Secured MSME Loan Portfolio – ECLGS Standard Book

Particulars	As of March 31,	As of March 31,	As of March 31,
	2021	2022	2023
	(in million, except percentages)		
AUM – Secured MSME Loans (ECLGS) ⁽¹⁾	175.04	170.81	101.28
Standard AUM – Secured MSME Loans (ECLGS) ⁽²⁾	174.01	154.7	74.95
Standard AUM – Secured MSME Loans (ECLGS)(%) ⁽³⁾	99.41%	90.57%	74.00%

(1) AUM represents aggregate of Gross Loan Book of Secured MSME Loans- ECLGS as of the last day of the relevant period.

(2) Standard AUM - Secured MSME Loans (ECLGS) refers to accounts which are 89 DPD or below other than Gross NPA accounts which are less than 30 DPD, as of the last day of the relevant period.

(3) Standard AUM – Secured MSME Loans (ECLGS) (%) refers to Standard AUM - Secured MSME Loans (ECLGS) to the AUM Secured MSME Loan (ECLGS) as of the last day of the relevant period.

Secured MSME Loans AUM Customer Profiling – CIBIL on origination

CIBIL on origination	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentage)		
>= 750	42.09%	48.06%	50.17%
>= 700 - < 750	33.23%	31.83%	32.15%
>= 650 - < 700	9.85%	8.47%	7.71%
< 650	6.84%	4.29%	2.07%
0/-1	8.00%	7.35%	7.90%

Customer Segmentation

Our grade-based classification shows differential credit performance which ranks risks. Our Gross NPA as on March 31, 2023 for Grade 1, Grade 2, Grade 3, Grade 4 and Grade 5 customers was 0.79%, 1.09%, 1.56%, 2.42% and 5.73%, respectively.

Set forth below are details of the customer segmentation in terms of AUM:

Customer segment	As of March 31,					
	2021		2022		2023	
	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)	AUM (₹ million)	Percentage of total AUM (%)
Grade 1	1,296.82	11.58%	3,667.11	17.96%	7,326.57	20.38%
Grade 2	2,280.07	20.36%	5,647.89	27.67%	12,252.12	34.08%
Grade 3	1,284.35	11.47%	2,439.93	11.95%	4,270.43	11.88%
Grade 4	2,619.10	23.39%	4,455.41	21.83%	8,028.58	22.33%
Grade 5	2,360.15	21.08%	3,010.55	14.75%	3,312.26	9.21%
Not Segmented	1,355.61	12.11%	1,192.84	5.84%	759.73	2.11%
Sub-total	11,196.10	100.00%	20,413.73	100.00%	35,949.69	100.00%

Set forth below are details of the customer segmentation in terms of disbursement amount:

Customer segment	As of March 31,					
	2021		2022		2023	
	Disbursement (₹ million)	Percentage of total disbursement (%)	Disbursement (₹ million)	Percentage of total disbursement (%)	Disbursement (₹ million)	Percentage of total disbursement (%)
Grade 1	1,094.89	20.43%	2,851.28	22.39%	4,748.27	22.12%
Grade 2	1,458.77	27.22%	4,158.86	32.66%	8,267.01	38.51%
Grade 3	640.35	11.95%	1,515.55	11.90%	2,535.66	11.81%
Grade 4	1,046.68	19.53%	2,635.16	20.69%	4,896.09	22.81%
Grade 5	915.17	17.08%	1,257.85	9.88%	818.81	3.81%
Not Segmented	202.83	3.79%	316.34	2.48%	203.20	0.95%
Total	5,358.69	100.00%	12,735.04	100.00%	21,469.04	100.00%

Property Type – Secured MSME Loans

Property Type	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentage)		
Self-Occupied Residential Property	77.55%	80.19%	82.75%
Self-Occupied Commercial Property	15.68%	12.39%	11.01%
Others*	6.77%	7.42%	6.24%

*Includes rental property and mixed use property.

Collection efficiency – Secured MSME Loans

Particulars	As of/ For the year ended March 31,	
	2022	2023
	(Percentage)	
Including overdue	94.86%	96.72%
Excluding overdue	92.78%	95.33%

AUM by Eligibility Type – Secured MSME Loans*

Eligibility type	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentage)		
Income-based	76.78%	87.63%	94.51%
Others	23.22%	12.37%	5.49%

* Includes loans to salaried individuals as well.

AUM by Ticket Size – Secured MSME Loans

Ticket size	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentage)		
<= 3.00 million	77.63%	87.75%	91.71%
> 3.00 million	22.37%	12.25%	8.29%

Interest Rate – Secured MSME Loans

Particulars	As of/ For the year ended March 31,	
	2022	2023
	(Percentage)	
Floating	95.47%	97.94%
Fixed	4.53%	2.06%
Total	100.00%	100.00%

Secured MSME Loans – Upto ₹ 3.00 Million

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in ₹ million, other than percentages)		
AUM	11,196.10	20,413.73	35,949.69
Disbursement	5,358.69	12,735.04	21,469.04
Disbursement sourced from co-origination	516.15	937.78	4,836.90
AUM sourced from co-origination	1,389.48	2,035.87	6,122.29

Productivity Ratios – Loan against Gold

The following table sets forth, for the periods indicated, certain productivity ratios for Loans against Gold provided by our Company (excluding all other loans):

Productivity Ratios – Loan against Gold	As of/ For the year ended March 31,		
	2021	2022	2023
AUM- Loan against Gold (₹ in million)	5,600.50	6,395.64	8,641.02
Number of Customers	36,813	42,931	59,437
Number of branches ⁽¹⁾	124	135	140
Number of on-roll employees ⁽²⁾	459	539	679
Number of branches with Vintage >=36 months	68	83	86
Number of branches with Vintage <36 month and >12 months	26	40	44
Number of branches with Vintage <=12 months	30	12	10
AUM per branch with Vintage >=36 months (₹ in million)	57.77	51.80	66.49
AUM per branch with Vintage <36 month and >12 months (₹ in million)	45.95	43.10	58.17
AUM per branch with Vintage <=12 months (₹ in million)	15.92	30.99	36.35
AUM per branch ⁽³⁾ (₹ in million)	45.17	47.38	61.72
AUM per employee ⁽⁴⁾ (₹ in million)	12.20	11.87	12.73

(1) Number of branches represents aggregate number of gold loan branches of our Company as of the last day of relevant period.

(2) Number of on-roll employees represents aggregate number of business, credit & risk (Chief Valuer) employees of our Loan against Gold business, as of the last day of relevant period. On roll employees exclude trainees under National Apprentice Promotion Scheme.

(3) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(4) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.

Interest Rate Coverage Ratio

The table below sets forth our interest coverage ratio for the year ended March 31, 2021, March 31, 2022, and March 31, 2023:

	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ million, except ratios)		
Net Profit	850.10	645.21	1,497.36
Add:			
Adjusted Finance Costs ⁽¹⁾	2,362.63	2,189.06	2,752.14
Depreciation	95.40	117.81	127.14
Net Profit Before Interest and Depreciation	3,308.13	2,952.08	4,376.64
Adjusted Finance Costs ⁽¹⁾	2,362.63	2,189.06	2,752.14
Interest Service Coverage Ratio	1.40	1.35	1.59

Adjusted Finance Costs represents aggregate of finance costs and fees expenses reduced by interest on lease liabilities and interest on current tax liability.

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as at the end of the relevant period or year:

Particulars		1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Total
		(₹ million)								
Liabilities										
Borrowings	As of March 31, 2023	288.10	588.86	2,316.14	2,647.85	5,435.09	17,697.51	6,475.89	1,941.18	37,390.62
	As of March 31, 2022	307.37	310.00	1,374.06	2,031.21	3,065.93	13,425.89	7,513.33	1,371.28	29,399.07
	As of March 31, 2021	265.79	83.63	1,076.96	1,338.84	4,178.49	9,129.39	6,944.59	4,664.05	27,681.74
Assets										
Advances	As of March 31, 2023	1,466.98	586.56	1,026.14	2,351.91	5,895.34	4,650.75	5,425.75	22,749.67	44,153.10
	As of March 31, 2022	1,273.16	812.04	1,241.03	1,793.22	3,308.89	3,898.03	4,014.81	13,482.94	29,824.12
	As of March 31, 2021	520.33	277.83	269.09	1,611.14	4,249.05	2,750.81	2,587.23	8,436.46	20,701.94
Investments	As of March 31, 2023	838.13	83.70	83.69	256.09	532.45	1,519.92	-	2,751.94	6,065.92
	As of March 31, 2022	3,396.75	283.07	285.57	873.15	1,147.93	2,494.66	-	-	8,481.13
	As of March 31, 2021	4,254.49	234.75	236.83	723.25	1,504.16	5,367.25	2,521.76	-	14,842.49

Capital Adequacy

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Tier I Capital	9,087.59	9,864.61	14,049.52
Tier II Capital	221.71	119.27	86.24
Total Capital	9,309.30	9,983.88	14,135.76
Risk Weighted Assets	35,469.74	38,087.02	44,300.08

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million, except percentages)		
Capital Adequacy Ratio (%)	26.25%	26.21%	31.90%
Tier I Capital (%)	25.62%	25.90%	31.71%
Tier II Capital (%)	0.63%	0.31%	0.19%
Total Borrowings⁽¹⁾ to Tangible Equity⁽²⁾ ratio⁽³⁾	2.93	2.87	2.55

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.

(2) Tangible Equity represents the aggregate of Equity share capital and Other equity balance less goodwill as of the last day of the relevant period.

(3) Total Borrowings to Tangible Equity ratio represents Total Borrowings as of the last day of the relevant period upon tangible net worth as of the last day of the relevant period.

Sources of Capital – Borrowing

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Term Loans – Secured			
Banks	25,179.91	27,253.65	29,121.73
NBFCs and Financial Institutions	375.00	1,293.48	3,672.49
Working Capital Demand Loan – Secured			
Banks	-	-	600.00
Debt Securities – Secured			
Non-Convertible Debentures	1,500.00	430.00	430.00
Others			
Collateralized borrowing	670.61	511.05	3,634.11
Total	27,725.52	29,488.18	37,458.33

Sources of Capital – Borrowing mix

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in percentage)		
Term Loans – Secured			
Banks	90.82%	92.42%	77.75%
NBFCs and Financial Institutions	1.35%	4.39%	9.80%
Working Capital Demand Loan – Secured			
Banks	-	-	1.60%
Debt Securities – Secured			
Non-Convertible Debentures	5.41%	1.46%	1.15%
Others			
Collateralized borrowing	2.42%	1.73%	9.70%
Total	100.00%	100.00%	100.00%

Type of Borrowings

Average cost and tenure of borrowing

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in months, except percentages)		
Average Tenure of Borrowing ⁽¹⁾	66.55	53.87	50.02

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
	(in months, except percentages)		
Average Cost of Borrowing⁽²⁾	8.11%	7.65%	8.22%

(1) Average Tenure of Borrowings represents weighted tenure based on residual tenure.

(2) Average Cost of Borrowings represents finance cost (including collateralized borrowing) 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 relevant period and our Total Borrowings outstanding as of the last day of the previous period.

Number of Entities Borrowed From

Particulars	As of/ For the year ended March 31,		
	2021	2022	2023
Banks	10	14	18
NBFCs and Financial Institutions	2	2	5
Mutual Funds	0	0	0
Total	12	16	23

Borrowings by Rate Method

Rate Method	As of/ For the year ended March 31,		
	2021	2022	2023
	% Share		
Fixed Rate Borrowings	5.41%	3.15%	7.41%
Floating Rate Borrowings	94.59%	96.85%	92.59%
Total⁽¹⁾	100.00%	100.00%	100.00%

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.

Product Wise AUM (in terms of Amount)

Product Wise AUM (in terms of Amount)	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Secured MSME Loans	14,422.75	23,262.70	39,200.03
Loan against Gold	5,600.50	6,395.64	8,641.02
Others*	2,189.98	2,263.47	1,587.18
Total	22,213.23	31,921.81	49,428.23

* Others includes unsecured loans. This also includes discontinued business AUM of ₹ 3.49 million and ₹ 2.28 million as of March 31, 2021 and March 31, 2022, respectively.

Product Wise Disbursement

Product Wise Disbursement	As of/ For the year ended March 31,		
	2021	2022	2023
	(₹ in million)		
Secured MSME Loans	5,955.21	13,328.28	22,768.20
Loan against Gold ⁽¹⁾	8,300.43	11,270.03	13,233.64
Others*	768.96	1,110.51	310.72
Total	15,024.60	25,708.82	36,312.56

* Others includes unsecured loans.

(1) Gold loan disbursement represent Gross disbursement during the relevant period.

Product Wise average LTV on AUM Origination Basis (%)

Product Wise average LTV on AUM on Origination Basis (%)	As of/ For the year ended March 31,		
	2021	2022	2023
	(Percentages)		
Secured MSME Loans	45.17%	43.42%	42.51%
Loan against Gold	67.88%	69.47%	68.51%

Product Wise Tenure of AUM (in Months, on Origination)

Product Wise Tenure of AUM (in Months, on Origination)	As of/ For the year ended March 31,		
	2021	2022	2023
	(in months)		
Secured MSME Loans	153	143	118
Loan against Gold	10	6	11
Others*	53	56	58

* Others includes unsecured loans.

Product Wise Average Ticket Size on Disbursement

Product Wise Average Ticket Size on Disbursement	As of/ For the year ended March 31,		
	2021	2022	2023
	(` in million)		
Secured MSME Loans	1.08	0.98	0.99
Loan against Gold	0.10	0.10	0.09
Others*	0.26	0.31	0.69

* Others includes unsecured loans.

AUM by State/Territory

Our Company does not disburse loans to borrowers in any country other than in India.

AUM by State/ Territory	As of/ For the year ended March 31,					
	2021		2022		2023	
	Amount	% Share	Amount	% Share	Amount	% Share
(` in million, except percentages)						
Chandigarh	228.36	1.03%	191.70	0.60%	133.31	0.27%
Delhi	1,537.56	6.92%	1,415.22	4.43%	1,204.61	2.44%
Haryana	948.77	4.27%	1,680.58	5.27%	3,282.27	6.64%
Punjab	626.09	2.82%	679.81	2.13%	728.32	1.47%
Rajasthan	579.35	2.61%	877.19	2.75%	1,175.69	2.38%
Uttar Pradesh	2,004.33	9.02%	4,695.13	14.71%	7,674.22	15.53%
Uttarakhand	561.54	2.53%	763.65	2.39%	1,043.99	2.11%
North Total	6,486.00	29.20%	10,303.28	32.28%	15,242.41	30.84%
Andhra Pradesh	1,883.56	8.48%	2,069.50	6.48%	2,708.70	5.48%
Karnataka	3,659.34	16.47%	5,350.25	16.76%	8,611.08	17.42%
Puducherry	61.06	0.27%	64.89	0.20%	123.50	0.25%
Tamil Nadu	972.11	4.38%	1,090.25	3.42%	1,404.89	2.84%
Telangana	2,056.47	9.26%	3,419.27	10.71%	6,199.80	12.54%
South Total	8,632.54	38.86%	11,994.16	37.57%	19,047.97	38.53%
Gujarat	1,405.26	6.33%	1,379.47	4.32%	1,548.41	3.13%
Madhya Pradesh	1,467.24	6.60%	2,416.23	7.57%	3,616.76	7.32%
Maharashtra	2,870.91	12.92%	3,614.35	11.32%	5,205.28	10.53%
West Total	5,743.41	25.85%	7,410.05	23.21%	10,370.45	20.98%
Assam	991.94	4.47%	1,452.67	4.55%	2,286.44	4.63%
Bihar	7.87	0.03%	438.35	1.37%	1,955.58	3.96%
West Bengal	347.98	1.57%	321.02	1.01%	525.38	1.06%
East Total	1,347.79	6.07%	2,212.04	6.93%	4,767.40	9.65%
Discontinued Business	3.49	0.02%	2.28	0.01%	-	-
Grand Total	22,213.23	100.00%	31,921.81	100.00%	49,428.23	100.00%

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditors' Examination Report on the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the year ended March 31, 2023; Restated Standalone Statement of Assets and Liabilities as at March 31, 2022 and March 31, 2021, Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for the years ended March 31, 2022 and March 31 2021 and the summary of significant accounting policies and explanatory notes of SBFC Finance Limited and its subsidiary (collectively, the 'Restated Financial Information').

To
The Board of Directors of
SBFC Finance Limited
(Formerly known as SBFC Finance Private Limited)

Dear Sirs,

1. We, Suresh Surana & Associates LLP (“we”, “us” or “SSA LLP”) have examined the attached Restated Financial Information of SBFC Finance Limited (Formerly known as SBFC Finance Private Limited) (the “**Company**” or the “**Issuer**”) and its subsidiary (the Company and its subsidiary together referred to as “the **Group**”), comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2023, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the year ended March 31, 2023; Restated Standalone Statement of Assets and Liabilities as at March 31, 2022 and March 31, 2021, Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for the years ended March 31, 2022 and March 31, 2021 and the summary of significant accounting policies and explanatory notes (Collectively, the “**Restated Financial Information**”), as approved by the Board of Directors of the Company at their meeting held on July 12, 2023 for the purpose of inclusion in the Red Herring Prospectus (“**RHP**”) and the Prospectus (“**Prospectus**”) prepared by the Company in connection with its proposed initial public offering of equity shares of face value of Rs.10 each (“**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) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the SEBI on September 11, 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 (“**the ICDR Regulations**”); and
 - c) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), (“**Guidance Note**”)

Management's Responsibility for the Restated Financial Information

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the RHP and the Prospectus to be filed with the Registrar of Companies, Maharashtra at Mumbai ("RoC"), the Securities and Exchange Board of India ("SEBI") and BSE Limited and National Stock Exchange of India Limited (collectively, the "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 as stated in Note 2.1 to the Restated Financial Information. The respective Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the respective restated financial information, which have been used for the purpose of preparation of this Restated Financial Information by the Board of Directors of the Company, as aforesaid. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

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 June 27, 2022 read with addendum dated February 23, 2023 in connection with the IPO;
 - 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.

Restated Financial Information

4. These Restated Financial Information have been compiled by the management from:
 - a) The audited consolidated financial statements of the Group as at and for the year ended March 31, 2023 prepared in accordance with the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on April 27, 2023;
 - b) The audited standalone financial statements of the Company as at and for the year ended March 31, 2022 which were prepared in accordance with the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on May 21, 2022; and
 - c) The audited special purpose standalone financial statements of the Company as at and for the year ended March 31, 2021, which were prepared in accordance with the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on November 3, 2022.

Auditors' Report

5. For the purpose of our examination, we have relied on:
 - a) Auditor's report issued by us dated April 27, 2023 on the consolidated financial statements of the Group as at and for the year ended March 31, 2023 as referred in paragraph 4(a) above;

- b) Auditor’s report issued by us dated May 21, 2022 on the standalone financial statements of the Company for the year ended March 31, 2022 as referred in paragraph 4(b) above; and
 - c) Auditor’s report issued by us dated November 3, 2022 on the special purpose standalone financial statements of the Company as at and for the year ended March 31, 2021 as referred in paragraph 4(c) above;
6. The audit reports on the special purpose standalone financial statements issued by us includes the following emphasis of matter paragraphs on the special purpose financial statements as at and for the year ended March 31, 2021:

For the Year ended March 31, 2021

Emphasis of matter

We draw attention to Note 6.7 of the special purpose financial statements, which describes the continuing uncertainties arising from the COVID 19 pandemic and particularly the impairment provisions are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

7. As indicated in our audit report dated April 27, 2023, referred in paragraphs 5(a) above, we did not audit the financial statements of the subsidiary company whose share of total assets, total revenues, net cash flows included in the consolidated financial statements as at and for the year ended March 31, 2023, is tabulated below, which have been audited by other auditor (the “Other Auditors”), and whose report has been furnished to us by the Company’s management and our opinion on the audited consolidated financial statements as at and for the year ended March 31, 2023, in so far as it relates to the amounts and disclosures included in respect of the subsidiary company, is based solely on the report of the Other Auditors.

Particulars	<i>(Rs. in million)</i>
	As at March 31, 2023 and for the period December 06 to March 31, 2023
Number of Subsidiary audited by the Other Auditors	1
Total assets	0.70
Total revenue	Nil
Net cash inflows	0.50

Our opinion on the audited consolidated financial statements as at and for the year ended March 31, 2023 is not modified in respect of this matter.

Auditors' Opinion

8. Based on our examination and according to the information and explanations given to us, we report that:
- a) the Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023 as more fully described in Note 59 to the Restated Financial Information;
 - b) there are no qualifications requiring adjustments:
 - i. in the auditor’s report on the audited financial statements of the Company as at and for the year ended March 31, 2022. Qualifications included in the Annexure A to the Auditor’s Report issued under Companies (Auditor’s Report) Order, 2020, as applicable, issued by the Central Government of India in terms of sub section 11 of Section 143 of the Act, which do not require any corrective adjustments in the Restated Financial Information have been disclosed in Note 59VII(b) to the Restated Financial Information;

- ii. in the auditor's report on the audited special purpose financial statements of the Company as at and for the year ended March 31, 2021; and
 - c) the Restated Financial Information has been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
9. Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements, audited standalone financial statements and audited special purpose standalone financial statements mentioned in paragraph 4 above except as stated in Note 57.3 to the Restated Financial Information.
 10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
 11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
 12. Our report is intended solely for use of the Board of Directors for inclusion in the RHP and the Prospectus to be filed with SEBI, Stock Exchanges and the RoC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No.: 102306
UDIN: 23102306BGWKWR8559
Certificate No: 23149
Place: Mumbai
Date: July 12, 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Restated Statement of Assets and Liabilities

(₹ In Million)

Particulars	Note No.	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
ASSETS				
I. Financial assets				
(a) Cash and cash equivalents	3	1,834.44	1,514.76	1,382.72
(b) Bank balances other than cash and cash equivalents	4	2,169.99	1,838.17	2,031.06
(c) Receivables				
(i) Trade receivables	5	108.29	82.68	38.91
(d) Loans	6	44,153.10	29,824.12	20,701.94
(e) Investments	7	6,065.92	8,481.13	14,842.49
(f) Other financial assets	8	38.98	34.17	58.18
Total Financial Assets		54,370.72	41,775.03	39,055.30
II. Non-Financial assets				
(a) Current tax assets (net)	9	-	341.92	206.42
(b) Property, plant and equipment	10	336.53	357.06	390.00
(c) Intangible assets under development	10	7.49	-	3.33
(d) Goodwill	10	2,603.92	2,603.92	2,603.92
(e) Other intangible assets	10	23.54	32.87	17.21
(f) Other non-financial assets	11	122.20	39.54	35.72
Total Non-Financial Assets		3,093.68	3,375.31	3,256.60
TOTAL ASSETS		57,464.40	45,150.34	42,311.90
LIABILITIES AND EQUITY				
LIABILITIES				
I. Financial Liabilities				
(a) Payables	12			
(A) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		2.96	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		89.34	80.73	52.70
(B) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36.28	40.45	6.30
(b) Debt securities	13	454.03	454.03	1,584.47
(c) Borrowings (other than debt securities)	14	36,936.59	28,945.04	26,097.27
(d) Other financial liabilities	15	2,509.83	2,501.17	2,267.08
Total Financial Liabilities		40,029.03	32,021.42	30,007.82
II. Non-Financial Liabilities				
(a) Current tax liabilities (net)	16	0.53	-	-
(b) Provisions	17	1.32	2.47	2.25
(c) Deferred tax liabilities (net)	18	125.91	194.51	234.86
(d) Other non-financial liabilities	19	34.93	60.27	15.89
Total Non-Financial Liabilities		162.69	257.25	253.00
TOTAL LIABILITIES		40,191.72	32,278.67	30,260.82
EQUITY				
(a) Equity share capital	20	8,895.72	8,068.00	7,966.74
(b) Other equity	21	8,376.96	4,803.67	4,084.34
(c) Non Controlling Interest		-	-	-
TOTAL EQUITY		17,272.68	12,871.67	12,051.08
TOTAL LIABILITIES AND EQUITY		57,464.40	45,150.34	42,311.90

Corporate Information and Significant Accounting Policies

1-2

The accompanying notes form an integral part of the restated financial information.

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date : 12 July 2023

Place: Mumbai
Date : 12 July 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Restated Statement of Profit and Loss
(₹ In Million)

Particulars	Note No.	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
(I) Revenue from operations				
Interest income	22	6,541.52	4,731.47	4,631.66
Fees and commission income	23	412.52	272.39	241.53
Net gain on fair value changes	24	119.76	157.22	91.06
Net gain on derecognition of financial instruments under amortised cost category	25	28.30	-	39.68
Other operating income	26	226.02	129.44	67.06
Total Revenue from operations		7,328.12	5,290.52	5,070.99
(II) Other income	27	75.49	16.50	44.34
(III) Total Income (I+II)		7,403.61	5,307.02	5,115.33
Expenses				
Finance costs	28	2,764.52	2,206.17	2,384.56
Net Loss on derecognition of financial instruments under amortised cost category	29	-	106.92	-
Impairment on financial instruments	30	320.56	360.88	336.40
Employee benefits expense	31	1,601.23	1,095.34	841.83
Depreciation and amortisation expense	10	127.14	117.81	95.40
Other expenses	32	576.50	552.94	316.49
Total expenses		5,389.95	4,440.06	3,974.68
(V) Profit before tax (III - IV)		2,013.66	866.96	1,140.65
Tax expense				
- Current tax	33	584.90	262.12	300.24
- Deferred tax charge/ (credit)	34	(68.60)	(40.37)	(9.69)
(VI) Total tax expense		516.30	221.75	290.55
(VII) Profit after tax (V-VI)		1,497.36	645.21	850.10
(VIII) Other comprehensive income	35			
(A) Items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit liability/asset (net)		1.89	3.72	1.76
- Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(0.94)	(0.44)
(B) Items that will be reclassified to profit or loss		-	-	-
Other Comprehensive Income		1.41	2.78	1.32
(IX) Total comprehensive income for the year (VII + VIII)		1,498.77	647.99	851.42
Profit for the year attributable to:		1,497.36	645.21	850.10
Owners of the Company		1,497.36	645.21	850.10
Non-controlling interest		-	-	-
Other Comprehensive Income attributable to:		1.41	2.78	1.32
Owners of the Company		1.41	2.78	1.32
Non-controlling interest		-	-	-
Total Comprehensive Income attributable to:		1,498.77	647.99	851.42
Owners of the Company		1,498.77	647.99	851.42
Non-controlling interest		-	-	-
(X) Earnings per equity share (Face value ₹ 10/- per share)				
Basic (₹)	45	1.71	0.81	1.09
Diluted (₹)		1.62	0.79	1.06

Corporate Information and Significant Accounting Policies

1-2

The accompanying notes form an integral part of the restated financial information.

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Place: Mumbai

Date : 12 July 2023

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 12 July 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Restated Statement of Cash Flows
(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Cash flow from Operating activities			
Profit before tax	2,013.66	866.96	1,140.65
Adjustments for:			
Depreciation and amortisation expenses	127.14	117.81	95.40
Interest income on loans	(5,952.92)	(3,825.40)	(2,773.92)
Interest income on investment in PTC	(416.28)	(835.61)	(1,719.62)
Interest income on investment in Government Securities	(26.62)	-	-
Interest income on fixed deposits	(145.70)	(70.46)	(138.12)
Fees and commission income	(412.52)	(272.39)	(241.53)
Finance costs on borrowings and debt securities	2,752.14	2,189.06	2,362.63
Finance costs on lease liability	11.66	16.81	19.68
Net gain on financial instruments at fair value through profit or loss	(119.76)	(157.22)	(91.06)
Net gain/ loss on derecognition of financial instruments under amortised cost	(28.30)	106.92	(39.68)
Impairment on financial instruments	320.56	360.88	336.40
Employee share based payment	89.32	29.60	38.92
Net gain on termination of lease liability	(4.55)	1.11	(0.37)
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35	0.87
Operational Cash Flows:			
Cash inflow from interest on loans	5,686.18	3,893.66	2,709.71
Cash inflow from interest on investment in PTC	432.84	870.43	1,775.79
Cash inflow from interest on investment in Government Securities	81.67	-	-
Cash inflow from interest on fixed deposits	133.02	131.87	104.53
Cash inflow from fees and commission income	474.49	40.83	37.46
Cash outflow towards finance cost on borrowings & debt securities	(2,730.76)	(2,234.37)	(2,398.73)
Operating Profit before working capital changes	2,292.97	1,233.84	1,219.01
Changes in working capital:			
Increase/ (Decrease) in payables	7.40	62.18	(2.35)
Increase/ (Decrease) in Other financial liabilities	48.84	288.47	1,207.72
Increase/ (Decrease) in Other non-financial liabilities	(25.34)	44.38	2.82
Increase/ (Decrease) in provision	0.74	3.00	3.57
(Increase)/ Decrease in trade receivables	(87.58)	178.55	192.07
(Increase)/ Decrease in loans and advances	(14,382.80)	(9,672.32)	(5,485.36)
(Increase)/ Decrease in other financial assets	21.33	46.88	0.43
(Increase)/ Decrease in other non-financial assets	297.54	12.32	544.92
Cash flows used in Operating activities	(11,826.90)	(7,802.70)	(2,317.17)
Income taxes refund/ (paid)	(622.65)	(413.74)	(434.79)
Net cash used in Operating activities	(12,449.55)	(8,216.44)	(2,751.96)
Cash flow from Investing activities			
Purchase of property, plant and equipment	(77.75)	(73.43)	(127.93)
Purchase of intangible assets (including intangible assets under development)	(7.65)	(23.65)	(15.54)
Proceeds from sale of property, plant and equipment	0.34	0.01	-
Purchase of investments at fair value through profit and loss	(18,714.34)	(20,452.13)	(21,351.89)
Sale of investments at fair value through profit and loss	21,178.46	21,480.25	17,488.85
Redemption/ Sale of investment in PTC	2,807.02	5,455.63	7,846.20
Purchase of investment in Government Securities	(3,160.32)	-	-
Redemption/ Sale of investment in Government Securities	352.54	-	-
Placement of fixed deposits	(3,364.03)	(1,694.89)	(1,395.94)
Maturity/ Redemption of fixed deposits	3,044.89	1,826.37	1,306.83
Net cash generated from Investing activities	2,059.16	6,518.16	3,750.58

Cash flow from Financing activities			
Proceeds from issuance of equity share capital including securities premium	2,813.67	143.02	1,037.08
Share issue expenses	(1.23)	(0.02)	(1.11)
Proceeds from borrowings other than debt securities	17,115.74	8,930.00	4,571.61
Repayment of borrowings other than debt securities	(9,145.57)	(6,097.35)	(5,659.85)
Debt securities issued	-	430.00	1,500.00
Debt securities repaid	-	(1,500.00)	(3,250.00)
Principal repayment of lease liabilities	(60.88)	(58.52)	(44.70)
Interest paid on lease liabilities	(11.66)	(16.81)	(19.68)
Net cash generated from Financing activities	10,710.07	1,830.32	(1,866.65)
Net increase in cash and cash equivalents	319.68	132.04	(868.03)
Cash and cash equivalents at beginning of year (Refer Note 3)	1,514.76	1,382.72	2,250.75
Cash and cash equivalents at end of year (Refer Note 3)	1,834.44	1,514.76	1,382.72

Cash and cash equivalents at the end of the year comprises of:			
Cash in hand	67.31	75.26	67.35
Balance with banks			
- In current accounts	1,167.04	399.40	905.32
- In fixed deposit with original maturity of less than 3 months	600.09	1,040.10	410.05
TOTAL	1,834.44	1,514.76	1,382.72

Notes:

- 1 The above Restated Statement of Cash Flows has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.
- 2 Figures in brackets indicate cash outflow.
- 3 Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate Information and Significant Accounting Policies (Note 1-2)

The accompanying notes form an integral part of the restated financial information.

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date : 12 July 2023

Place: Mumbai
Date : 12 July 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Restated Statement of changes in equity

Equity Share Capital		(₹ In Million)
Particulars	Amount	
Balance as at 31 March 2020 (Standalone)	7,423.20	
Changes in equity share capital due to prior period errors	-	
Restated Balance at the beginning of the previous reporting period	7,423.20	
Changes in equity share capital during the previous year	543.54	
Balance as at 31 March 2021 (Standalone)	7,966.74	
Changes in equity share capital due to prior period errors	-	
Restated Balance at the beginning of the previous reporting period	7,966.74	
Changes in equity share capital during the current year	101.26	
Balance as at 31 March 2022 (Standalone)	8,068.00	
Changes in equity share capital due to prior period errors	-	
Restated Balance at the beginning of the previous reporting period	8,068.00	
Changes in equity share capital during the current year	827.72	
Balance as at 31 March 2023 (Consolidated)	8,895.72	

Other Equity		Reserves and Surplus					Non Controlling Interest	Total	(₹ In Million)
Particulars	Statutory Reserve	Securities Premium	Employee Share Option Outstanding	Retained Earnings	Remeasurement gain/ (loss) on defined benefit plans				
Balance as at 31 March 2020 (Standalone)	120.74	1,887.08	177.88	514.70	1.17	-	2,701.57		
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	
Restated Balance as at 1 April 2020 (Standalone)	120.74	1,887.08	177.88	514.70	1.17	-	2,701.57		
Profit for the year	-	-	-	850.10	-	-	850.10		
Other comprehensive income for the year	-	-	-	-	1.32	-	1.32		
Transfer to statutory reserves from retained earnings	170.30	-	-	(170.30)	-	-	-		
Premium on issue of share capital	-	493.54	-	-	-	-	493.54		
Employee share based payment expenses	-	-	38.92	-	-	-	38.92		
Share issue expenses	-	(1.11)	-	-	-	-	(1.11)		
Balance as at 31 March 2021 (Standalone)	291.04	2,379.51	216.80	1,194.50	2.49	-	4,084.34		
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	
Restated Balance as at 1 April 2021 (Standalone)	291.04	2,379.51	216.80	1,194.50	2.49	-	4,084.34		
Profit for the year	-	-	-	645.21	-	-	645.21		
Other comprehensive income for the year	-	-	-	-	2.78	-	2.78		
Transfer to statutory reserves from retained earnings	128.44	-	-	(128.44)	-	-	-		
Premium on Issue of share capital	-	52.71	-	-	-	-	52.71		
Employee share based payment expenses	-	-	29.60	-	-	-	29.60		
Adjustment on account of treasury shares held through ESOP trust	-	(10.95)	-	-	-	-	(10.95)		
Exercise of stock options outstanding	-	32.51	(32.51)	-	-	-	-		
Share issue expenses	-	(0.02)	-	-	-	-	(0.02)		
Balance as at 31 March 2022 (Standalone)	419.48	2,453.76	213.89	1,711.27	5.27	-	4,803.67		
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	

Restated Balance as at 1 April 2022 (Standalone)	419.48	2,453.76	213.89	1,711.27	5.27	-	4,803.67
Profit for the year	-	-	-	1,497.36	-	-	1,497.36
Other comprehensive income for the year	-	-	-	-	1.41	-	1.41
Adjustment during the year	-	-	-	-	0.48	-	0.48
Transfer to statutory reserves from retained earnings	299.59	-	-	(299.59)	-	-	-
Premium on Issue of share capital	-	1,984.89	-	-	-	-	1,984.89
Employee share based payment expenses	-	-	89.32	-	-	-	89.32
Adjustment on account of treasury shares held through ESOP trust	-	1.06	-	-	-	-	1.06
Exercise of stock options outstanding	-	1.70	(1.70)	-	-	-	-
Share issue expenses	-	(1.23)	-	-	-	-	(1.23)
Balance as at 31 March 2023 (Consolidated)	719.07	4,440.18	301.51	2,909.04	7.16	-	8,376.96

Corporate Information and Significant Accounting Policies (1-2)

The accompanying notes form an integral part of the restated financial information.

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

Ramesh Gupta

Partner

Membership No: 102306

Place: Mumbai

Date : 12 July 2023

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 12 July 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Corporate information and Significant Accounting Policies forming part of the Restated Financial information

1. Corporate Information

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ('the Company' or 'the Parent Company') is a limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai- 400059, Maharashtra. The Parent Company is registered with the Reserve Bank of India (RBI) as a "systemically important non-deposit taking" NBFC ND-SI.

The registration details are as follows:

Reserve Bank of India Registration no : N-13.01913
Corporate Identity Number (CIN) : U67190MH2008PLC178270

On December 6, 2022, the Parent Company has incorporated a wholly owned subsidiary with Corporate Identity Number (CIN) U65992MH2022PTC394642 in the name of – SBFC Home Finance Private Limited ('the Subsidiary Company'). The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration (CoR) to operate as a 'Housing Finance Company' on 29 March 2023. However, RBI has subsequently returned the application for CoR since the Company does not meet the requirement of minimum NOF as stipulated by RBI under circular DOR.CRE.REC. No. 60/03.10.001/2021-22. The Company is reviewing the same and necessary action will be taken in due course of time.

The Parent Company has changed its name from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' w.e.f September 30, 2022.

The Parent Company together with its subsidiary, hereinafter, collectively referred to as the 'Group'.

The Parent Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Parent Company also gives loan against gold, which offers superior yields with almost liquid security assets. The Parent Company also gives unsecured personal loans and unsecured business loans.

2. Significant accounting policies

2.1 Basis of preparation

Restated Financial Information of the Group comprises of the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2023, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the year ended 31 March 2023; Restated Standalone Statement of Assets and Liabilities as at 31 March 2022 and 31 March 2021, Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for the years ended 31 March 2022 and 31 March 2021 and the summary of significant accounting policies and explanatory notes (Collectively, the "Restated Financial Information").

The Restated Financial Information have been approved by the Board of Directors on 12 July 2023.

These Restated Financial Information have been prepared by the management for the purpose of inclusion in the Red Herring Prospectus (the "DRHP" or the "Prospectus" "the Offer Document") prepared by the Parent Company in connection with its proposed Initial Public Officer ("IPO") in terms of the requirements of:

- (i) Section 26 of Part I of Chapter III of the Companies Act, 2013 (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') on 11 September 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 ("the ICDR Regulations"); and
- (iii) Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ('ICAI'), ("Guidance Note")

These Restated Financial Information has been prepared by the Management from:

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- a) The audited consolidated financial statements of the Group as at and for the year ended 31 March 2023 prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 27 April 2023.
- b) The audited financial statements of the Company as at and for the year ended 31 March 2022 which were prepared in accordance with the Indian Accounting Standards 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 (referred to as “Ind AS”), which have been approved by the Board of Directors at their meeting held on 21 May 2022;
- c) The audited special purpose financial statements of the Company as at and for the years ended 31 March 2021 and 31 March 2020, which were prepared in accordance with the Indian Accounting Standards 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 (referred to as “Ind AS”), which have been approved by the Board of Directors at their meetings held on 03rd November 2022.

Division III- Schedule III to the Companies Act, 2013 has been further amended vide the Government Notification dated 24 March 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 1 April 2021. Accordingly, these Restated Financial Information has been prepared based on the above requirements. The adoption of the said amendment does not impact recognition and measurement principles followed for preparation of the financial statements.

The preparation of Restated Financial Statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 2.16- Significant accounting judgements, estimates and assumptions.

The Restated Financial Information are presented in Indian Rupees (₹) in Million and all values are rounded to the nearest Rupee in Ten Thousand, except when otherwise indicated.

2.2. Principles of Consolidation

- i. The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiary (from the date control is gained), being the entity that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The financial statement of subsidiary is prepared for the same reporting year as the parent company. Where necessary, adjustments is made to the financial statements of subsidiary to align the accounting policies in line with accounting policies of the Parent Company.

Subsidiary has been consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parents of the Group and to the non-controlling interest, even if this results in the non-controlling interests have a deficit balance.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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When the Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

- ii. The consolidated financial information of the Parent Company includes financial information of its subsidiary, consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

2.3. Presentation of financial statements

The financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Group and/ or its counterparties

2.4. Statement of compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic

The Covid-19 pandemic has impacted most countries including India. The nationwide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers (OTR). Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However, the uncertainty around the third wave of Covid-19 pandemic in future and its impact on the economic activities are not known. Accordingly, the Group's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of Restated Financial Information on the reporting date. Estimates and associated assumptions used for determining the impairment allowance on the Group's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Parent Company has used One Time Restructuring (OTR) scheme under the RBI resolution frame-work 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. The Group believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by resurgence of the COVID-19 pandemic and related events could further influence the estimate of credit losses.

2.5. Financial instruments

(i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

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Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group'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:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and 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)
- ▶ The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the 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 the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs.

(ii) Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets.

These are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as FVTPL on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

(v) Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

(vi) Recognition and Derecognition of financial assets and liabilities

Recognition:

- a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
- b) Investments are initially recognised on the trade date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Group.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

a) 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 rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

- i. The Group has transferred substantially all the risks and rewards of the asset, or
- ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b) Financial liabilities

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.

(vii) Impairment of financial assets

Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Group may classify the financial asset in Stage 3 accordingly.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset/ Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/ Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset/ Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Parent Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly, the change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 49. Upgradation of accounts classified as Stage 3/ Non-performing assets (NPA) - The Group upgrades loan accounts classified as Stage 3/ NPA to "standard" asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the Group in this regard.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event; or
- c) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the cash flows that the Group expects to receive.

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The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. 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.

- a) The Group has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Advances.
- c) PD of 100% is considered for Stage 3 Advances.

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset.

(viii) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

(ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 2.5) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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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 Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.6. Revenue from operations

(i) Interest Income

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

The EIR is computed:

- a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
- c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

(ii) Dividend Income

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Dividend income is recognised when the right to receive the payment is established.

(iii) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

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 Group 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 Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain/ loss on fair value changes.

However, Net gain/ loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

(v) Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

(vi) Other Operating Income

The Group recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

2.7 Expenses

(i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

- a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b) By considering all the contractual terms of the financial instrument in estimating the cash flows
- c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

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Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Share contribution schemes

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the parent company contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to The Trustees – “SBFC Finance Private Limited employees group gratuity cash accumulation scheme”. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Group- Life Insurance Corporation of India.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other employee benefits

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise

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experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

Share-based payment arrangements

The stock options granted to employees pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Parent Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Group uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Group allots shares to the Trustee of the Trust, for giving shares to employees. The Group treats Trust as its extension and shares held by the Trust are treated as treasury shares.

(iii) Leases:

Effective 1 April 2019 the Parent Company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective approach under which the Group recognised Lease Liabilities at the initial date of application. At the date of commencement of the lease, the Group has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group 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 Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Group makes assessment on the expected lease term on lease-by-lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Group's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lock in period of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing

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value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.8. Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.9. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

2.10. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.11. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

2.12. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot

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be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

2.13. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.14. Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.15. Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group.

2.16. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

2.16.1 Impairment of loans portfolio

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.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.16.2 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the base rate and other fee income/ expense that are integral parts of the instrument

2.16.3 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 40.

2.17 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months.

2.18 Foreign Currency

Foreign currency transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange 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.

Exchange differences arising on the settlement or translation of monetary items are recognised in Restated Statement of profit or loss in the year in which they arise.

2.19 Government Grants

Government grants are not recognized until there is reasonable assurance that the Parent Company will comply with the conditions attached to them and that the grants will be received. The Parent Company recognizes Government grants under Other Income in the Statement of Profit and Loss on a systematic basis over the years in which the Parent Company recognizes as expenses the related costs for which the grants are intended to compensate or when performance obligations are met

2.20 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 Mar 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

Ind AS 1 Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases. The amendments narrowed the scope of the recognition exemption in paragraph 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

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3 Cash and cash equivalents

(₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Cash on hand	67.31	75.26	67.35
Balances with banks:			
- In current accounts	1,167.04	399.40	905.32
- In fixed deposit with original maturity of less than 3 months	600.00	1,040.00	410.00
- Interest accrued but not due	0.09	0.10	0.05
Total	1,834.44	1,514.76	1,382.72

- 3.1 Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

4 Bank balances other than cash and cash equivalents

(₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Fixed deposit with banks			
- original maturity more than 3 months [Refer Note 4.1]	2,124.03	1,804.89	1,936.37
- Interest accrued but not due	45.96	33.28	94.69
Total	2,169.99	1,838.17	2,031.06

(₹ In Million)

4.1 Details of fixed deposits under lien

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Credit enhancement in securitisation transactions	364.00	110.00	176.84
In connection with borrowings in the form of term loans from SBI	1,180.43	1,365.29	1,365.29
In connection with Investment in Pass Through Certificates	329.60	329.60	350.16
Total	1,874.03	1,804.89	1,892.29

5 Trade receivables

(₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Receivables considered good- Secured	-	-	-
Receivables considered good- Unsecured	85.41	64.49	20.63
Receivables which have significant increase in credit risk	-	-	-
Receivables credit impaired	-	-	-
Unbilled Trade receivables	22.88	18.19	18.28
	108.29	82.68	38.91
Less: Expected credit loss	-	-	-
Total	108.29	82.68	38.91

- 5.1 No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- 5.2 No expected credit loss provision is required due to the short term nature of these receivables.

5.3 Ageing of Trade receivables

Ageing of Trade receivables as on 31 March 2023 (Consolidated): (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good - Unsecured	22.88	-	16.13	69.28	-	-	-	108.29
Total	22.88	-	16.13	69.28	-	-	-	108.29

Ageing of Trade receivables as on 31 March 2022 (Standalone): (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good - Unsecured	18.19	-	56.79	3.49	4.21	-	-	82.68
Total	18.19	-	56.79	3.49	4.21	-	-	82.68

Ageing of Trade receivables as on 31 March 2021 (Standalone): (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good - Unsecured	18.28	-	20.18	-	0.45	-	-	38.91
Total	18.28	-	20.18	-	0.45	-	-	38.91

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6 Loans (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Measured at amortised cost			
Loan against Property	34,419.71	21,714.77	13,407.60
Loan against Gold	8,969.45	6,510.05	5,760.60
Unsecured loan	1,579.74	2,241.43	2,170.82
Staff loans	18.54	20.62	15.41
Total (A)– Gross	44,987.44	30,486.87	21,354.43
Less: Expected credit loss	(834.34)	(662.75)	(652.49)
Total (A)– Net	44,153.10	29,824.12	20,701.94
(a) Secured by tangible assets [Refer Note 6.2]	43,392.32	28,224.82	19,168.20
(b) Unsecured	1,595.12	2,262.05	2,186.23
Total (B)– Gross	44,987.44	30,486.87	21,354.43
Less: Expected credit loss	(834.34)	(662.75)	(652.49)
Total (B)– Net	44,153.10	29,824.12	20,701.94
Loans in India			
(i) Public sector	-	-	-
(ii) Others	44,987.44	30,486.87	21,354.43
Total (C)– Gross	44,987.44	30,486.87	21,354.43
Less: Expected credit loss	(834.34)	(662.75)	(652.49)
Total (C)– Net	44,153.10	29,824.12	20,701.94

- 6.1 The Parent Company's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.
- 6.2 Loans granted by the Parent Company are secured or partly secured by one or a combination of the following securities:- Registered/ equitable mortgage of property, Hypothecation of assets including Gold.
- 6.3 Loans where fraud has been committed/ reported for the year is Nil (31 March 2022: ₹ 18.57 Million; 31 March 2021: ₹ 26.60 Million)
- 6.4 The Group has not provided any loans or advances to promoters, directors, KMPs and the related parties.
- 6.5 The Parent Company has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.
- 6.6 Unsecured Loans includes unsecured business loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 14.03 Million (31 March 2022: ₹ 82.40 Million; 31 March 2021: ₹ 283.00 Million)
- 6.7 **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

For year ended 31 March 2021:

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The financial statements, includes the potential impact of the COVID-19 pandemic on the Parent Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the second wave of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Parent Company and its subsequent impact on the recoverability's on the Parent Company's assets. The Parent Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic.

Based on the current indicators of future economic conditions, the Parent Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Parent Company will continue to closely monitor any material changes to future economic conditions.

The Parent Company holds a management overlay of ₹ 192.55 Million as at 31 March 2021 in addition to expected credit loss provision for loans aggregating to ₹ 459.94 Million as on 31 March 2021.

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7 Investments (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
At fair value through profit or loss			
Investment in mutual funds- (Quoted)	739.62	3,083.18	3,954.10
At amortized cost			
Investment in Government Securities (Quoted) [Refer Note 7.1]	2,751.94	-	-
Investment in Pass through certificates (PTC) [Refer Note 7.2 & 7.3]	2,574.36	5,397.95	10,888.39
Total (A)	6,065.92	8,481.13	14,842.49
(i) Investments outside India	-	-	-
(ii) Investments in India	6,065.92	8,481.13	14,842.49
Total (B)	6,065.92	8,481.13	14,842.49
Less: Allowance for Impairment loss (C)	-	-	-
Total – Net (D)= (A)-(C)	6,065.92	8,481.13	14,842.49

7.1 The Parent Company has invested in Government Securities which are sovereign in nature. Hence, the parent company has not provided for any impairment allowance on these investments.

7.2 During the year ended 31 March 2022 and 31 March 2021, the Parent Company had sold Investment in Pass Through Certificates amounting to ₹ 1,005.53 Million and ₹ 1,440.96 Million respectively.

7.3 There is no impairment allowance for existing Investment in Pass Through Certificates considering the performance of the underlying loans and the risk cover.

8 Other financial assets (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Unsecured, considered good			
Security deposits	34.67	29.73	22.64
Receivables on sale of Investment in PTC [Refer Note 8.1]	3.99	2.53	23.83
Receivable from trusts	-	1.91	-
Other receivables	0.32	-	11.71
Total	38.98	34.17	58.18

8.1 With respect to Receivable on sale of Investment in PTC, Parent Company has created an interest receivable strip, with corresponding credit to statement of profit and loss, which has been computed by discounting excess interest spread to present value.

9 Current tax assets (net) (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Advance income tax	-	341.92	206.42
[Net of provision for income tax Nil (31 March 2022: ₹ 686.28 Million; 31 March 2021: ₹ 423.22 Million)]			
Total	-	341.92	206.42

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10 Property, plant and equipment, Other intangible assets, Intangible assets under development, Goodwill

(₹ In Million)

Particulars	Property, plant and equipment							Other intangible assets			Intangible assets under development	Goodwill
	Computers	Furniture and fixtures	Office equipments	Motor car	Leasehold Improvements	Buildings Right-of-use (Refer Note 44.1)	Total	Computer Software	Trademark and Patent	Total	Computer Software	Goodwill (Refer Note 46)
Gross Block:												
As at 31 March 2020 (Standalone)	24.50	105.00	24.03	-	-	267.67	421.20	22.80	0.69	23.49	-	2,603.92
Additions	11.75	95.91	17.36	2.91	-	53.43	181.36	12.21	-	12.21	3.33	-
Disposals	0.93	1.63	2.81	-	-	44.85	50.22	2.58	-	2.58	-	-
As at 31 March 2021 (Standalone)	35.32	199.28	38.58	2.91	-	276.25	552.34	32.43	0.69	33.12	3.33	2,603.92
Additions	29.18	30.07	14.18	-	-	19.30	92.73	23.65	-	23.65	-	-
Disposals	-	-	0.05	-	-	26.40	26.45	-	-	-	3.33	-
As at 31 March 2022 (Standalone)	64.50	229.35	52.71	2.91	-	269.15	618.62	56.08	0.69	56.77	-	2,603.92
Additions	21.06	18.86	18.46	-	19.37	49.33	127.08	0.16	-	0.16	7.49	-
Disposals	0.21	14.95	0.50	-	0.24	112.12	128.02	-	-	-	-	-
As at 31 March 2023 (Consolidated)	85.35	233.26	70.67	2.91	19.13	206.36	617.68	56.24	0.69	56.93	7.49	2,603.92
Depreciation and Amortization:												
As at 31 March 2020 (Standalone)	11.18	19.61	11.89	-	-	54.36	97.04	12.93	0.33	13.26	-	-
Additions	8.13	19.61	5.68	0.16	-	56.60	90.18	5.09	0.14	5.23	-	-
Disposals	0.92	0.93	2.65	-	-	20.38	24.88	2.58	-	2.58	-	-
As at 31 March 2021 (Standalone)	18.39	38.29	14.92	0.16	-	90.58	162.34	15.44	0.47	15.91	-	-
Additions	14.96	21.67	8.04	0.36	-	64.77	109.78	7.85	0.14	7.99	-	-
Disposals	-	-	0.02	-	-	10.56	10.56	-	-	-	-	-
As at 31 March 2022 (Standalone)	33.35	59.96	22.94	0.52	-	144.79	261.56	23.29	0.61	23.90	-	-
Additions	19.58	23.30	11.12	0.36	1.39	61.91	117.66	9.41	0.08	9.49	-	-
Disposals	0.17	7.41	0.26	-	0.02	90.21	98.07	-	-	-	-	-
As at 31 March 2023 (Consolidated)	52.76	75.85	33.80	0.88	1.37	116.49	281.15	32.70	0.69	33.39	-	-
Net Block:												
As at 31 March 2021 (Standalone)	16.93	160.99	23.66	2.75	-	185.67	390.00	16.99	0.22	17.21	3.33	2,603.92
As at 31 March 2022 (Standalone)	31.15	169.39	29.77	2.39	-	124.36	357.06	32.79	0.08	32.87	-	2,603.92
As at 31 March 2023 (Consolidated)	32.59	157.41	36.87	2.03	17.76	89.87	336.53	23.54	-	23.54	7.49	2,603.92

Note: There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

10.1 Intangible assets under development ageing schedule:

(₹ In Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2021 (Standalone)					
Projects in progress	3.33	-	-	-	3.33
As at 31 March 2022 (Standalone)					
Projects in progress	-	-	-	-	-
As at 31 March 2023 (Consolidated)					
Projects in progress	7.49	-	-	-	7.49

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

11 Other non-financial assets

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	107.38	19.62	18.44
Balance with government authorities	-	-	1.04
Advance to creditors	10.93	13.82	7.23
Capital advances	3.89	6.10	9.01
Total	122.20	39.54	35.72

12 Payables

(A) Trade payables

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	2.96	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	89.34	80.73	52.70
Total	92.30	80.73	52.70

12.1 The Group had requested its supplier to confirm the status so as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year end together with interest paid/ payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Group regarding the status of the suppliers under MSMED Act, 2006.

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Principal amount due to suppliers under MSMED Act, as at the year end	2.76	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year	0.01	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
Interest paid to suppliers under MSMED Act	-	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	0.19	-	-
Interest accrued and remaining unpaid at the end of year to suppliers under MSMED Act	0.20	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under

Ageing of Trade payables as on 31 March 2023 (Consolidated):

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	2.73	-	0.20	0.03	-	-	2.96
(ii) Others	84.71	-	3.06	0.95	0.62	-	89.34
Total	87.44	-	3.26	0.98	0.62	-	92.30

Ageing of Trade payables as on 31 March 2022 (Standalone):

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	60.51	-	20.22	-	-	-	80.73
Total	60.51	-	20.22	-	-	-	80.73

Ageing of Trade payables as on 31 March 2021 (Standalone):

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	51.97	-	0.73	-	-	-	52.70
Total	51.97	-	0.73	-	-	-	52.70

(B) Other payables

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	40.45	6.30
Total	36.28	40.45	6.30

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

13 Debt securities (₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
At amortized cost			
Secured			
- Privately Placed redeemable Non Convertible Debentures			
Gross amount	454.03	454.03	1,584.47
Net amount	454.03	454.03	1,584.47
Total (A)	454.03	454.03	1,584.47
Debt securities in India	454.03	454.03	1,584.47
Debt securities outside India	-	-	-
Total (B)	454.03	454.03	1,584.47

13.1 No Non Convertible Debentures is guaranteed by directors and/ or others.

13.2 Terms of repayment of privately placed redeemable non convertible debentures:

(₹ In Million)

	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.57%	430.00	8.57%	430.00	9.25% - 9.30%	1,500.00
Total		430.00		430.00		1,500.00
Interest accrued		24.03		24.03		84.47
Effective interest rate adjustment		-		-		-
Net Amount		454.03		454.03		1,584.47

13.3 Details of Secured Redeemable Non Convertible Debentures:

(₹ In Million)

Name of Securities	Number	Allotment Date	Redemption Date	Consolidated	Standalone	Standalone
				As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
9.25% Non Convertible Debentures- SERIES A	250	03-Aug-20	03-Feb-22	-	-	250.00
9.25% Non Convertible Debentures- SERIES A	500	11-Aug-20	11-Feb-22	-	-	500.00
9.30% Non Convertible Debentures- SERIES A	250	17-Aug-20	17-Feb-22	-	-	250.00
9.25% Non Convertible Debentures- SERIES A	500	14-Sep-20	14-Mar-22	-	-	500.00
8.57% Non Convertible Debentures- SERIES A	430	06-Aug-21	06-Aug-24	430.00	430.00	-

Face value of Non Convertible Debentures is ₹ 1.00 Million. These debentures are redeemable at the end of 18 to 36 months from the date of allotment. Payment of Interest is yearly and principal repayment at maturity.

13.4 The debentures are secured by way of first pari passu charge against the book debts, Investment in PTC and loan assets of the Parent Company which are standard. Minimum security cover of 1.1 times is required to be maintained throughout the year.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

(₹ In Million)			
14 Borrowings (other than debt securities)			
Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
At amortized cost			
Secured			
Term loans			
- Indian rupee loan from banks			
Gross amount	29,135.41	27,260.79	25,192.34
Less: Effective interest rate adjustment	(120.49)	(124.79)	(142.36)
Net amount	29,014.92	27,136.00	25,049.98
- Indian rupee loan from financial institutions			
Gross amount	3,680.87	1,298.03	375.35
Less: Effective interest rate adjustment	(7.50)	(1.78)	(1.04)
Net amount	3,673.37	1,296.25	374.31
Working capital demand loan			
- Indian rupee loan from banks	602.53	-	-
Collateralized borrowings	3,645.77	512.79	672.98
Total (A)	36,936.59	28,945.04	26,097.27
Borrowings in India	36,936.59	28,945.04	26,097.27
Borrowings outside India	-	-	-
Total (B) to tally with (A)	36,936.59	28,945.04	26,097.27

- 14.1 a) **Indian rupee loan from banks:** These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Parent Company, Investments in PTC and on all other book debts and current assets of the Parent Company.
b) **Indian rupee loan from financial institutions:** These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Parent Company, Investments in PTC and on all other book debts and current assets of the Parent Company.
c) **Working capital demand loan from banks:** These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Parent Company, Investments in PTC and on all other book debts and current assets of the Parent Company.
d) **Collateralized borrowings** are secured against pool of Loan Assets. Refer Note 49 for more details.
- 14.2 No term loan and any other borrowing is guaranteed by directors and/ or others.
- 14.3 The Parent Company has not defaulted in repayment of principal and interest during the year ended 31 March 2023; 31 March 2022 and 31 March 2021.
- 14.4 The repayment of borrowings is done monthly and quarterly as per the sanctioned terms.

(₹ In Million)								
As at 31 March 2023 (Consolidated):								
Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.00% - 10.95%	23,528.27	9.00% - 9.85%	3,445.83	8.05% - 9.80%	1,030.00	8.80%	600.00
Due within 3-5 years	8.00% - 10.95%	5,388.92	9.00% - 9.85%	226.66	8.05% - 9.80%	867.15		
Above 5 years	8.00% - 10.95%	204.54			8.05% - 9.80%	1,736.96		
Total		29,121.73		3,672.49		3,634.11		600.00
Interest Accrued		13.68		8.38		11.66		2.53
Effective interest rate adjustment		(120.49)		(7.50)		-		-
Net amount		29,014.92		3,673.37		3,645.77		602.53

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes to restated financial information

As at 31 March 2022 (Standalone):

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	6.76% - 8.91%	18,728.32	5.75% - 8.00%	1,293.48	8.30%	134.00		-
Due within 3-5 years	6.76% - 8.91%	7,431.17			8.30%	99.17		-
Above 5 years	6.76% - 8.91%	1,094.16			8.30%	277.88		-
Total		27,253.65		1,293.48		511.05		-
Interest accrued		7.14		4.55		1.74		-
Effective interest rate adjustment		(124.79)		(1.78)		-		-
Net amount		27,136.00		1,296.25		512.79		-

As at 31 March 2021 (Standalone):

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	7.00% - 9.20%	14,088.58	6.32% - 8.00%	375.00	9.20% - 9.52%	120.87		-
Due within 3-5 years	7.00% - 9.20%	6,872.96	-	-	9.20% - 9.52%	98.96		-
Above 5 years	7.00% - 9.20%	4,218.37	-	-	9.20% - 9.52%	450.78		-
Total		25,179.91		375.00		670.61		-
Interest accrued		12.43		0.35		2.37		-
Effective interest rate adjustment		(142.36)		(1.04)		-		-
Net amount		25,049.98		374.31		672.98		-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

15 Other financial liabilities (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Employee benefits payable	157.03	112.90	86.07
Lease liabilities [Refer Note 44.2]	100.90	141.08	195.46
Book overdraft	1,880.21	1,671.18	920.08
Payable on account of PTC pool	277.60	504.46	947.06
Payable to trusts	2.44	-	2.04
Other liabilities	91.65	71.55	116.37
Total	2,509.83	2,501.17	2,267.08

16 Current tax liabilities (net) (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Income tax liability [net of Advance Income Tax & TDS credit of ₹ 2,218.80 Million]	0.53	-	-
Total	0.53	-	-

17 Provisions (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Provision for employee benefits Gratuity (funded) [Refer Note 40]	1.32	2.47	2.25
Total	1.32	2.47	2.25

18 Deferred tax liabilities (net) (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Deferred tax liabilities			
Depreciation	367.36	372.32	373.04
Unamortized processing fees on term loan	32.21	31.85	36.09
Income on sale of investment in PTC	1.00	-	-
Investment in government securities measured at amortized cost	5.03	-	-
Mark to market gain on mutual funds	0.31	20.04	9.41
Total Deferred tax liabilities	405.91	424.21	418.54
Deferred tax assets			
Expected credit losses	175.72	164.63	145.80
Restatement adjustments	-	-	0.44
Provision for expenses	0.20	-	-
Transaction cost of Loan assets	100.22	59.33	32.08
Impact on account of leases	3.86	5.74	5.36
Total Deferred tax assets	280.00	229.70	183.68
Deferred tax liabilities (net)	125.91	194.51	234.86

19 Other non-financial liabilities (₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Statutory dues	34.93	60.27	15.89
Total	34.93	60.27	15.89

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

20 Equity share capital

(₹ in Million)

Particulars	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No of shares	Amount	No of shares	Amount	No of shares	Amount
Authorized						
Equity Shares of ₹ 10 each	1,300,000,000	13,000.00	985,000,000	9,850.00	985,000,000	9,850.00
Compulsory Convertible Preference Shares of ₹ 10 each	-	-	15,000,000	150.00	15,000,000	150.00
	1,300,000,000	13,000.00	1,000,000,000	10,000.00	1,000,000,000	10,000.00
Issued, subscribed and fully paid-up (A)						
Equity Shares of ₹ 10 each, fully paid up	897,023,682	8,970.24	812,084,395	8,120.84	806,759,395	8,067.60
Equity Shares of ₹ 10 each, ₹ 2.50 paid up	-	-	7,350,000	18.38	-	-
Equity Shares of ₹ 10 each, ₹ 0.50 paid up	-	-	15,089,287	7.54	15,089,287	7.54
	897,023,682	8,970.24	834,523,682	8,146.76	821,848,682	8,075.14
Treasury shares held through ESOP trust (B)						
Equity Shares of ₹ 10 each, fully paid up	(7,452,000)	(74.52)	(7,875,500)	(78.76)	(10,840,000)	(108.40)
Equity shares [net of treasury shares] [A + B]	889,571,682	8,895.72	826,648,182	8,068.00	811,008,682	7,966.74

20.1 Reconciliation of number of shares outstanding at the beginning and end of the reporting period:

Particulars	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹ in Million	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	834,523,682	8,146.76	821,848,682	8,075.14	767,494,506	7,531.60
Add: Equity shares issued during the year	62,500,000	625.00	10,175,000	46.62	54,354,176	543.54
Add: Equity shares called up and paid up during the year	-	198.48	-	-	-	-
Add: Equity shares issued upon exercise of options under employee share option plan	-	-	2,500,000	25.00	-	-
Equity shares outstanding as at the end of the year	897,023,682	8,970.24	834,523,682	8,146.76	821,848,682	8,075.14

Reconciliation of number of treasury shares outstanding at the beginning and end of the reporting period:

Particulars	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No. of shares	₹ in Million	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	7,875,500	78.76	10,840,000	108.40	10,840,000	108.40
Add: Equity shares issued during the year	-	-	2,825,000	28.25	-	-
Less: Equity shares transferred upon exercise of options under employee share option plan	(423,500)	(4.24)	(5,789,500)	(57.89)	-	-
Equity shares outstanding as at the end of the year	7,452,000	74.52	7,875,500	78.76	10,840,000	108.40

For details of shares reserved for issue under ESOP of the Parent Company and shares exercised under ESOP, refer note 41.

20.2 Terms and rights attached to equity shares:

The Parent Company has single class equity shares having a par value of ₹ 10 per equity share. 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 as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive the residual assets of the Parent Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Parent Company.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes to restated financial information

20.3 Details of share held by the holding Company:

Particulars	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	657,040,000	73.25%	600,040,000	71.90%	600,040,000	73.01%

20.4 Details of shareholders holding more than five percent shares in the Company:

Particulars	Consolidated		Standalone		Standalone	
	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	657,040,000	73.25%	600,040,000	71.90%	600,040,000	73.01%
Arpwood Partners Investment Advisors LLP	122,217,177	13.62%	122,217,177	14.65%	130,873,506	15.92%

20.5 Details of shareholding of Promoters of the Company:

Particulars	Consolidated			Standalone			Standalone		
	As at 31 March 2023			As at 31 March 2022			As at 31 March 2021		
	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year
Arpwood Partners Investment Advisors LLP	122,217,177	13.62%	(1.03%)	122,217,177	14.65%	(1.28%)	130,873,506	15.92%	(1.61%)
Eight 45 Services LLP	24,272,805	2.71%	(0.20%)	24,272,805	2.91%	(0.25%)	25,991,986	3.16%	(0.11%)
SBFC Holdings Pte. Ltd	657,040,000	73.25%	1.35%	600,040,000	71.90%	(1.11%)	600,040,000	73.01%	0.05%
Arpwood Capital Private Limited	29,995,300	3.34%	(0.25%)	29,995,300	3.59%	(0.31%)	32,119,790	3.91%	1.73%

20.6 There are no bonus shares issued or shares bought back or shares issued for consideration other than cash by the Parent Company during five years immediately preceding the balance sheet date.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

21 Other equity

(₹ In Million)

Particulars	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
<u>Statutory reserve u/s 45-IC of the RBI Act, 1934</u>			
Balance as at the beginning of the year	419.48	291.04	120.74
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	299.59	128.44	170.30
Balance as at the end of the year	719.07	419.48	291.04
<u>Securities premium</u>			
Balance as at the beginning of the year	2,453.76	2,379.51	1,887.08
Add: Transfer from employee share option outstanding pursuant to stock options exercised	1.70	32.51	-
Add: Premium on issue of share capital	1,875.00	52.71	493.54
Add: Premium on conversion of shares from partly paid up to fully paid up	109.89	-	-
Less: Share issue expenses	(1.23)	(0.02)	(1.11)
Add/ (Less): Loan to Employee Welfare Trust	1.06	(10.95)	-
Balance as at the end of the year	4,440.18	2,453.76	2,379.51
<u>Employee share option outstanding</u>			
Balance as at the beginning of the year	213.89	216.80	177.88
Add: Charge for the year	89.32	29.60	38.92
Less: Transferred to securities premium pursuant to stock options exercised	(1.70)	(32.51)	-
Balance as at the end of the year	301.51	213.89	216.80
<u>Retained Earnings</u>			
Surplus in Statement of Profit and Loss as at the beginning of the year	1,711.27	1,194.50	514.70
Add: Profit for the year	1,497.36	645.21	850.10
Less: Transfer to statutory reserve	(299.59)	(128.44)	(170.30)
Balance as at the end of the year	2,909.04	1,711.27	1,194.50
<u>Remeasurement gain/ (loss) on defined benefit plans</u>			
Balance as at the beginning of the year	5.27	2.49	1.17
Add: Other comprehensive income for the year	1.41	2.78	1.32
Add: Adjustment during the year	0.48	-	-
Less: Deletions during the year	-	-	-
Balance as at the end of the year	7.16	5.27	2.49
TOTAL	8,376.96	4,803.67	4,084.34

Statutory reserve u/s 45-IC of the RBI Act, 1934: As required by section 45-IC of the RBI Act 1934, the Parent Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

Employee share option outstanding: The Parent Company has a share option scheme under which options to subscribe for the Parent Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Securities Premium Reserve: Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value share is accounted as securities premium.

Retained Earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve.

Remeasurement gain/ (loss) on defined benefit plans: It represents the gains/ (losses) arising on account of actuarial valuation of defined benefit obligation.

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Notes to restated financial information

22 Interest income (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
On Financial Assets measured at Amortized Cost:			
Interest on loans	5,952.92	3,825.40	2,773.92
Interest on deposits from banks	145.70	70.46	138.12
Interest on Government Securities	26.62	-	-
Interest on investment in Pass Through certificates (PTC)	416.28	835.61	1,719.62
Total	6,541.52	4,731.47	4,631.66

23 Fees and commission income (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Loan management services fee income	94.37	136.45	171.26
Other fee income [Refer Note 23.1]	318.15	135.94	70.27
Total	412.52	272.39	241.53

23.1 Fee Income includes Processing Fee on loan against Gold (not subject to EIR), Initial Money Deposit fees and Co-origination fees.

24 Net gain on fair value changes (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
On financial instruments designated at fair value through profit or loss:			
Mutual Funds			
(A) Total net gain on fair value changes	119.76	157.22	91.06
(B) Fair value changes:			
- Realized	118.52	100.39	53.65
- Unrealized	1.24	56.83	37.41
Total net gain on fair value changes	119.76	157.22	91.06

25 Net gain on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Income on remeasurement of investment in Pass through certificates (PTC)	28.30	-	39.68
Total	28.30	-	39.68

26 Other operating income (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Advertisement income	87.59	31.68	-
Other charges [Refer Note 26.1]	138.43	97.76	67.06
Total	226.02	129.44	67.06

26.1 Other charges includes Prepayment charges recovered from the customer amounting to ₹ 106.71 Million (31 March 2022: ₹ 57.37 Million; 31 March 2021: ₹ 42.47 Million)

27 Other income (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Interest on income tax refund	16.02	0.44	32.77
Gain on lease termination (net of losses)	4.30	1.67	2.28
Others [Refer Note 27.1]	55.17	14.39	9.29
Total	75.49	16.50	44.34

27.1 Others include excess amount received from customers, insurance refund, subsidy received from government and unwinding of lease deposit.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

28 Finance costs (on financial liabilities measured at amortized cost) (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Interest on debt securities	36.85	148.06	242.24
Interest on borrowings	2,715.29	2,041.00	2,120.39
Interest on lease liabilities [Refer Note 44.2]	11.66	16.81	19.68
Other interest expenses	0.72	0.30	2.25
Total	2,764.52	2,206.17	2,384.56

29 Net loss on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Loss on sale to ARC	-	130.23	-
Income on Sale of Investment in Pass Through certificates (PTC)	-	(23.31)	-
Total	-	106.92	-

30 Impairment on financial instruments (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Impairment on loans*	169.89	1.62	281.79
Loans written off (net of recovery)	150.67	359.26	54.61
Total	320.56	360.88	336.40

*net of recovery from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme ₹ 1.70 Million (31 March 2022: ₹ 8.64 Million; 31 March 2021: Nil)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

31 Employee benefits expense (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Salaries and bonus	1,409.93	995.51	752.63
Contribution to provident fund and other funds [Refer Note 40(a)]	75.66	48.26	35.96
Gratuity expenses [Refer Note 40(b)]	9.50	9.23	7.79
Employee share based payment expenses [Refer Note 41]	89.32	29.60	38.92
Staff training and welfare expenses	16.82	12.74	6.53
Total	1,601.23	1,095.34	841.83

32 Other expenses (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Travelling and conveyance	56.91	34.99	15.50
Printing and stationery	23.11	22.79	10.65
Communication Expenses	23.54	30.62	16.55
Business promotion expenses	17.08	53.41	16.51
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35	0.87
Repairs and maintenance	5.26	6.81	7.95
Office maintenance	93.56	86.62	68.68
Legal & professional expenses	141.77	114.95	60.00
Director sitting fees	6.20	4.50	4.10
Auditors' remuneration [Refer Note 32.1]	4.11	3.91	2.63
Corporate social responsibility expenditure [Refer Note 32.2]	16.61	20.35	1.39
Rent [Refer Note 44.4]	27.75	15.35	2.96
Rates and taxes	20.11	15.62	38.31
Electricity charges	18.81	13.27	9.09
Insurance charges	10.81	5.65	3.23
IT expenses	74.53	74.14	42.27
Balance written off	-	24.79	-
Bank charges	17.38	14.57	8.75
Seminar Expenses	4.89	-	-
Miscellaneous expenses	6.37	7.25	7.05
Total	576.50	552.94	316.49

Disclosures:

32.1 Payments to auditors (₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Audit fees	3.64	3.30	2.00
Tax audit	0.22	0.18	0.20
Other tax matters and certification	0.23	0.34	0.43
Reimbursement of expenses	0.02	0.09	-
Total	4.11	3.91	2.63

Figures for year ended 31 March 2022 includes ₹ 0.94 Million to erstwhile Statutory Auditor.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

32.2 Corporate Social Responsibility expenditure

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
a) Amount required to be spent by the Parent Company during the year	16.57	13.86	6.58
b) Amount of expenditure incurred	16.61	20.35	1.39
c) (Excess)/ shortfall at the end of the year	(0.04)	-	6.49
d) Total of previous years shortfall	-	6.49	-
e) Reason for shortfall	-	-	(Refer note 32.2.3)

f) Nature of CSR activities:

- Apprenticeship under Apprenticeship Act (31 March 2023)
- Promoting education among girl child (31 March 2023; 31 March 2022; 31 March 2021)
- Promoting preventive health care, sanitation and making available safe drinking water (31 March 2022)
- Promoting livelihood enhancement projects as well as education and employment among children, women and the differently abled. (31 March 2022; 31 March 2021)

32.2.1 No amount has been spent by the Parent Company for the construction/ acquisition of any new asset during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

32.2.2 There have been no related party transactions during the year ended 31 March 2023, 31 March 2022 and 31 March 2021 in respect of CSR activities.

32.2.3 During year ended 31 March 2021, unspent amount of ₹ 6.48 Million respectively had been deposited in separate bank account.

32.2.4 Section 198(4)(a) allows usual working charges to be deducted while computing the net profits for the purpose of section 198. The usual working charges can be interpreted as the expenditure incurred by the Company in the ordinary course of the business. Being an NBFC, the Company provides loans to various customers with or without collaterals. Given the fact that the Company is into the lending business, any credit losses incurred by the Company could be construed as 'usual working charges' i.e. credit losses are integral part of the lending business and should not be considered as capital in nature. Accordingly, Expected Credit Loss (ECL) provision has been treated as an allowable expenditure for the purpose of calculation of profits under section 198 of the Companies Act, 2013 for Corporate Social Responsibility.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

33 Income Taxes

33.1 Income Tax recognized in Statement of Profit and Loss

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Current tax			
In respect of the current year	584.90	262.12	300.24
Deferred tax			
In respect of the current year	(68.60)	(40.37)	(9.69)
Total Income tax expense recognized in the Statement of Profit and Loss	516.30	221.75	290.55

33.2 Reconciliation of income tax expense of the year:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is as follows:

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Profit before income tax expense	2,013.66	866.96	1,140.65
Income tax rate	25.17%	25.17%	25.17%
Tax at statutory income tax rate	506.80	218.20	287.08
<u>Tax effect of amounts which are non deductible/ not taxable in calculating taxable income</u>			
CSR expense	4.18	5.11	0.35
Items on which deferred tax asset (net) was not created	5.32	(1.56)	3.12
Income tax expense	516.30	221.75	290.55

Pursuant to section 115BAA of the Income-tax Act, 1961 the Parent Company had intended to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 to compute Income tax at the reduced rate (i.e. 25.17%) from the financial year ended 31 March 2020.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

34 Deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(₹ In Million)

Deferred tax liability (net)	Standalone As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in OCI	Consolidated As at 31 March 2023
Deferred tax liability on account of:				
Depreciation and amortization	372.32	(4.96)	-	367.36
Income on sale of investment in PTC	-	1.00	-	1.00
Investment in government securities measured at amortized cost	-	5.03	-	5.03
Fair value of investment in mutual funds	20.04	(19.73)	-	0.31
Unamortized borrowing cost	31.85	0.36	-	32.21
	424.21	(18.30)	-	405.91
Deferred tax asset on account of:				
Expected credit loss	164.63	11.09	-	175.72
Provision for expenses	-	0.20	-	0.20
Transaction cost on Loan assets	59.33	40.89	-	100.22
Impact on account of leases	5.74	(1.88)	-	3.86
	229.70	50.30	-	280.00
Deferred tax liability (net) and credit for the year	194.51	(68.60)	-	125.91

(₹ In Million)

Deferred tax liability (net)	Standalone As at 1 April 2021	Recognized in Statement of Profit and Loss	Recognized in OCI	Standalone As at 31 March 2022
Deferred tax liability on account of:				
Depreciation and amortization	373.04	(0.72)	-	372.32
Fair value of investment in mutual funds	9.41	10.63	-	20.04
Unamortized borrowing cost	36.09	(4.24)	-	31.85
	418.54	5.67	-	424.21
Deferred tax asset on account of:				
Expected credit loss	145.80	18.85	-	164.63
Restatement adjustments	0.44	(0.44)	-	-
Transaction cost on Loan assets	32.08	27.25	-	59.33
Impact on account of leases	5.36	0.38	-	5.74
	183.68	46.04	-	229.70
Deferred tax liability (net) and credit for the year	234.86	(40.37)	-	194.51

(₹ In Million)

Deferred tax assets/ (liability) (net)	Standalone As at 1 April 2020	Recognized in Statement of Profit and Loss	Recognized in OCI	Standalone As at 31 March 2021
Deferred tax liability on account of:				
Depreciation and amortization	374.43	(1.39)	-	373.04
Fair value of investment in mutual funds	-	9.41	-	9.41
Unamortized borrowing cost	43.45	(7.36)	-	36.09
	417.88	0.66	-	418.54
Deferred tax asset on account of:				
Expected credit loss	93.30	52.50	-	145.80
Restatement adjustments	0.02	0.42	-	0.44
Provision for expenses	8.40	(8.43)	-	-
Unabsorbed depreciation	42.92	(42.92)	-	-
Transaction cost on Loan assets	25.18	6.90	-	32.08
Impact on account of leases	3.48	1.88	-	5.36
	173.30	10.35	-	183.68
Deferred tax liability (net) and credit for the year	244.58	(9.69)	-	234.86

35 Other comprehensive income

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit liability/asset (net)	1.89	3.72	1.76
Income tax relating to these items	(0.48)	(0.94)	(0.44)
Other comprehensive income for the year (Net of tax)	1.41	2.78	1.32

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes to restated financial information

36 Expected Credit Loss

36.1 Loan against Property

36.1.1 Credit quality of assets

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*												
Performing												
High grade	32,453.00	-	-	32,453.00	19,874.06	-	-	19,874.06	12,082.44	-	-	12,082.44
Medium grade	-	1,033.73	-	1,033.73	-	1,170.96	-	1,170.96	-	826.22	-	826.22
Non-performing												
Individually impaired	-	-	936.14	936.14	-	-	669.75	669.75	-	-	498.94	498.94
Total #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77	12,082.44	826.22	498.94	13,407.60

36.1.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	19,874.06	1,170.96	669.75	21,714.77	12,082.44	826.22	498.94	13,407.60	9,506.34	257.50	316.54	10,080.38
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	13,061.96	(149.45)	(158.65)	12,753.86	8,781.60	(111.38)	(225.28)	8,444.94	3,292.76	85.54	(38.18)	3,340.12
Transfers to Stage 1	115.79	(62.78)	(53.01)	-	80.91	(40.86)	(40.05)	-	95.83	(62.50)	(33.33)	-
Transfers to Stage 2	(260.12)	297.50	(37.38)	-	(748.42)	754.71	(6.29)	-	(595.52)	595.52	-	-
Transfers to Stage 3	(329.18)	(207.35)	536.53	-	(291.04)	(229.23)	520.27	-	(212.48)	(49.24)	261.72	-
Amounts written off (net of recovery)	(9.51)	(15.15)	(21.10)	(45.76)	(31.43)	(28.50)	(77.84)	(137.77)	(4.49)	(0.60)	(7.81)	(12.90)
Gross carrying amount closing balance #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77	12,082.44	826.22	498.94	13,407.60

Gross carrying amount includes staff loan of ₹ 3.16 Million

36.1.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	132.42	145.29	214.15	491.86	82.35	71.38	168.30	322.03	63.54	8.40	94.98	166.92
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	188.92	26.49	(6.90)	208.51	225.98	63.77	(8.60)	281.15	123.15	34.69	4.06	161.90
Transfers to Stage 1	0.76	(0.38)	(0.38)	-	0.89	(0.25)	(0.64)	-	0.60	(0.39)	(0.21)	-
Transfers to Stage 2	(3.84)	8.48	(4.64)	-	(88.42)	88.74	(0.32)	-	(43.16)	43.16	-	-
Transfers to Stage 3	(105.71)	(66.82)	172.53	-	(87.29)	(69.83)	157.12	-	(61.62)	(14.41)	76.03	-
Amounts written off (net of recovery)	(0.81)	(11.50)	(24.94)	(37.25)	(1.09)	(8.52)	(101.71)	(111.32)	(0.16)	(0.07)	(6.56)	(6.79)
ECL allowance - closing balance	211.74	101.56	349.82	663.12	132.42	145.29	214.15	491.86	82.35	71.38	168.30	322.03

Note: Provision above is excluding additional provision for COVID-19 31 March 2023: Nil (31 March 2022: Nil; 31 March 2021: ₹ 153.13 Million)

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

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Notes to restated financial information

36.2 Loan against Gold

36.2.1 Credit quality of assets

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*												
Performing												
High grade	8,376.57	-	-	8,376.57	5,929.16	-	-	5,929.16	4,295.25	-	-	4,295.25
Medium grade	-	478.66	-	478.66	-	466.88	-	466.88	-	1,376.06	-	1,376.06
Non-performing												
Individually impaired	-	-	114.22	114.22	-	-	114.01	114.01	-	-	89.29	89.29
Total	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05	4,295.25	1,376.06	89.29	5,760.60

36.2.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,929.16	466.88	114.01	6,510.05	4,295.25	1,376.06	89.29	5,760.60	3,411.08	302.13	55.21	3,768.42
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	2,647.39	(167.28)	16.88	2,496.99	1,715.09	(951.19)	(11.06)	752.84	911.62	1,049.63	30.93	1,992.18
Transfers to Stage 1	0.07	(0.07)	-	-	0.02	(0.02)	-	-	0.13	(0.13)	-	-
Transfers to Stage 2	(180.64)	181.00	(0.36)	-	(52.40)	52.44	(0.04)	-	(24.66)	25.03	(0.37)	-
Transfers to Stage 3	(19.23)	(0.64)	19.87	-	(25.98)	(10.10)	36.08	-	(2.92)	(0.60)	3.52	-
Amounts written off (net of recovery)	(0.18)	(1.23)	(36.18)	(37.59)	(2.82)	(0.31)	(0.26)	(3.39)	-	-	-	-
Gross carrying amount closing balance	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05	4,295.25	1,376.06	89.29	5,760.60

36.2.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	11.94	1.50	52.95	66.39	9.02	3.13	33.22	45.37	7.69	0.66	5.47	13.82
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	27.39	0.44	0.71	28.54	15.36	3.18	2.69	21.23	1.68	2.49	27.38	31.55
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1.08)	1.08	-	-	(0.47)	0.47	-	-	(0.06)	0.06	-	-
Transfers to Stage 3	(2.67)	(0.06)	2.73	-	(11.95)	(5.28)	17.23	-	(0.29)	(0.08)	0.37	-
Amounts written off (net of recovery)	(0.33)	(0.42)	(38.06)	(38.81)	(0.02)	-	(0.19)	(0.21)	-	-	-	-
ECL allowance - closing balance	35.25	2.54	18.33	56.12	11.94	1.50	52.95	66.39	9.02	3.13	33.22	45.37

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

36.3 Unsecured loan

36.3.1 Credit quality of assets

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*												
Performing												
High grade	1,402.08	-	-	1,402.08	2,090.17	-	-	2,090.17	1,932.42	-	-	1,932.42
Medium grade	-	86.80	-	86.80	-	69.87	-	69.87	-	123.44	-	123.44
Non-performing												
Individually impaired	-	-	106.24	106.24	-	-	102.01	102.01	-	-	130.37	130.37
Total #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05	1,932.42	123.44	130.37	2,186.23

36.3.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,090.17	69.87	102.01	2,262.05	1,932.42	123.44	130.37	2,186.23	1,975.47	16.08	11.90	2,003.45
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	(543.16)	(27.32)	(29.13)	(599.61)	318.20	(10.22)	(14.06)	293.92	216.85	8.58	(0.94)	224.49
Transfers to Stage 1	11.78	(6.82)	(4.96)	-	8.78	(6.59)	(2.19)	-	1.17	(1.17)	-	-
Transfers to Stage 2	(70.15)	72.56	(2.41)	-	(45.20)	46.78	(1.58)	-	(113.61)	113.61	-	-
Transfers to Stage 3	(76.05)	(14.84)	90.89	-	(60.72)	(16.06)	76.78	-	(120.77)	(8.74)	129.51	-
Amounts written off (net of recovery)	(10.51)	(6.65)	(50.16)	(67.32)	(63.31)	(67.48)	(87.31)	(218.10)	(26.69)	(4.92)	(10.10)	(41.71)
Gross carrying amount closing balance #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05	1,932.42	123.44	130.37	2,186.23

Gross carrying amount includes staff loan of ₹ 15.38 Million (31 March 2022 : ₹ 20.62 Million; 31 March 2021 : ₹ 15.41 Million)

36.3.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	Consolidated				Standalone				Standalone			
	As at 31 March 2023				As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	29.92	6.45	68.13	104.50	26.21	12.89	53.44	92.54	30.13	0.43	9.49	40.05
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	57.85	9.25	(7.59)	59.51	43.72	7.71	10.44	61.87	56.82	4.87	0.27	61.96
Transfers to Stage 1	0.16	(0.09)	(0.07)	-	0.11	(0.09)	(0.02)	-	0.01	(0.01)	-	-
Transfers to Stage 2	(6.06)	6.34	(0.28)	-	(3.73)	3.86	(0.13)	-	(11.60)	11.60	-	-
Transfers to Stage 3	(60.96)	(12.65)	73.61	-	(35.56)	(10.28)	45.84	-	(48.70)	(3.86)	52.56	-
Amounts written off (net of recovery)	(0.54)	(1.19)	(47.18)	(48.91)	(0.83)	(7.64)	(41.44)	(49.91)	(0.45)	(0.14)	(8.88)	(9.47)
ECL allowance - closing balance	20.37	8.11	86.62	115.10	29.92	6.45	68.13	104.50	26.21	12.89	53.44	92.54

Note: Provision above is excluding additional provision for COVID-19 31 March 2023: Nil (31 March 2022: Nil; 31 March 2021: ₹ 39.42 Million)

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

Notes:

For the year ended 31 March 2023

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 22,645 cases having loan outstanding balance at year end aggregating to ₹ 3,761.51 Million wherein the repayments of principal and interest are not regular; and

- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 1,163.30 Million (Principal amount ₹ 1,081.65 Million and Interest amount ₹ 81.65 Million) for 7,635 cases.

Necessary steps are being taken by the Company for recovery thereof

For the year ended 31 March 2022

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 18,724 cases having loan outstanding balance at year end aggregating to ₹ 3,635.09 Million wherein the repayments of principal and interest are not regular, and

- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 889.93 Million (Principal amount ₹ 828.94 Million and Interest amount ₹ 60.99 Million) for 3,688 cases.

Necessary steps are being taken by the Company for recovery thereof

For the year ended 31 March 2021

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 25,444 cases having loan outstanding balance at year end aggregating to ₹ 4,414.91 Million wherein the repayments of principal and interest are not regular, and

- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 722.15 Million (Principal amount ₹ 666.55 Million and Interest amount ₹ 55.60 Million) for 1,657 cases.

Necessary steps are being taken by the Company for recovery thereof

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

37 Change in liabilities arising from financing activities

(₹ In Million)

Particulars	Standalone As at 1 April 2022	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	Consolidated As at 31 March 2023
Debt securities	454.03	-	(36.85)	36.85	-	-	454.03
Lease liabilities	141.08	(60.88)	(11.66)	11.66	-	20.70	100.90
Borrowings (other than debt securities)	28,945.04	7,970.17	(2,752.18)	2,715.29	58.27	-	36,936.59
Total liabilities from financing activities	29,540.15	7,909.29	(2,800.69)	2,763.80	58.27	20.70	37,491.52

(₹ In Million)

Particulars	Standalone As at 1 April 2021	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	Standalone As at 31 March 2022
Debt securities	1,584.47	(1,070.00)	(208.50)	148.06	-	-	454.03
Lease liabilities	195.46	(58.52)	(16.81)	16.81	-	4.14	141.08
Borrowings (other than debt securities)	26,097.27	2,832.65	(2,078.68)	2,041.00	52.80	-	28,945.04
Total liabilities from financing activities	27,877.20	1,704.13	(2,303.99)	2,205.87	52.80	4.14	29,540.15

(₹ In Million)

Particulars	Standalone As at 1 April 2020	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	Standalone As at 31 March 2021
Debt securities	3,397.81	(1,750.00)	(312.71)	242.24	7.13	-	1,584.47
Lease liabilities	216.11	(44.70)	(19.68)	19.68	-	24.05	195.46
Borrowings (other than debt securities)	27,158.26	(1,088.24)	(2,139.67)	2,120.39	46.53	-	26,097.27
Total liabilities from financing activities	30,772.18	(2,882.94)	(2,472.06)	2,382.31	53.66	24.05	27,877.20

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

38 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Group uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(₹ In Million)

PARTICULARS	Consolidated			Standalone			Standalone		
	As at 31 March 2023			As at 31 March 2022			As at 31 March 2021		
	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	1,834.44	-	1,834.44	1,514.76	-	1,514.76	1,382.72	-	1,382.72
Bank Balance other than (a) above	2,169.99	-	2,169.99	1,703.71	134.46	1,838.17	1,903.33	127.73	2,031.06
Trade receivables	108.29	-	108.29	82.68	-	82.68	38.91	-	38.91
Loans	11,326.93	32,826.17	44,153.10	8,423.82	21,400.30	29,824.12	7,067.38	13,634.56	20,701.94
Investments	4,546.01	1,519.91	6,065.92	5,986.47	2,494.66	8,481.13	6,953.47	7,889.02	14,842.49
Other financial asset	3.99	34.99	38.98	7.59	26.58	34.17	37.67	20.51	58.18
Non-Financial assets									
Current tax assets (net)	-	-	-	-	341.92	341.92	-	206.42	206.42
Property, plant and equipment	-	336.53	336.53	-	357.06	357.06	-	390.00	390.00
Intangible assets under development	-	7.49	7.49	-	-	-	-	3.33	3.33
Goodwill	-	2,603.92	2,603.92	-	2,603.92	2,603.92	-	2,603.92	2,603.92
Other intangible assets	-	23.54	23.54	-	32.87	32.87	-	17.21	17.21
Other non-financial assets	118.31	3.89	122.20	33.44	6.10	39.54	26.71	9.01	35.72
Total Assets	20,107.96	37,356.44	57,464.40	17,752.47	27,397.87	45,150.34	17,410.19	24,901.71	42,311.90
LIABILITIES									
Financial Liabilities									
Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	2.96	-	2.96	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	89.34	-	89.34	80.73	-	80.73	52.70	-	52.70
Other payables									
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	-	36.28	40.45	-	40.45	6.30	-	6.30
Debt securities	24.03	430.00	454.03	-	454.03	454.03	1,584.47	-	1,584.47
Borrowings (other than debt securities)	11,251.97	25,684.62	36,936.59	7,064.54	21,880.50	28,945.04	5,359.24	20,738.03	26,097.27
Other financial liabilities	2,454.62	55.21	2,509.83	2,415.62	85.55	2,501.17	2,127.70	139.38	2,267.08
Non-Financial Liabilities									
Current tax liabilities (net)	0.53	-	0.53	-	-	-	-	-	-
Provisions	1.32	-	1.32	2.47	-	2.47	2.25	-	2.25
Deferred tax liabilities (net)	-	125.91	125.91	-	194.51	194.51	-	234.86	234.86
Other non-financial liabilities	34.93	-	34.93	60.27	-	60.27	15.89	-	15.89
Total liabilities	13,895.98	26,295.74	40,191.72	9,664.08	22,614.59	32,278.67	9,148.55	21,112.27	30,260.82
Net	6,211.98	11,060.70	17,272.68	8,088.39	4,783.28	12,871.67	8,261.64	3,789.44	12,051.08

Capital Management

The primary objectives of the Group's capital management policy are to ensure that the group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) [Refer Note 53.1]

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

39 Fair value measurements
Financial instruments by category

(₹ In Million)

Particulars	Consolidated			Standalone			Standalone		
	As at 31 March 2023			As at 31 March 2022			As at 31 March 2021		
	Fair value through Profit or Loss	Amortized cost	Total	Fair value through Profit or Loss	Amortized cost	Total	Fair value through Profit or Loss	Amortized cost	Total
<u>Financial Assets</u>									
Investments									
- Mutual funds	739.62	-	739.62	3,083.18	-	3,083.18	3,954.10	-	3,954.10
- Pass-through certificates	-	2,574.36	2,574.36	-	5,397.95	5,397.95	-	10,888.39	10,888.39
- Government securities	-	2,751.94	2,751.94	-	-	-	-	-	-
Trade receivables	-	108.29	108.29	-	82.68	82.68	-	38.91	38.91
Loans	-	44,153.10	44,153.10	-	29,824.12	29,824.12	-	20,701.94	20,701.94
Cash and cash equivalents	-	1,834.44	1,834.44	-	1,514.76	1,514.76	-	1,382.72	1,382.72
Bank Balances other than cash and cash equivalents	-	2,169.99	2,169.99	-	1,838.17	1,838.17	-	2,031.06	2,031.06
Other financial assets	-	38.98	38.98	-	34.17	34.17	-	58.18	58.18
Total Financial Assets	739.62	53,631.10	54,370.72	3,083.18	38,691.85	41,775.03	3,954.10	35,101.20	39,055.30
<u>Financial Liabilities</u>									
Borrowings (other than debt securities)	-	36,936.59	36,936.59	-	28,945.04	28,945.04	-	26,097.27	26,097.27
Debt securities	-	454.03	454.03	-	454.03	454.03	-	1,584.47	1,584.47
Trade payables	-	92.30	92.30	-	80.73	80.73	-	52.70	52.70
Other payables	-	36.28	36.28	-	40.45	40.45	-	6.30	6.30
Other financial liabilities	-	2,509.83	2,509.83	-	2,501.17	2,501.17	-	2,267.08	2,267.08
Total Financial Liabilities	-	40,029.03	40,029.03	-	32,021.42	32,021.42	-	30,007.82	30,007.82

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

39.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2023 (Consolidated)						
Financial assets						
<i>Financial Investments at Fair Value</i>						
<i>Through Profit or Loss</i>						
Mutual funds	7	739.62	739.62	-	-	739.62
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	2,574.36	-	-	2,574.36	2,574.36
Investment in Government Securities	7	2,751.94	2,759.61	-	-	2,759.61
Cash and cash equivalents	3	1,834.44	1,834.44	-	-	1,834.44
Bank Balances other than cash and cash equivalents	4	2,169.99	2,169.99	-	-	2,169.99
Trade receivables	5	108.29	-	-	108.29	108.29
Loans	6	44,153.10	-	-	45,276.69	45,276.69
Other financial assets	8	38.98	-	-	38.98	38.98
Total financial assets		54,370.72	7,503.66	-	47,998.32	55,501.98
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	92.30	-	-	92.30	92.30
Other payables	12	36.28	-	-	36.28	36.28
Other financial liabilities	15	2,509.83	-	-	2,509.83	2,509.83
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	36,936.59	-	-	36,936.59	36,936.59
Total financial liabilities		40,029.03	-	-	40,029.03	40,029.03

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2022 (Standalone)						
Financial assets						
<i>Financial Investments at Fair Value</i>						
<i>Through Profit or Loss</i>						
Mutual funds	7	3,083.18	3,083.18	-	-	3,083.18
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	5,397.95	-	-	5,397.95	5,397.95
Investment in Government Securities	7	-	-	-	-	-
Cash and cash equivalents	3	1,514.76	1,514.76	-	-	1,514.76
Bank Balances other than cash and cash equivalents	4	1,838.17	1,838.17	-	-	1,838.17
Trade receivables	5	82.68	-	-	82.68	82.68
Loans	6	29,824.12	-	-	30,593.75	30,593.75
Other financial assets	8	34.17	-	-	34.17	34.17
Total financial assets		41,775.03	6,436.11	-	36,108.55	42,544.66
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	80.73	-	-	80.73	80.73
Other payables	12	40.45	-	-	40.45	40.45
Other financial liabilities	15	2,501.17	-	-	2,501.17	2,501.17
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	28,945.04	-	-	28,945.04	28,945.04
Total financial liabilities		32,021.42	-	-	32,021.42	32,021.42

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2021 (Standalone)						
Financial assets						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	3,954.10	3,954.10	-	-	3,954.10
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	10,888.39	-	-	10,888.39	10,888.39
Cash and cash equivalents	3	1,382.72	1,382.72	-	-	1,382.72
Bank Balances other than cash and cash equivalents	4	2,031.06	2,031.06	-	-	2,031.06
Trade receivables	5	38.91	-	-	38.91	38.91
Loans	6	20,701.94	-	-	21,493.08	21,493.08
Other financial assets	8	58.18	-	-	58.18	58.18
Total financial assets		39,055.30	7,367.88	-	32,478.56	39,846.44
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	52.70	-	-	52.70	52.70
Other payables	12	6.30	-	-	6.30	6.30
Other financial liabilities	15	2,267.08	-	-	2,267.08	2,267.08
Debt securities	13	1,584.47	-	-	1,584.47	1,584.47
Borrowings (other than debt securities)	14	26,097.27	-	-	26,097.27	26,097.27
Total financial liabilities		30,007.82	-	-	30,007.82	30,007.82

39.2 Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted mutual fund units and government securities.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes investment in Pass-through Certificates.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

40 Employee Benefits

(a) Defined Contribution plans

Provident Fund

The Parent Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Parent Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government).

The Parent Company recognized expense as contribution to provident fund amounting to ₹ 67.01 Million (31 March 2022: ₹ 41.34 Million; 31 March 2021: ₹ 31.65 Million) in the statement of profit and loss. The contributions payable to these plans by the Parent Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

Gratuity Fund

Characteristics of defined benefit plan

The Parent Company has a defined benefit gratuity plan in India (funded). The Parent Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to SBFC Finance Private Limited employees group gratuity cash accumulation scheme.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Parent Company is exposed to the following risks:

A. Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Parent Company there can be strain on the cashflows.

D. Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

During the year ended 31 March 2023, 31 March 2022 and 31 March 2021 there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by rule 103 of Income Tax Rules, 1962.

Other Post Retirement Benefit Plan

The details of the Parent Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors.

(c) Code on Social Security

The Indian parliament has approved Code on Social Security, 2020 ("the Code") which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Change in the Benefit Obligations:			
Liability at the beginning of the year	24.59	20.14	14.94
Current service cost	9.66	9.40	8.11
Interest cost	1.61	1.28	0.96
Benefits paid	(2.15)	(1.92)	(1.44)
Actuarial gains - due to change in financials assumptions	(1.23)	(0.31)	0.15
Actuarial gains - due to change in demographic assumptions	-	(3.05)	-
Actuarial losses - due to experience adjustments	(1.22)	(0.95)	(2.58)
Liability at the end of the year	31.26	24.59	20.14
The Liability as at 31 March 2023 ₹ 31.26 Million (31 March 2022: ₹ 24.59 Million; 31 March 2021: ₹ 20.14 Million) in respect of funded plan.			
Fair value of plan assets:			
Fair value of plan assets at the beginning of the year	22.12	17.89	15.69
Interest income	1.77	1.45	1.28
Expected return on plan assets	(0.56)	(0.59)	(0.67)
Contributions	8.76	5.29	3.03
Benefits paid	(2.15)	(1.92)	(1.44)
Fair value of plan assets at the end of the year	29.94	22.12	17.89
Actual return on plan assets:			
Expected return on plan assets	-	-	-
Actuarial loss on plan assets	-	-	-
Actual return on plan assets	(0.56)	(0.59)	(0.67)
Reconciliation of the Liability Recognized in the Balance Sheet:			
Opening net Liability/ (Asset)	2.47	2.25	(0.75)
Transfer in obligation			
Expense recognized in Profit and Loss	9.50	9.23	7.79
Expense recognized in Other Comprehensive Income	(1.89)	(3.72)	(1.76)
Contribution by the Parent Company	(8.76)	(5.29)	(3.03)
Benefits paid by the Parent Company / Insurance Companies			
Amount recognized in the Balance Sheet under "Liabilities- Provisions" as on 31 March 2023: ₹ 1.32 Million (31 March 2022: ₹ 2.47 Million; 31 March 2021: ₹ 2.25 Million) [Refer Note 17]	1.32	2.47	2.25

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Expense Recognized in the Statement of Profit and Loss:			
Current service cost	9.66	9.40	8.11
Interest cost (net)	(0.16)	(0.17)	(0.32)
Expense recognized in the Statement of Profit and Loss	9.50	9.23	7.79

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Expense Recognized in the Statement of Other Comprehensive Income:			
Due to change in financial assumptions	(1.23)	(0.31)	0.15
Due to change in demographic assumptions	-	(3.05)	-
Due to experience adjustments	(1.22)	(0.95)	(2.58)
Return on plan assets, excluding interest income	0.56	0.59	0.67
Net (Income)/ Expense for the year recognized in Statement of Other Comprehensive Income	(1.89)	(3.72)	(1.76)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
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Amount Recognized in the Balance Sheet:

(₹ In Million)

Particulars	Consolidated	Standalone	Standalone
	31 March 2023	31 March 2022	31 March 2021
Liability at the end of the year	31.26	24.59	20.14
Fair Value of Plan Assets at the end of the year	29.94	22.12	17.89
Amount recognized in the Balance Sheet	1.32	2.47	2.25
Experience Adjustment :			
On Plan Liabilities	-	-	-
On Plan Assets	-	-	-
Estimated contribution for next year	1.32	2.47	2.25

Investment Pattern:

% Invested

Particulars	Consolidated	Standalone	Standalone
	31 March 2023	31 March 2022	31 March 2021
Policy of Insurance	100%	100%	100%
Total	100%	100%	100%

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 31 March 2023: 7.35% (31 March 2022: 6.70%; 31 March 2021: 6.50%)

Principal Assumptions:

(% p.a.)

Particulars	Consolidated For the year ended	Standalone For the year ended	Standalone For the year ended
	31 March 2023	31 March 2022	31 March 2021
Discount rate	7.35%	6.70%	6.50%
Return on plan assets	7.35%	6.70%	6.50%
Salary escalation	7.50%	7.50%	7.50%
Withdrawal Rate (as per age band)			
25 & Below	20.00%	20.00%	12.00%
25 to 35	20.00%	20.00%	12.00%
35 to 45	20.00%	20.00%	12.00%
45 to 55	10.00%	10.00%	12.00%
55 & Above	5.00%	5.00%	12.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis:

(₹ In Million)

Particulars	Consolidated For the year ended	Standalone For the year ended	Standalone For the year ended
	31 March 2023	31 March 2022	31 March 2021
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	30.37	23.84	19.39
Delta Effect of -0.50% Change in Rate of Discounting	32.21	25.40	20.94
Delta Effect of +0.50% Change in Rate of Salary Increase	32.03	25.19	20.77
Delta Effect of -0.50% Change in Rate of Salary Increase	30.55	24.02	19.52
Delta Effect of +10% Change in Withdrawal Rate	30.70	23.97	19.69
Delta Effect of -10% Change in Withdrawal Rate	31.85	25.25	20.60

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

Maturity Analysis of the Benefit Payments from the Fund:

(₹ In Million)

Projected Benefits Payable in Future Years From the Date of Reporting	Consolidated For the year ended	Standalone For the year ended	Standalone For the year ended
	31 March 2023	31 March 2022	31 March 2021
1 st Following Year	3.27	1.23	0.85
2 nd Following Year	3.56	2.61	1.04
3 rd Following Year	3.50	2.89	1.88
4 th Following Year	3.69	3.85	2.18
5 th Following Year	4.14	2.96	2.85
Sum of Years 6 to 10	17.59	12.35	10.66

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41 Employee Stock Option

In accordance with resolution approved by the shareholders, the Parent Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved below stock option schemes. Under the term of the schemes, the Parent Company may issue stock options to employees and directors of the Parent Company, each of which is convertible into one equity share.

Employee Stock Option Plans

A summary of the general terms of grants under stock options plans are as under: -

Particulars	SBFC Stock Option Policy I 2018		SBFC Stock Option Policy II 2018		SBFC STOCK OPTION POLICY 2021 - I		SBFC STOCK OPTION POLICY 2021 - II		SBFC STOCK OPTION POLICY 2021 - III Special Grant		SBFC STOCK OPTION POLICY 2021 - IV		SBFC STOCK OPTION POLICY 2021 - V		SBFC STOCK OPTION POLICY 2023 - I			
	Number of options under the Plan	Exercise Price	Fair Value of options as at Grant Date (in ₹)	Maximum Term of Options Granted	Method of Settlement	Grant Date	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule
Number of options under the Plan	10,840,000	12.50	40,560,000	12.50	3,000,000	6,375,000	2,975,000	14,291,666	10,500,000	5,730,000								
Exercise Price	12.50	12.50	12.50	12.50	19.00	40.00	21.45	21.45	40.00	60.00								
Fair Value of options as at Grant Date (in ₹)	(Refer fair value table below)		4.58		6.60	11-Jan-22 : 2.60 , 21-Apr-22 : 13.27, 19-Nov-22: 13.36	11-Jan-22 : 3.80 , 21-Apr-22 : 16.40, 19-Nov-22:: 16.33	7.60	3.80	11.85								
Maximum Term of Options Granted	Refer Note 41.1		Refer Note 41.3		Refer Note 41.1	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.1								
Method of Settlement	Equity settled		Equity settled		Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled								
Grant Date	1 Oct 18 to 26 May 21		01-Oct-18		30-Oct-21	11-Jan-22, 21-Apr-22 & 19-Nov-22	11-Jan-22, 21-Apr-22 & 19-Nov-22	23-Dec-21	23-Dec-21	24-Feb-23								
Vesting requirements (No of months from Grant Date & Vesting schedule)	(Refer vesting schedule below)		Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule
			12	50%	12	25.00%	12	25.00%	24	25.00%	24	25.00%	24	25.00%	24	25.00%	12	25.00%
			24	25%	15	5.0%	15	6.25%	27	6.25%	27	9.38%	27	9.38%	15	6.25%	15	6.25%
			30	25%	18	5.0%	18	6.25%	30	6.25%	30	9.38%	30	9.38%	18	6.25%	18	6.25%
					21	7.5%	21	6.25%	33	6.25%	33	9.38%	33	9.38%	21	6.25%	21	6.25%
					24	7.5%	24	6.25%	36	6.25%	36	9.38%	36	9.38%	24	6.25%	24	6.25%
					27	10.0%	27	6.25%	39	6.25%	39	9.38%	39	9.38%	27	6.25%	27	6.25%
					30	10.0%	30	6.25%	42	6.25%	42	9.38%	42	9.38%	30	6.25%	30	6.25%
					33	15.0%	33	6.25%	45	6.25%	45	9.38%	45	9.38%	33	6.25%	33	6.25%
					36	15.0%	36	6.25%	48	6.25%	48	9.38%	48	9.38%	36	6.25%	36	6.25%
							39	6.25%	51	6.25%					39	6.25%	39	6.25%
							42	6.25%	54	6.25%					42	6.25%	42	6.25%
							45	6.25%	57	6.25%					45	6.25%	45	6.25%
							48	6.25%	60	6.25%					48	6.25%	48	6.25%

Fair value as at Grant Date for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Fair Value of options as at Grant Date (in ₹)	3.61	3.55	3.31	3.24	3.13	4.07	4.30	4.52	3.95	8.90

Vesting schedule for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
12 months	17.5%	25.0%	17.5%	25.0%	25.0%	25.0%	17.5%	25.0%	25.0%	25.0%
15 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
18 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
21 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
24 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
27 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
30 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
33 months	7.5%	15.0%	7.5%	15.0%	15.0%	15.0%	7.5%	15.0%	15.0%	15.0%
36 months	10.0%	15.0%	10.0%	15.0%	15.0%	15.0%	10.0%	15.0%	15.0%	15.0%
39 months	10.0%	-	10.0%	-	-	-	10.0%	-	-	-
42 months	10.0%	-	10.0%	-	-	-	10.0%	-	-	-

41.1 If Vesting prior to IPO then upto 6 months from date of IPO, If Vesting after IPO then upto 6 months from date of Vesting

41.2 If Vesting prior to IPO then within 12 (Twelve) months from the date of the IPO, If Vesting after IPO then within 12 (Twelve) months from the date of the vesting

41.3 If Vesting prior to IPO then 24 months from date of IPO, If Vesting after IPO then 6 months from date of Vesting,

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41.4 Method used for accounting for shared based payment plan:

The Parent Company uses fair value to account for the compensation cost of stock options to employees of the Parent Company.

41.5 Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Parent Company are not listed on any stock exchange. Accordingly, the Parent Company had considered the volatility of the Parent Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Parent Company are:

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III Special Grant	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I
Dividend yield		-	-	-	-	-	-	-
Expected volatility	(Refer table below)	20.00%	49.18%	46.39%	47.29%	48.77%	48.77%	54.92%
Risk free interest rate		8.00%	4.55%	5.25%	5.67%	5.07%	5.07%	7.42%
Expected life of the option		5 years	3 years 6 months	5 years	6 years	5 years	5 years	4 years 6 months

Fair value methodology for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 9 months	3 years 6 months

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41.6 Option Movement during the year ended 31 March 2023 (Consolidated)

Particulars	Small Business Fincredit Stock Option Policy I 2018	Small Business Fincredit Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special Grant	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	60.00	
No. of options outstanding at 01 April 2022	4,852,500	38,060,000	2,930,000	5,651,000	2,776,000	14,291,666	10,500,000	-	20.94
Options granted during the year	-	-	-	1,414,000	559,000	-	-	5,730,000	54.88
Options exercised during the year	(423,500)	-	-	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(141,500)	-	(167,000)	(939,750)	(409,500)	-	-	-	35.54
Number of options outstanding at 31 March 2023	4,287,500	38,060,000	2,763,000	6,125,250	2,925,500	14,291,666	10,500,000	5,730,000	23.79

Option Movement during the year ended 31 March 2022 (Standalone)

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special Grant	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	
No. of options outstanding at 01 April 2021	10,650,500	40,560,000	-	-	-	-	-	12.50
Options granted during the year	200,000	-	3,000,000	6,055,000	2,975,000	14,291,666	10,500,000	30.99
Options exercised during the year	(5,789,500)	(2,500,000)	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(208,500)	-	(70,000)	(404,000)	(199,000)	-	-	31.83
Number of options outstanding at 31 March 2022	4,852,500	38,060,000	2,930,000	5,651,000	2,776,000	14,291,666	10,500,000	20.94

Option Movement during the year ended 31 March 2021 (Standalone)

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	
No. of options outstanding at 01 April 2020	10,095,000	40,560,000	12.50
Options granted during the year	1,190,000	-	12.50
Options exercised during the year	-	-	-
Options forfeited/ lapsed during the year	(634,500)	-	12.50
Number of options outstanding at 31 March 2021	10,650,500	40,560,000	12.50

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41.7 The following table summarizes information about stock option plans:-

Policy Name	Exercise Price (₹)	Consolidated		Standalone		Standalone	
		Year ended		Year ended		Year ended	
		31 March 2023		31 March 2022		31 March 2021	
		Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*
SBFC Stock Option Policy I 2018	12.50	4,287,500	4.33	4,852,500	7.82	10,650,500	9.27
SBFC Stock Option Policy II 2018	12.50	38,060,000	-	38,060,000	-	40,560,000	-
SBFC STOCK OPTION POLICY 2021 - I	19.00	2,763,000	7.99	2,930,000	10.81	-	-
SBFC STOCK OPTION POLICY 2021 - II	40.00	6,125,250	11.47	5,651,000	13.12	-	-
SBFC STOCK OPTION POLICY 2021 - III Special Grant	40.00	2,925,500	12.00	2,776,000	13.12	-	-
SBFC STOCK OPTION POLICY 2021 - IV	21.45	14,291,666	11.39	14,291,666	16.28	-	-
SBFC STOCK OPTION POLICY 2021 - V	40.00	10,500,000	11.39	10,500,000	16.28	-	-
SBFC STOCK OPTION POLICY 2023 - I	60.00	5,730,000	13.96	-	-	-	-

Notes:-

*Weighted Average Remaining life represents the life for vesting. Exercise period life is in addition to the vesting life.

Since the Parent Company is Debt listed entity, weighted average share price at date of exercise is not available.

During the year 2018-19 & 2021-22, the Parent Company has provided loan to the Employee welfare trust for purchase of shares issued by the Parent Company. These shares will be vested to the employee and will be settled through issue of own equity instrument.

The charge under employee benefit expense for the year ended 31 March 2023 amounted to ₹ 89.32 Million (31 March 2022: ₹ 29.60 Million; 31 March 2021: ₹ 38.92 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes to restated financial information****42 Segment Information**

The Group operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

43 Related party disclosures**(a) Compensation of key management personnel of the Group:**

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

(b) Key management personnel of the Group:

Sr No	Name of Key Management Personnel	Designation
1	Mr. Aseem Dhru	Managing Director, Chief Executive Officer & Ultimate Beneficiary Owner*
2	Mr. Rajeev Gupta	Director (upto 18 July 2022)
3	Mr. Amol Krishna Jain	Director
4	Mr. Narayan Barasia	Chief Financial Officer
5	Mr. Jay Mistry	Company Secretary (w.e.f. 5 June 2021)
6	Mrs. Swati Amey Morajkar	Company Secretary (upto 3 May 2021)
7	Mr. John Mescall	Nominee Director
8	Mr. Jonathan Tadeusz Tatur	Nominee Director
9	Mr. Arjun Sakhuja	Nominee Director
10	Mr. Neeraj Swaroop	Independent Director
11	Mr. Amitabh Mohanty	Additional Independent Director (from 24 September 2019 to 17 September 2020)
12	Mr. Rajesh Mannalal Agrawal	Independent Director (w.e.f. 11 November 2020)
13	Mr. Robin Banerjee	Independent Director (w.e.f. 15 October 2022 upto 20 December 2022)
14	Ms. Surekha Marandi	Independent Director (w.e.f. 23 September 2022)

(c) Related parties where control exists:

1	Holding Company	SBFC Holdings Pte. Limited
2	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP Arpwood Capital Private Limited Arpwood Consultants LLP Eight45 Services LLP
3	Post-employment benefit plan	SBFC Finance Private Limited Employees GGCA Scheme
4	Controlled Employee Welfare trust	SBFC Employee Welfare Trust

* There is no Individual Ultimate Beneficiary Owner u/s 90 of Companies Act, 2013 hence MD & CEO has been identified as Ultimate Individual Beneficial Owner as per Rule 9 of the Prevention of Money Laundering Rules, 2005, being the senior managing official.

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(d) Related party transactions (₹ In Million)

Particulars	Consolidated 31-Mar-23	Standalone 31-Mar-22	Standalone 31-Mar-21
Key Management Personnel			
Sitting Fees:			
Mr. Neeraj Swaroop	3.20	2.90	2.70
Mr. Amitabh Mohanty	-	-	0.60
Mr. Rajesh Mannalal Agrawal	1.10	1.60	0.80
Mr. Robin Banerjee	0.50	-	-
Ms. Surekha Marandi	1.40	-	-
Remuneration to KMPs:			
Mr. Aseem Dhru	65.26	33.65	45.94
Mr. Narayan Barasia	22.28	20.38	17.98
Mr. Jay Mistry	2.32	1.48	-
Mrs. Swati Amey Morajkar	-	0.08	1.02
Employee Share Based Payment :			
Mr. Aseem Dhru	29.15	7.99	20.12
Mr. Narayan Barasia	6.52	3.27	3.35
Mr. Jay Mistry	0.07	0.02	-
ESOP Exercise through ESOP trust :			
Mr. Narayan Barasia	2.13	14.00	-
Issue of Equity Share Capital/ / Conversion of partly paid to fully paid up equity share			
Mr. Narayan Barasia	8.45	2.82	-
Mr. Aseem Dhru	219.67	22.52	-
Controlled Employee Welfare trust			
Loan given:			
Trustee of Employee welfare Trust	-	53.68	-
Loan repaid:			
Trustee of Employee welfare Trust	5.29	72.37	-
Post-employment benefit plan			
Gratuity:			
SBFC Finance Private Limited Employees GGCA Scheme	8.76	5.29	3.03
Holding Company			
Issue of Equity Share Capital:			
SBFC Holdings Pte Limited	2,000.00	-	763.96
Entities in which KMP Exercise Significant Influence			
Issue of Equity Share Capital:			
Arpwood Partners Investment Advisors LLP	-	-	-
Arpwood Capital Private Limited	-	-	223.61
Eight45 Services LLP	-	-	17.00

Related party balances (₹ In Million)

Particulars	As at 31-Mar-23	As at 31-Mar-22	As at 31-Mar-21
Loan given			
Trustee of Employee welfare trust	111.51	116.81	135.50

Following are the details of the balances eliminated during the year ended 31 March 2023, 31 March 2022 and 31 March 2021:

(₹ In Million)

Particulars	Consolidated As at 31-Mar-23	Standalone As at 31-Mar-22	Standalone As at 31-Mar-21
Investment in Equity Shares			
SBFC Home Finance Private Limited	0.50	-	-
Other Receivables			
SBFC Home Finance Private Limited	0.69	-	-

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44 Leases

44.1 The changes in the carrying value of right of use assets are as follows:

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Balance as at beginning of the year	124.36	185.67	213.31
Addition during the year	49.33	19.30	53.43
Deletion/ Termination during the year	(112.12)	(26.40)	(44.85)
Depreciation charge for the year	(61.91)	(64.77)	(56.60)
Depreciation on deletion/ termination	90.21	10.56	20.38
Balance as at end of the year	89.87	124.36	185.67

44.2 The following is the movement in lease liabilities:

(₹ In Million)

Particulars	Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Balance as at beginning of the year	141.08	195.46	216.11
Addition during the year	47.17	16.08	48.89
Deletion/ Termination during the year	(26.47)	(11.94)	(24.84)
Finance cost accrued during the year	11.66	16.81	19.68
Payment made during the year	(72.54)	(75.33)	(64.38)
Balance as at end of the year	100.90	141.08	195.46

44.3 Contractual maturities of lease liabilities on an undiscounted basis:

Maturity Profile of Lease liabilities:

(₹ In Million)

Lease Liabilities	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
31-03-2023 (Consolidated)	54.37	46.19	16.80	2.12	119.48
31-03-2022 (Standalone)	67.58	58.45	31.68	6.18	163.89
31-03-2021 (Standalone)	72.99	105.75	36.07	25.48	240.29

44.4 Impact of Ind AS 116 in the Statement of Profit and Loss:

- Rental expense recorded for short-term leases for the year ended 31 March 2023 was ₹ 27.75 Million (31 March 2022: ₹ 15.35 Million; 31 March 2021: ₹ 2.96 Million)
- In FY 2020-21, the Company had received Rent waivers during COVID-19 pandemic amounting to ₹ 5.27 Million
- The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

45 In accordance with Ind AS 33- Earnings per Share, the computation of earnings per share is set out below:

Particulars			Consolidated For the year ended 31 March 2023	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Net Profit after tax as per Statement of Profit and Loss	(A)	₹ in Million	1,497.36	645.21	850.10
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	877,743,681	798,106,200	783,358,435
Add: Equity shares for no consideration arising on grant of stock options under ESOP		Nos.	48,197,462	18,239,878	17,660,644
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	925,941,143	816,346,078	801,019,080
Basic earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(B)	₹ per share	1.71	0.81	1.09
Diluted earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(C)	₹ per share	1.62	0.79	1.06

Basic EPS is calculated by dividing the profit for the period/year attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the period/year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Parent Company by the weighted average number of equity shares outstanding during the period/year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Parent Company.

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- 46 The Group believes that no impairment of assets arises for the below mentioned periods as per the recommendations of Ind AS 36 "Impairment of Assets". The Group has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603.92 Million Considering the head room that the Group has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31 March 2023, 31 March 2022 and 31 March 2021

47 Contingent Liabilities and other commitments to the extent not provided for:

(₹ In Million)

Particulars	Consolidated As on 31 March 2023	Standalone As on 31 March 2022	Standalone As on 31 March 2021
(a) Contingent liabilities			
Claims against the Group not acknowledged as Debts	6.36	10.47	-
(b) Capital commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12.01	0.20	4.48
Commitments related to loans sanctioned but undrawn	-	-	-
Other Commitments	-	-	-

- 47.1 The Group's pending litigations comprise of claims against the Group by the customers and proceedings pending with other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

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48.1.1 Risk Disclosures

The Group's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, interest rate risk and price risk.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

48.1.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

48.1.2.1 Impairment assessment

48.1.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation.

The advances have been bifurcated into following three stages:

Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-29 days are classified as Stage 1

Stage 2 – Advances with significant increase in credit risk. Hence the advances up to 30 to 89 days are classified as Stage 2

Stage 3 – Advances that have defaulted / Credit impaired advances. Hence the advances with 90 days past due are classified as Stage 3

48.1.2.1.2 Significant increase in credit risk

The Group 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 lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significant increase in credit risk if contractual payments are more than 30 days past due and when the accounts have been restructured under the RBI 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' Guidelines.

48.1.2.1.3 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. These assets continue to be classified as Stage 3 till the entire overdues are received.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.

48.1.2.1.4 PD estimation process

The probability of default 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 derecognized and is still in the portfolio.

Probability of Default computation :-

- a) The Company has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.
- c) PD of 100% is considered for Stage 3 assets.

In cases where data for estimation of PD is not available, the Group has used industry benchmarks for computation of PD.

48.1.2.1.5 Loss given default

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realization of any prime/ collateral security. For LGD computation, the rates used from the foundation internal rating based approach and dynamic loan loss provisioning model is also taken into account. In cases where data for estimation of LGD is not available, the Group has used industry benchmarks.

48.1.2.2 Analysis of risk concentration - Refer Note 53.13.3

48.1.2.2 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Group has Guidelines in place covering the acceptability and valuation of each type of collateral. The Group also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered/ equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Group is unable to recover the dues, the Group through a legal process enforces the security and recover the dues.

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Expected Credit Loss

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The financial statements, includes the potential impact of the COVID-19 pandemic on the Parent Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the second wave of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Parent Company and its subsequent impact on the recoverability's on the Parent Company's assets. The Parent Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic.

Based on the current indicators of future economic conditions, the Parent Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Parent Company will continue to closely monitor any material changes to future economic conditions.

The Parent Company holds a management overlay of ₹ 192.55 Million as at 31 March 2021 in addition to expected credit loss provision for loans aggregating to ₹ 459.94 Million as on 31 March 2021.

48.1.2.3 Payment of Ex-gratia benefit

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief scheme for grant of ex-gratia payment of difference between compound interest and simple interest ("differential amount") 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. During the year ended 31 March 2021, the Parent Company has charged differential amount of ₹ 33.21 Million from 28,965 customers out of which ₹ 28.87 Million was credited to 21,216 customers to their individual accounts and balance not credited as on 31 March 2021 ₹ 4.34 Million of 7,749 individual customers where loan has been closed and the amount was parked under Trade Payables in the Financial Statements. During the year ended 31 March 2022, ₹ 4.34 Million has been credited/ adjusted to respective customer accounts.

48.1.2.4 Interest on Interest

In accordance with the instructions in the Circular RBI/2021-22/17 DOR.STR.REC.4/21.04.046/2021-22 dated 7 April 2021, the Parent Company shall refund/ adjust "interest on interest" to all borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalized by the Indian Banks Association (IBA) in consultation with other industry participants/ bodies on 19 April 2021. The Parent Company has adjusted ₹ 1.90 Million pertaining to 235 individual customers in the Financial Statements as at 31 March 2021 and had subsequently credited the amount to individual customer accounts in financial year 2021-22.

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48.1.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Company also maintains LCR in accordance with RBI guidelines and board approved Liquidity risk framework. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies, LCR and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in **Note 38**

Maturity Profile of financial liabilities:

The table below summarises the maturity profile of the Company's financial liabilities on discounted basis

(₹ In Million)

31 March 2023 (Consolidated)	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	92.30	-	-	-	92.30
Other Payables	36.28	-	-	-	36.28
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	10,900.99	16,576.85	5,608.20	204.78	33,290.82
Borrowings under securitization	350.98	690.68	867.15	1,736.96	3,645.77
Other financial liabilities*	2,408.93	-	-	-	2,408.93
Total	13,813.51	17,697.53	6,475.35	1,941.74	39,928.13

(₹ In Million)

31 March 2022 (Standalone)	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	80.73	-	-	-	80.73
Other Payables	40.45	-	-	-	40.45
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	7,022.99	12,901.70	7,414.16	1,093.40	28,432.25
Borrowings under securitization	41.55	94.20	99.17	277.87	512.79
Other financial liabilities*	2,360.09	-	-	-	2,360.09
Total	9,569.84	13,425.90	7,513.33	1,371.27	31,880.34

(₹ In Million)

31 March 2021 (Standalone)	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	52.70	-	-	-	52.70
Other Payables	6.30	-	-	-	6.30
Debt securities	1,584.47	-	-	-	1,584.47
Borrowings other than debt securities	5,320.60	9,044.80	6,845.63	4,213.26	25,424.29
Borrowings under securitization	38.64	84.59	98.96	450.79	672.98
Other financial liabilities*	2,071.62	-	-	-	2,071.62
Total	9,074.33	9,129.39	6,944.59	4,664.05	29,812.36

* Excluding lease liabilities. Refer note 44.3 for Contractual maturities of lease liabilities on an undiscounted basis.

48.1.4 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the group is providing loan against property, loan against gold and personal loans. The group borrows through various financial instruments to finance its core lending activity. These activities expose the group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Group's statement of profit and loss and equity.

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(₹ In Million)

For the year ended	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023 (Consolidated)					
Borrowings (₹)	25/ (25)	(74.92)	74.92	(56.06)	56.06
	50/ (50)	(149.83)	149.83	(112.12)	112.12
Loans (₹)	25/ (25)	6.76	(6.76)	5.06	(5.06)
	50/ (50)	13.53	(13.53)	10.12	(10.12)
Investments in PTC (₹)	25/ (25)	9.54	(9.54)	7.14	(7.14)
	50/ (50)	19.08	(19.08)	14.28	(14.28)
for the year ended 31 March 2022 (Standalone)					
Borrowings (₹)	25/ (25)	(63.78)	63.78	(47.73)	47.73
	50/ (50)	(127.55)	127.55	(95.45)	95.45
Loans (₹)	25/ (25)	39.39	(39.39)	29.48	(29.48)
	50/ (50)	78.78	(78.78)	58.95	(58.95)
Investments in PTC (₹)	25/ (25)	19.43	(19.43)	14.54	(14.54)
	50/ (50)	38.86	(38.86)	29.08	(29.08)
for the year ended 31 March 2021 (Standalone)					
Borrowings (₹)	25/ (25)	(73.03)	73.03	(54.65)	54.65
	50/ (50)	(146.06)	146.06	(109.30)	109.30
Loans (₹)	25/ (25)	22.84	(22.84)	17.09	(17.09)
	50/ (50)	45.68	(45.68)	34.18	(34.18)
Investments in PTC (₹)	25/ (25)	39.06	(39.06)	29.23	(29.23)
	50/ (50)	78.11	(78.11)	58.45	(58.45)

48.1.5 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Parent Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Parent Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The Parent Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency vendor payments.

As of balance sheet date, Parent Company's net foreign currency exposure expressed in INR that is not hedged is ₹ 10.91 million (31 March 2022 - Nil; 31 March 2021 - Nil)

(₹ In Million)

Foreign Currency	Hypothetical Increase / (decrease) by %	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023 (Consolidated)					
Currency Sensitivity - USD	5/ (5)	(0.55)	0.55	(0.55)	0.55
for the year ended 31 March 2022 (Standalone)					
Currency Sensitivity - USD	5/ (5)	-	-	-	-
for the year ended 31 March 2021 (Standalone)					
Currency Sensitivity - USD	5/ (5)	-	-	-	-

49 Transferred financial assets that are not derecognized in their entirety

The Parent Company has entered into securitization arrangements to transfer the part of its portfolio of Loan against property and Gold Loans. The terms of the arrangement included over collateralization of the assets of the Parent Company through lien on Fixed deposits. Since the group had retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements.

(₹ In Million)

Securitisations	Consolidated As at 31 March 2023	Standalone As at 31 March 2022	Standalone As at 31 March 2021
Carrying amount of transferred assets measured at amortised cost	3,927.76	595.15	758.16
Carrying amount of associated liabilities	3,645.77	512.79	672.98
Fair value of assets	3,964.58	598.63	762.80
Fair value of associated liabilities	3,645.77	512.79	672.98

50 Disclosures required under the RBI Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 05 May 2021 with reference to disclosures stated under Format-B prescribed in the Resolution Framework – 1.0.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2022
Personal Loans #	92.30	13.53	18.85	1.52	70.64
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	92.30	13.53	18.85	1.52	70.64

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

This represents Salaried customers.

Pursuant to the RBI circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications", the Company changed its NPA definition to comply with the norms/ changes for regulatory reporting, as applicable. This has resulted in classification of loans amounting to ₹ 60.53 Million as additional non-performing assets (Stage 3) as at 31 March 2022. However, the said change does not have a material impact on the financial results for the quarter/ year ended 31 March 2022. On 15 February 2022, the RBI allowed deferment pertaining to the upgradation of Non Performing accounts till 30 September 2022. However, the Company has not opted for such deferment and continues to align Stage 3 definition to revised NPA definition.

Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04,048/2020-21 dated 6 August 2020

Type of Borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan (₹ in Million)	Of (B) aggregate amount of debt that was converted into, other securities	Additional funding sanctioned, if any, including invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan (₹ in Million)
Personal Loans	285	53.78	-	-	3.82
Corporate persons*	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	285	53.78	-	-	3.82

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/4/21.04,048/2020-21 dated 6 August 2020 (for restructuring of accounts of Micro, Small and medium Enterprises (MSME) sector - Restructuring of Advances having exposure less than or equal to ₹ 25 Crores)

Type of Borrower	(A)	(B)
	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan (₹ in Million)
MSMEs	476	460.7

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Disclosure pursuant to Reserve Bank of India Circular OR.No.BP.BC.63/21.04.048/ 2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID 19 Regulatory Package

		(₹ In Million)
Sr No	Particulars	March 31, 2021
i)	Respective amounts in SMA/ overdue categories, where the moratorium/ deferment was extended*	3,864.31
ii)	Respective amount where asset classification benefits is extended**	-
iii)	Provision made on the cases where asset classification benefits has been extended***	-
iv)	Provisions adjusted against slippages in the respective period and the residual provisions	-

* Outstanding as on 31 March 2021 respectively on account of all cases in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

** There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

*** The Parent Company has made adequate provisions for impairment loss allowance assets (as per ECL model Refer Note 36) for the year ended 31 March 2021. No specific loan level provisioning is made with respect to loan to which asset classification benefit was extended.

Note: Above disclosure requirements under note 50 is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

51 Following are the additional disclosures required as per Schedule III to the Companies Act, 2013 vide Notification dated March 24, 2021:

51.1 Relationship with Struck off Companies:

To the best of the abilities, the group has not identified any relationship with Company except mentioned below which has been struck off by the respective Registrar of Companies and such information is available vide public notice (Form No. STK-7) u/s 248 of the Act.

(₹ In Million)						
Sr No	Name of Struck off Company	Nature of transaction	As at 31 March 23	As at 31 March 22	As at 31 March 21	Relationship with the struck off Company, if any, to be disclosed
1	Sri Lakshmi Sai Telecom Constructions Private Limited	Loan given	13.28	13.77	13.77	Borrower
2	Fulgent Interior Private Limited	Loan given	1.40	1.53	1.67	Borrower
3	S S Institute of Technical Studies Private Limited	Loan given	2.44	-	-	Borrower
4	Bhatia Forex Private Limited	Loan given	-	14.96	16.90	Borrower

51.2 Registration of charges or satisfaction with Registrar of Companies (ROC):

Brief Description of Charge	Location of Registrar	Period by which charge had to be satisfied	Reason for delay
Registration of charge of Aditya Birla Finance Limited as per Registration letter dated 21 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Axis Bank as per Registration letter dated 11 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Yes Bank as per Registration letter dated 12 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Mahindra & Mahindra Financial Services Limited as per Registration letter dated 16 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of NABKISAN Finance Limited as per Registration letter dated 17 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Satisfaction of charge of SIDBI as per satisfaction letter dated 09 November 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 1130.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Bajaj Finance Limited as per satisfaction letter dated 22 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 300.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Indusind Bank as per satisfaction letter dated 23 March 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 550.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of ICICI Bank as per satisfaction letter dated 26 March 2021 in relation to satisfaction of charge for loan facility aggregating to ₹ 767.29 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
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- 51.3 The Parent Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Parent Company with the banks and financial institutions are in accordance with the unaudited books of accounts of the Parent Company for the respective quarters, except for the following:

(₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
June-2022	Loan against Property Receivable	25,082.36	25,088.75	(6.39)	Refer Note-1
	Loan against Gold Receivable	7,309.62	7,309.48	0.14	Refer Note-1
	Unsecured Loan Receivable	2,253.20	2,256.23	(3.03)	Refer Note-1
	Non Performing Receivables	989.58	994.77	(5.19)	Refer Note-2
September-2022	Non Performing Receivables	953.56	975.19	(21.63)	Refer Note-2
December -2022	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
March-2023	Loan against Property Receivable	34,801.37	34,801.14	0.23	Refer Note-3
	Loan against Gold Receivable	8,969.45	8,985.90	(16.45)	Refer Note-3
	Unsecured Loan Receivable	1,614.84	1,614.76	0.08	Refer Note-3
	Investment in PTC	2,574.36	2,574.24	0.12	Refer Note-3
	Non Performing Receivables	1,163.39	1,182.37	(18.98)	Refer Note-2

Notes:

- Note-1 The amount disclosed as per quarterly returns/ statements reconciles with principal and interest receivable balance without adjustment of provision.
 Note-2 Higher interest receivable on NPA reduced from total assets in returns/ statements submitted to bank.
 Note-3 Provisional quarterly statement have been submitted to lenders. The Parent Company is in process of submission of updated quarterly statement.

- 51.4 The Parent Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2023 are held by the Company in the form of debt mutual funds and short term fixed deposits till the time the utilisation is made subsequently.

51.5 Details of Benami Property held:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2023, 31 March 2022 and 31 March 2021.

51.6 Wilful Defaulter:

The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

51.7 Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

51.8 Undisclosed Income:

There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2023, 31 March 2022 and 31 March 2021, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

51.9 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

51.10 Title Deeds of Immovable Properties not held in the name of the Company:

The Group does not hold any immovable property as on 31 March 2023, 31 March 2022 and 31 March 2021. All the lease agreements are duly executed in favour of the Company for properties where the Parent Company is the lessee.

51.11 Revaluation of Property, plant and equipment and Intangible assets

There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023, 31 March 2022 and 31 March 2021.

51.12 Utilisation of Borrowed funds and share premium:

As a part of normal lending business, the Parent Company grants loans and advances on the basis of security/ guarantee provided by the Borrower/ co-borrower and makes investments. These transactions are part of Parent Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

- 51.13 (a) Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

(b) The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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Notes to restated financial information

51.14 Analytical Ratios

	(Standalone) 31-Mar-23	(Standalone) 31-Mar-22	(Standalone) 31-Mar-21
Capital to Risk Weighted Assets Ratio	31.90%	26.21%	26.25%
Tier I Capital	31.71%	25.90%	25.62%
Tier II Capital	0.19%	0.31%	0.63%

	% variance (31-Mar-23 v/s 31-Mar-22)	Remarks	% variance (31-Mar-22 v/s 31-Mar-21)	Remarks	% variance (31-Mar-21 v/s 31-Mar-20)	Remarks
Capital to Risk Weighted Assets Ratio	21.71%	Increase in CRAR due to Equity Infusion	(0.15%)	N.A.	19.92%	Increase in CRAR due to Equity Infusion
Tier I Capital	22.43%	Increase in CRAR due to Equity Infusion	1.09%	N.A.	19.94%	Increase in CRAR due to Equity Infusion
Tier II Capital	(38.71%)	Fixed Deposit Encumbered against Collateralised Borrowings	(50.79%)	Reversal of COVID-19 management overlay provision	18.87%	Management overlay provision.

52 Disclosure of Restructured Accounts as per Appendix 4 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ In Million)

SI No.	Other than SME and CDR Debt Restructuring Mechanism		31-Mar-22					31-Mar-21				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details											
1	Restructured Accounts as on beginning of the period	No. of borrowers	755	6	-	-	761	5	-	-	-	5
		Amount outstanding	494.32	20.16	-	-	514.48	35.47	-	-	-	35.47
		Provision thereon	73.35	5.96	-	-	79.31	5.29	-	-	-	5.29
2	Fresh restructuring during the period	No. of borrowers	837	-	-	-	837	756	-	-	-	756
		Amount outstanding	752.39	-	-	-	752.39	477.94	-	-	-	477.94
		Provision thereon	122.69	-	-	-	122.69	71.76	-	-	-	71.76
3	Upgradations to restructured standard category during the period	No. of borrowers	3	(3)	-	-	-	-	-	-	-	-
		Amount outstanding	1.97	(1.99)	-	-	(0.02)	-	-	-	-	-
		Provision thereon	0.29	(0.75)	-	-	(0.46)	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	(511)	511	-	-	-	(6)	6	-	-	-
		Amount outstanding	(286.27)	290.64	-	-	4.37	(19.09)	20.16	-	-	1.07
		Provision thereon	(51.76)	78.19	-	-	26.43	(3.70)	5.96	-	-	2.26
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	(270)	-	-	(270)	-	-	-	-	-
		Amount outstanding	-	(93.61)	-	-	(93.61)	-	-	-	-	-
		Provision thereon	-	(16.45)	-	-	(16.45)	-	-	-	-	-
7	Restructured Accounts as on end of the period	No. of borrowers	1,084	244	-	-	1,328	755	6	-	-	761
		Amount outstanding	962.41	215.20	-	-	1,177.61	494.32	20.16	-	-	514.48
		Provision thereon	144.57	66.95	-	-	211.52	73.35	5.96	-	-	79.31

Note:

- Above disclosure requirements under note 52 is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.
- Since the disclosure of restructured advance account pertains to section "Others", the section "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.
- Provision has been considered as per ECL.

53 Disclosure as required in terms of Annexure XVI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

53.1 Disclosure on CRAR

Particulars	As at	As at
	31 March 2022	31 March 2021
(i) CRAR (%)	26.21%	26.25%
(ii) CRAR - Tier I Capital (%)	25.90%	25.62%
(iii) CRAR - Tier II Capital (%)	0.31%	0.63%
(iv) Amount of subordinated debt raised as Tier-II capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

53.2 Investments

Value of Investments		
(i) Gross Value of Investments		
(a) In India	8,481.13	14,842.49
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	8,481.13	14,842.49
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(v) Closing balance	-	-

53.3 Derivatives

As at	As at
31 March 2022	31 March 2021

53.3.1 Forward Rate Agreement / Interest Rate Swap

(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	-	-

As at	As at
31 March 2022	31 March 2021

53.3.2 Exchange Traded Interest Rate (IR) Derivatives

(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives o/s as at end of the year	-	-
(iii) Notional principal amount of exchange traded IR derivatives o/s and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives o/s and not "highly effective"	-	-

53.3.3 Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures	-	-
Not applicable as there are no derivatives	-	-

Quantitative Disclosures

	As at		As at	
	31 March 2022		31 March 2021	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount) For Hedging	-	-	-	-
(ii) Marked to Market Positions				
a) Asset (+)	-	-	-	-
b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

53.4 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ In Million)

	1 to 7 days	8 to 14 days	15 to 30/ 31 days	Over 1 month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
as on 31 March 2022:											
Advances	610.13	143.61	519.42	812.04	1,241.03	1,793.22	3,308.89	3,898.03	4,014.81	13,482.94	29,824.12
Investment	3,083.18	313.57	-	283.07	285.57	873.15	1,147.93	2,494.66	-	-	8,481.13
Borrowings	64.19	208.93	34.25	310.00	1,374.06	2,031.21	3,065.93	13,425.89	7,513.33	1,371.28	29,399.07
as on 31 March 2021:											
Advances	484.85	6.98	28.50	277.83	269.09	1,611.14	4,249.05	2,750.81	2,587.23	8,436.46	20,701.94
Investment	3,954.10	300.39	-	234.75	236.83	723.25	1,504.16	5,367.25	2,521.76	-	14,842.49
Borrowings	99.61	158.33	7.85	83.63	1,076.96	1,338.84	4,178.49	9,129.39	6,944.59	4,664.05	27,681.74

Note: Maturity pattern of assets and liability has been compiled by management on contractual payment basis and relied upon by the auditors.

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Notes to restated financial information

		(₹ in Million Except %)	
53.5	Exposures	As at 31 March 2022	As at 31 March 2021
53.5.1	Exposure to Real Estate Sector		
	Direct Exposure:		
	(i) Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	18,782.68	11,550.18
	(ii) Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	2,929.65	2,320.43
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Indirect Exposure:		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	5,397.95	10,888.39
53.5.2	Exposures to Capital Market		
	Particulars	As at 31 March 2022	As at 31 March 2021
	(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
	(ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
	(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
	(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances;	-	-
	(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
	(vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
	(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
	(viii) All exposures to Venture Capital Funds (both registered and unregistered) Total Exposure to Capital Market	-	-
53.5.3	Details of financing of parent Company products		
	The Company does not finance parent Company products		

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes to restated financial information

53.5.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC (₹ In Million)
Single borrower limit exceeded during the year **Name of the Company** **Outstanding Loans and Advances**

The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year 31 March 2022 (31 March 2021: Nil)

53.5.5 Unsecured Advances

Gross carrying amount of Unsecured Loans as on 31 March 2022: ₹ 2,262.05 Million and 31 March 2021: ₹ 2,186.23 Million.

53.6 Registration obtained from other financial sector regulators

The Company has not engaged into any business activity which are governed by other financial sector regulator. Hence, no registration was obtained.

53.7 Disclosure of Penalties imposed by RBI and other regulators

There is no instance of penalty or stricture imposed on the Company by RBI or any other regulatory on matter during the current period or previous years.

53.8 Related Party Transaction

Refer Note 43 for details in relation to Related party transactions.

53.9 Ratings assigned by credit rating agencies and migration of ratings during the year ended:

Facility	31-Mar-22		31-Mar-21	
	ICRA	IndiaRatings	ICRA	IndiaRatings
Bank Loan & Non - Convertible Debentures Rating	[ICRA]A(positive)	Ind A+/ Stable	[ICRA]A(Stable)	Ind A/ Stable

53.10 Remuneration to Directors

Refer Note 43 (d) for details in relation to remuneration to Directors.

53.11 Revenue Recognition (Refer Note 2.5)

There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty

53.12 Indian Accounting Standard 110 - Consolidated Financial Statements (CFS)

On December 6, 2022, the Company has incorporated a wholly owned subsidiary in the name of – SBFC Home Finance Private Limited having Corporate Identification Number U65992MH2022PTC394642. The Company has consolidated financial statement of its subsidiary.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes to restated financial information

53.13 Additional disclosures

53.13.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss:

Particulars	(₹ In Million)	
	31 March 2022	31 March 2021
(a) Provisions for depreciation on Investment	-	-
(b) Provision towards NPA	81.12	145.03
(c) Provision made towards income tax	262.12	300.24
(d) Other provisions and Contingencies	-	-
(e) Provision for gratuity	9.23	7.79
(f) Provision for leave encashment	-	-
(g) Provision for depreciation	117.81	95.40
(h) Contingent provision for standard assets	(70.86)	136.76

53.13.2 Draw Down from Reserves

The Parent Company has not drawn down any reserves during the previous years.

53.13.3 Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits (for deposit taking NBFCs)

Particulars

Total Deposits of twenty largest depositors

Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC

Note: The Company is not a deposit taking NBFC and has not obtained any deposits from public

Particulars	(₹ in Million Except %)	
	31 March 2022	31 March 2021
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	-	-

(b) Concentration of Advances

Particulars

Total Advances to twenty largest borrowers

Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC

Particulars	(₹ in Million Except %)	
	31 March 2022	31 March 2021
Total Advances to twenty largest borrowers	350.32	382.20
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.15%	1.79%

(c) Concentration of Exposures

Particulars

Total Exposure to twenty largest borrowers/ customers

Percentage of Exposures to twenty largest borrowers/ customers to Total

Exposure of the NBFC on borrowers/ customers

Particulars	(₹ in Million Except %)	
	31 March 2022	31 March 2021
Total Exposure to twenty largest borrowers/ customers	350.32	382.20
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers/ customers	1.15%	1.79%

(d) Concentration of NPAs

Particulars

Total Exposure to top four NPA accounts

Particulars	(₹ in Million Except %)	
	31 March 2022	31 March 2021
Total Exposure to top four NPA accounts	70.22	62.90

(e) Sector wise NPAs

Sector

Sector	Percentage of NPAs to Total Advances in that sector	
	31 March 2022	31 March 2021
1 Agriculture & allied activities	-	-
2 MSME	3.37%	4.10%
3 Corporate borrowers	-	-
4 Services	3.04%	3.24%
5 Unsecured personal loans	4.51%	5.75%
6 Auto loans	100.00%	99.00%
7 Other loans	1.76%	1.25%

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(g) Movement of NPAs Particulars	31 March 2022	(₹ in Million Except %) 31 March 2021
Net NPAs to Net Advances (%)	1.83%	2.20%
Movement of NPAs (Gross)		
(a) Opening balance	718.60	383.65
(b) Additions during the year	633.98	425.68
(c) Reductions during the year	(465.96)	(90.73)
(d) Closing balance	886.62	718.60
Movement of Net NPAs		
(a) Opening balance	463.64	273.71
(b) Additions during the year	399.81	265.01
(c) Reductions during the year	(312.91)	(75.08)
(d) Closing balance	550.54	463.64
Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	254.96	109.94
(b) Provisions made during the year	234.17	160.67
(c) Write-off/ write-back of excess provisions	(153.05)	(15.65)
(d) Closing balance	336.08	254.96

53.13.4 Overseas Assets

The Parent Company does not have any overseas assets.

53.13.5 Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Parent Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms)

53.13.6 Customer Complaints

	As at 31 March 2022	As at 31 March 2021
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	60	134
(c) No. of complaints redressed during the year	60	134
(d) No. of complaints pending at the end of the year*	-	-

*Subsequently redressed

53.13.7 Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012

Instances of fraud reported for the year ended upto 31 March 2022:

(₹ In Million)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount write off
Fraud committed by employees	4	45.17	4.67	2.55

During the year ended 31 March 2022, four instances of fraud on the Parent Company where gold loan related misappropriations/ cash embezzlements have been reported to RBI aggregating to ₹ 45.17 Million. Out of which fraud aggregating to ₹ 26.60 Million was identified in FY 2020-21 and reported to RBI on 12 April 2021. The Parent Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Parent Company is in the process of recovering these amounts by taking legal actions, where applicable.

Note: Above disclosure requirements (i.e. note no 53.1 to 53.13.7) are not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

54 Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 updated as on 29 December 2022 pertaining to gold loans.

(₹ In Million)

Particulars	31-Mar-22	31-Mar-21
No of loan Accounts*	7,565	1,015
Outstanding Loan Amount	581.73	75.53
Sale Consideration**	652.75	83.49

*There is no sister concern participation in any of the above accounts.

** the excess of sale consideration over and above the outstanding principal amount is repaid to respective borrower.

Note: Above disclosure requirements under note 54 is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

55 Disclosure of provisions required under IRACP and impairment allowances made under Ind AS 109 as per Appendix to RBI Circular: DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated 13 March 2020

(₹ in Million)

Asset Classification as per RBI Norms as at 31 March 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	27,892.96	173.85	27,719.11	112.47	61.38
	Stage 2	1,707.29	152.82	1,554.47	55.68	97.14
Subtotal		29,600.25	326.67	29,273.58	168.15	158.52
Non-Performing Assets (NPA)						
Substandard	Stage 3	737.58	242.94	494.64	85.62	157.32
Doubtful						
up to 1 year	Stage 3	70.91	37.00	33.91	24.29	12.71
1 to 3 years	Stage 3	38.04	16.05	21.99	11.45	4.60
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		108.95	53.05	55.90	35.74	17.31
Loss						
	Stage 1	0.43	0.43	-	0.43	-
	Stage 2	0.42	0.42	-	0.42	-
	Stage 3	39.24	39.24	-	39.24	-
Subtotal for NPA		886.62	336.08	550.54	161.45	174.63
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	27,893.39	174.28	27,719.11	112.90	61.38
	Stage 2	1,707.71	153.24	1,554.47	56.10	97.14
	Stage 3	885.77	335.23	550.54	160.60	174.63
	Total	30,486.87	662.75	29,824.12	329.60	333.15

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
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(₹ In Million)

Asset Classification as per RBI Norms as at 31 March 2021 (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	18,310.11	117.58	18,192.53	73.71	43.87
	Stage 2	2,325.72	87.40	2,238.32	36.96	50.44
	Additional Provision	-	192.55	-	-	192.55
Subtotal		20,635.83	397.53	20,430.85	110.67	286.86
Non-Performing Assets (NPA)						
Substandard	Stage 3	494.92	148.37	346.55	49.77	98.60
Doubtful						
up to 1 year	Stage 3	179.21	72.31	106.90	36.33	35.98
1 to 3 years	Stage 3	17.84	7.68	10.16	5.36	2.32
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		197.05	79.99	117.06	41.69	38.30
Loss	Stage 3	26.63	26.60	0.03	26.63	-
Subtotal for NPA		718.60	254.96	463.64	118.09	136.90
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	18,310.11	117.58	18,192.53	73.71	43.87
	Stage 2	2,325.72	87.40	2,238.32	36.96	50.44
	Stage 3	718.60	254.96	463.64	118.09	136.90
	Additional Provision	-	192.55	-	-	192.55
	Total	21,354.43	652.49	20,894.49	228.76	423.76

Note: Above disclosure requirements under note 55 is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

56 Disclosures to be made in Notes to Accounts by originators as per RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (Updated as on December 05, 2022):

		(₹ In Million)			
Sl. No.	Particulars	As on 31 March 2022		As on 31 March 2021	
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	1		2	
2	Total amount of securitised assets as per books of the SPEs*	611.24		752.04	
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet				
	a) Off-balance sheet exposures				
	• First loss	-		-	
	• Others	-		-	
	b) On-balance sheet exposures				
	• First loss	-		-	
	• Others	110.01		101.36	
4	Amount of exposures to securitisation transactions other than MRR				
	a) Off-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	-		-	
	• Others	-		-	
	ii) Exposure to third party securitisations				
	• First loss	-		-	
	• Others	-		-	
	b) On-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	110.00		176.84	
	• Others	-		-	
	ii) Exposure to third party securitisations				
	• First loss	-		-	
	• Others	-		-	
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	Nil		Nil	
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.				
	Services Provided				
		No of Transaction	Value of Facility**	No of Transaction	Value of Facility**
	Post Securitization Assets Servicing- Servicing agent	1	611.24	2	752.04
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	Credit Enhancement	%	Credit Enhancement	%
	(a) Opening Balance	176.84	10.00%	152.37	5.82%
	(b) Cumulative Amount paid During the year	-		66.84	10.00%
	(c) Cumulative Repayment received during the year	-		-	
	(d) Amount reduce due to pool Maturity	(66.84)	(10.00%)	(42.37)	10.00%
	(e) Outstanding amount	110.00	10.00%	176.84	10.00%
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc***				
	Loan against Property	2.15%		2.07%	
	Loan against Gold	NA		1.18%	
9	Amount and number of additional/ top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	Nil		Nil	
10	Investor complaints	Nil		Nil	

* The figures have been considered as per payout reports received from the SPEs and the Company is in process of obtaining the same duly certified by SPE's auditors.

** Value of facility is outstanding amount of the facility on the reporting date.

*** Default rate % is calculated on the basis of reporting date NPA on Gross advance.

Note: Above disclosure requirements under note 56 is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

57 Additional information as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Subsidiary Company as at 31 March 2023:

Name of the Parent Company - SBFC Finance Limited
Name of the Indian Subsidiary Company - SBFC Home Finance Private Limited

(₹ in Million)

Name of the Entities in the Group	Net Assets(i.e Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or Loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent								
SBFC Finance Limited	100.00%	17,273.28	100.04%	1,497.96	100.00%	1.41	100.04%	1,499.37
Subsidiary								
SBFC Home Finance Private Limited	0.00%	(0.60)	(0.04%)	(0.60)	0.00%	-	(0.04%)	(0.60)
Non Controlling Interest	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	17,272.68	100.00%	1,497.36	100.00%	1.41	100.00%	1,498.77

Salient Features of Financial Statements of Subsidiary Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129:

Part A - Subsidiaries
Part "A" : Subsidiary

(₹ in Million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover/Total Income	Profit before Tax	Profit after Tax	% of Shareholding
	(Alongwith % of Holding)										
1	SBFC Home Finance Private Limited	INR	0.50	(0.60)	0.70	0.80	-	-	0.80	(0.60)	100%

Notes -

57.1 Name of subsidiaries which are yet to commence operations: SBFC Home Finance Private Limited

57.2 Name of subsidiaries which have been liquidated or sold during the year: None

57.3 On 6 December 2022, the Parent Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited ("Subsidiary"), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration (CoR) to operate as a 'Housing Finance Company' on 29 March 2023. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Parent Company intends to subscribe to the equity share capital amounting to ₹ 200.00 million of the Subsidiary. Accordingly, pursuant to Board Resolution dated 20 March 2023, the Company has committed to subscribe to the equity share capital of the Subsidiary for an amount of ₹ 200.00 million. The subscription to the equity share capital of the Subsidiary is proposed to be funded from the Company's internal accruals. However, RBI has subsequently returned the application for CoR since the Company does not meet the requirement of minimum NOF as stipulated by RBI under circular DOR.CRE.REC. No. 60/03.10.001/2021-22. The Company is reviewing the same and necessary action will be taken in due course of time.

Part "B" : Associates and Joint Ventures

The Parent Company doesn't have any Associates and Joint ventures

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

58 Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation/ adjustments.

59 Statement of Adjustments to Audited financial statements

Summarized below the restatement adjustment made to the audited financial statements for the year ended 31 March 2021 and 31 March 2022 and their impact on equity and the profit of the Parent Company:

I. Adjustments to total equity as per audited financial statements with total equity as per restated financial information

	(₹ In Million)	
Reconciliation between Audited equity and Restated equity	Standalone As at 31 March 2022	Standalone As at 31 March 2021
a. Total equity as per audited financial statements	12,871.69	12,054.09
b. Restatement adjustments: Correction of material errors (refer note VI below)		
Reduction in Securities premium due to share issue expenses [Refer Note VI (b)]	(2.19)	(2.16)
Tax impact in Remeasurement gain/ (loss) on defined benefit plans [Refer Note VI (c)]	(0.14)	(0.15)
Restatement adjustments on account of various adjustments (i.e loan cancellations, rent expenses, depreciation, share issue expenses and tax impacts) routed through statement of profit and loss [Refer Note II]	2.31	(0.70)
Total Impact of adjustments	(0.02)	(3.01)
Total equity as per restated financial information (a+b)	12,871.67	12,051.08

II. Statement of Impact of restatement adjustments on statement of profit and loss

	(₹ In Million)	
Reconciliation between Audited profit and Restated profit	Standalone For the year ended 31 March 2022	Standalone For the year ended 31 March 2021
Total comprehensive income as per audited financial statements	644.98	852.81
Restatement adjustments: Correction of material errors (refer note VI below)		
Impact of loan cancellation [Refer Note VI(a)]	1.82	(1.76)
Share issue expenses [Refer Note VI(b)]	0.02	1.10
Tax expenses [Refer Note VI(c)]	1.17	(0.73)
Rent expenses [Refer Note VI(d)]	-	2.39
Depreciation [Refer Note VI(d)]	-	(2.39)
Total Impact of adjustments	3.01	(1.39)
Total comprehensive income as per restated financial information	647.99	851.42

III. Summary of changes due to regrouping and errors

The below table summarises the cumulative effect of changes due to regrouping and errors to the restated financial information as at and for the year ended 31 March 2022 and 31 March 2021:

Impact on financial statement line item in Restated Statement of Profit and Loss:

(₹ in Million)					
For the year ended 31 March 2021:	As per audited financial statements	Changes due to regrouping	Changes due to errors	As per restated financial information	Refer Note for Changes due to errors
Income					
Interest income	4,633.42	-	(1.76)	4,631.66	VI (a)
Other income	39.08	5.26	-	44.34	
Expenses					
Impairment on financial instruments	281.79	54.61	-	336.40	
Depreciation and amortisation expense	93.01	-	2.39	95.40	VI (d)
Other expenses	369.33	(49.35)	(3.49)	316.49	VI (b); VI (d)
Tax expense					
- Current tax	300.68	-	(0.44)	300.24	VI (c)
- Deferred tax credit	(10.86)	-	1.17	(9.69)	VI (c)
		-	(1.39)		

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

For the year ended 31 March 2022:

(₹ in Million)

	As per audited financial statements	Changes due to regrouping	Changes due to errors	As per restated financial information	Refer Note for Changes due to errors
Income					
Interest income	4,731.45	(1.80)	1.82	4,731.47	VI (a)
Net gain on derecognition of financial instruments under amortised cost category	23.31	(23.31)	-	-	
Expenses					
Net Loss on derecognition of financial instruments under amortised cost category	-	106.92	-	106.92	
Impairment on financial instruments	492.91	(132.03)	-	360.88	
Other expenses	552.96	-	(0.02)	552.94	VI (b)
Tax expense					
- Deferred tax credit	(39.20)	-	(1.17)	(40.37)	VI (c)
		-	3.01		

Impact in restated Restated Statement of Assets and Liabilities:

As at 31 March 2021:

(₹ in Million)

	As per audited financial statements	Changes due to regrouping	Changes due to errors	As per restated financial information	Refer Note for Changes due to errors
ASSETS					
Cash and cash equivalents	1,372.48	-	10.24	1,382.72	VI (a)
Trade receivables	19.62	19.29	-	38.91	
Loans	21,070.79	-	(368.85)	20,701.94	VI (a)
Other financial assets	64.75	(20.67)	14.10	58.18	VI (a)
Property, plant and equipment	379.53	10.47	-	390.00	
Other non-financial assets	47.19	(11.47)	-	35.72	
		(2.38)	(344.51)		
LIABILITIES AND EQUITY					
Trade payables	183.66	(130.97)	-	52.70	
total outstanding dues of creditors other than micro enterprises and small enterprises	70.53	(64.22)	-	6.30	
Debt securities	1,500.00	84.47	-	1,584.47	
Borrowings (other than debt securities)	26,277.58	(180.31)	-	26,097.27	
Other financial liabilities	2,321.11	288.65	(342.68)	2,267.08	VI (a)
Deferred tax liabilities (net)	233.69	-	1.18	234.86	VI (c)
Equity	12,054.09	-	(3.01)	12,051.08	VI (a), (b), (c), (d)
		(2.38)	(344.51)		

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes to restated financial information

As at 31 March 2022:

(₹ in Million)

	As per audited financial statements	Changes due to regrouping and errors	Changes due to regrouping and errors	As per restated financial information	Refer Note for Changes due to errors
LIABILITIES AND EQUITY					
Trade payables					
total outstanding dues of creditors other than micro enterprises and small enterprises	140.73	(60.02)	-	80.73	
Other payables					
total outstanding dues of creditors other than micro enterprises and small enterprises	61.97	(21.52)	-	40.45	
Debt securities	430.00	24.03	-	454.03	
Borrowings (other than debt securities)	29,072.68	(127.64)	-	28,945.04	
Other financial liabilities	2,216.52	284.65	-	2,501.17	
Provisions	101.97	(99.50)	-	2.47	
Equity	12,871.69	-	(0.02)	12,871.67	VI (a), (b), (c), (d)
		-	(0.02)		

IV. Material regrouping/ reclassification

Appropriate regrouping/ reclassification have been made in the restated statement of assets and liabilities, restated statement of profit and loss and restated statement of cash flows, wherever required, by reclassification of corresponding items of income, expenses, assets, liabilities, cash flows, in order to bring them in line with the accounting policies and classification as per audited special purpose interim financial statements for the three months ended 30 June 2022 prepared in accordance with Schedule- III (Division-III) of the Act, requirements of Ind AS 1 - 'Preparation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

V. Change in accounting policies

There has been no adjustment on account of change in accounting policies in the restated financial information.

VI. Correction of material errors

The Management corrected the following material errors as at and for the year ended 31 March 2021 and 31 March 2022:

(a) Correction of error on account of non reversal of Loans as an adjusting event on Balance Sheet date:

Reversal of loan assets amounting to ₹ 374.53 Million was not considered in audited financial statements during financial year ended 31 March 2021.

Accordingly, corresponding impact has been considered as reduction in Gross Loan carrying amount by ₹ 368.85 Million, reduction in Income by ₹ 1.76 Million (after netting off ₹ 0.06 Million for financial year ended 31 March 2020) during financial year ended 31 March 2021 and increase in Interest Income by ₹ 1.82 Million during financial year ended 31 March 2022, increase in bank balance (other than Cash and Cash equivalents) by ₹ 10.24 Million, reduction in Book Overdraft by ₹ 351.24 Million; increase in Other financial assets by ₹ 14.10 Million and increase in Other liabilities by ₹ 8.56 Million.

(b) Correction on account of recognition of transaction cost on issue of equity shares:

Share issue expenses have been adjusted with Securities Premium in Other Equity which was charged to Statement of Profit and Loss ₹ 1.10 Million during financial year ended 31 March 2021 and ₹ 0.02 Million during financial year ended 31 March 2022. Further, share issue expense amounting to ₹ 1.06 Million have been adjusted with retained earnings as at 1 April 2020.

(c) Correction of errors in Tax expenses:

Tax impact on the above corrections is increase in tax expense by ₹ 1.17 Million during financial year ended 31 March 2021 and reduction in tax expenses by ₹ 1.17 Million during financial year ended 31 March 2022.

Impact of tax expense transferred from Remeasurement gain/ (loss) on defined benefit plans to decrease in tax expense by ₹ 0.44 Million during financial year ended 31 March 2021. Moreover, tax impact on above adjustments relating to position as of 1 April 2020 has been recognized ₹ 0.29 Million.

(d) Reclassification of Deferred lease rental to Right-of-Use asset:

The Parent Company has reclassified deferred lease rental to Right-of-Use asset on account of Ind AS 116 adjustment. Accordingly, the Parent Company has reclassified ₹ 10.47 Million from Other non-financial assets to Property, Plant & Equipment during year ended 31 March 2021. Consequently, ₹ 2.39 Million have been reclassified from 'Rent Expense' to 'Depreciation expenses' for the year ended 31 March 2021

VII. Non-adjusting items

Emphasis of matter paragraph and auditor's comments on annexure to Auditor's Report not requiring adjustment to restated financial information

(a) Emphasis of matter paragraph on special purpose financial statements for the year ended March 31, 2021

We draw attention to Note 6 of the special purpose financial statements, which describes the continuing uncertainties arising from the COVID 19 pandemic and particularly the impairment provisions are dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
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(b) Annexure to Auditor's Report for the year ended March 31, 2022

Clause III(c): During the year, the Parent Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. The Parent Company has not provided any guarantee or security to any entity during the year. With respect to such investments and loans and advances:

The Parent Company, being a Non-Banking Financial Company ("NBFC"), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/ Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Parent Company in course of its periodic regulatory reporting. Refer notes 35 and 55 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. Having regard to the nature of the Parent Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular. According to the information and explanations made available to us, reasonable steps are taken by the Parent Company for recovery thereof.

Clause III(d): During the year, the Parent Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. The Parent Company has not provided any guarantee or security to any entity during the year. With respect to such investments and loans and advances:

The Parent Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 35 and 55 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Parent Company for recovery thereof.

Clause VII(a): According to the information and explanations given to us, in respect of statutory dues: The Parent Company has generally been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year for the period of more than six month from the date they became payable. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable except stamp duty of ₹ 2.36 Million which has been paid subsequent to the balance sheet date.

Clause XI(a): During the course of our examination of the books of account and records of the Parent Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Parent Company or on the Parent Company by the officers and employees of the Parent Company has been noticed or reported during the year except for instances of cash embezzlements by certain employees, borrowers of the Parent Company and others aggregating to an amount of ₹ 45.17 Million and out of which, an amount of ₹ 4.67 Million has been recovered.

(c) There are no qualifications requiring adjustments in the auditors' reports on the audited financial statements of the Parent Company as at and for the years ended 31 March 2022 and 31 March 2021. However, Auditor's Reports for year 31 March 2021 included Emphasis of Matter paragraph relating to Expected Credit Loss and impact of COVID-19 on the operations of the Parent Company. Audit opinion for the year ended 31 March 2021 is not modified in respect of this matter.

(d) There are no qualifications included in the Auditor's Report issued under Companies (Auditor's Report) Order, 2020 and Companies (Auditor's Report) Order, 2016, as applicable, issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, which require any corrective adjustments in the Restated financial information.

60 Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to conform to current period classification.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
CIN: U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Place: Mumbai
Date : 12 July 2023

Mr. Narayan Barasia
Chief Financial Officer
Place: Mumbai
Date : 12 July 2023

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Schedule to the Balance Sheet under Annex IV of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Liabilities Side

Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid: (₹ In Million)

Particulars	As at 31 March 2022		As at 31 March 2021	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) Debentures:				
Secured	454.03	-	1,584.47	-
Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
b) Deferred Credits	-	-	-	-
c) Term Loans	28,432.25	-	25,424.28	-
d) Inter Corporate loans and borrowings	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans	-	-	-	-
Collateralized Borrowings	512.79	-	672.98	-
Total	29,399.07	-	27,681.73	-

Assets Side

Breakup of Loans and Advances including bills receivables (other than those included in (3) below): (₹ In Million)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount Outstanding	Amount Outstanding
a) Secured	27,666.59	18,647.65
b) Unsecured	2,157.53	2,054.29

Breakup of Leased Assets and stock on hire and other assets counting towards asset financing activities: (₹ In Million)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount Outstanding	Amount Outstanding
i) Lease assets including lease rentals under sundry debtors:		
a) Financial Lease	-	-
b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	-
b) Repossessed Assets	-	-
iii) Other loans counting towards asset financing activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-

Breakup of Investments:

(₹ In Million)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount Outstanding	Amount Outstanding
Current Investments:		
1. Quoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others (please specify)	-	-
2. Unquoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	3,083.18	3,954.10
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	2,903.29	2,999.37
Long Term investments:		
1. Quoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others (please specify)	-	-
2. Unquoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	2,494.66	7,889.02

Borrower groupwise classification of assets financed as in (2) and (3) above: (₹ In Million)

Category	As at 31 March 2022		
	Amount net of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties	27,666.59	2,157.53	29,824.12
Total	27,666.59	2,157.53	29,824.12

Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (₹ In Million)

Category	As at 31 March 2022		As at 31 March 2021	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2. Other than related parties	8,481.13	8,481.13	14,842.49	14,842.49
Total	8,481.13	8,481.13	14,842.49	14,842.49

Other information: (₹ In Million)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount	Amount
i) Gross Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	886.62	718.60
ii) Net Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	550.54	463.64
iii) Assets acquired in satisfaction of debt	-	-

Note: Above disclosure requirements in this Annexure is not required to be presented in the consolidated financial statements and hence, the same has not been furnished for the consolidated financial statements of the Company for the year ended March 31, 2023.

For and on behalf of the Board of Directors of
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
CIN: U67190MH2008PLC178270

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date: 12 July 2023

OTHER FINANCIAL INFORMATION

The audited financial statements of our Company for the years ended March 31, 2023, March 31, 2022, and March 31, 2021 (“**Financial Statements**”) are available at <https://www.sbfc.com/for-investors>. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Financial Statements do not constitute, (i) a part of the Draft Red Herring Prospectus, (ii) the Red Herring Prospectus, or (iii) this Prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “**Group**”) and should not be relied upon or used as a basis for any investment decision. Due caution is advised when accessing and placing reliance on any historic or other information available in the public domain. None of the Group or any of its advisors, nor any Book Running Lead Managers or the Promoter 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 Financial Statements, or the opinions expressed therein.

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	<i>(in ₹ million, except otherwise stated)</i>		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net worth	17,272.68	12,871.67	12,051.08
Less: reserve on revaluation on land	-	-	-
Net worth as per regulation 2(1)(hh) of SEBI ICDR Regulations	17,272.68	12,871.67	12,051.08
Profit attributable to the owners of the company	1,497.36	645.21	850.10
Weighted average no. of Equity Shares outstanding during the period / year	-	-	-
- For basic earnings per Equity Share* (<i>in millions</i>)	877.74	798.11	783.36
- For diluted earnings per Equity Share* (<i>in millions</i>)	925.94	816.35	801.02
Restated basic earnings per share* (₹)	1.71	0.81	1.09
Restated diluted earnings per share* (₹)	1.62	0.79	1.06
Return on net worth (%)	8.67%	5.01%	7.05%
Net assets value per Equity Share bearing face value ₹ 10 (₹)	19.26	15.42	14.66
EBITDA	4905.32	3,190.94	3,620.61

Notes:

1. The above ratios are calculated as under:
 - a. Basic earnings per share (₹) = Restated profit for the year attributable to equity shareholders / Weighted average number of equity shares in calculating basic EPS
 - b. Diluted earnings per share (₹) = Restated profit for the year attributable to equity shareholders / Weighted average number of equity shares in calculating diluted EPS
 - c. Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended)
 - d. Return on net worth (%) = Net profit attributable to equity shareholders/ Net worth as the end of the year/period
 - e. Net asset value (₹) = Total Equity/ Number of equity shares as the end of the year/period
 - f. Net worth = Net worth as per regulation 2(1)(hh) of SEBI ICDR Regulations
2. Earnings per share (EPS) calculation is in accordance with Indian Accounting Standard (Ind AS 33 - Earnings per share).
3. EBITDA stands for earnings before interest, taxes, depreciation and amortisation (Restated profit/ (loss) for the year/ period + tax expense + exceptional items + Finance costs + depreciation and amortisation).
4. The following table shows the working for net worth as per regulation 2(1)(hh) of SEBI ICDR Regulations:

Particulars	<i>(in ₹ million)</i>		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Equity share capital	8,895.72	8,068.00	7,966.74
Securities premium	4,440.18	2,453.76	2,379.51
Employee share option outstanding	301.51	213.89	216.80
Statutory reserve under Section 451C of the Reserve Bank of India Act, 1934	719.07	419.48	291.04
Retained earnings	2,909.04	1,711.27	1,194.50
Remeasurement gain/ (loss) on defined benefit plans	7.16	5.27	2.49
Net worth as per the SEBI ICDR Regulations	17,272.68	12,871.67	12,051.08

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at March 31, 2023, on the basis of the Restated Financial Information, and as adjusted for the Offer. This table should be read in conjunction with "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 26, 285 and 382, respectively.

(All amounts in ₹ million, except ratio)

Particulars	Pre-Offer as at March 31, 2023 ⁽⁴⁾⁽⁵⁾	As adjusted for the Offer ⁽³⁾
Debt		
Debt securities (A)	454.03	454.03
Borrowings (other than debt securities) (B)	36,936.59	36,936.59
Total debt (C = A+B)	37,390.62	37,390.62
Equity		
Equity share capital ⁽¹⁾ (D)	8,895.72	9,949.01
Other equity (E)	8,376.96	13,323.67
Total equity (F = D+E)	17,272.68	23,272.68
Total Debt/Total Equity (G = C/F)	2.16	1.61

Notes:

1. *The above has been computed on the basis of amounts derived from the Restated Financial Information.*
2. *The component of debt and equity carries the same meaning as per Schedule III of the Companies Act, 2013.*
3. *The data in the "As adjusted for the Offer" column reflects changes in equity share capital and other equity only on account of the proceeds of Fresh Issue of ₹ 6,000 million considering the allotment at Cap Price. Further, the other equity amount has not been adjusted for Offer Expenses on account of the Offer.*
4. *Pursuant to share subscription agreement dated May 18, 2023 ("SSA"), the Company has allotted 27,272,727 equity shares having a face value of Rs. 10/- each, at an issue price of Rs. 55 each (including a premium of Rs. 45 each) to Amansa Investments Ltd. ("Investor"), on May 23, 2023, for a consideration of Rs. 1,500 million by way of a private placement on a preferential allotment basis.*
5. *On July 12, 2023, 572,497 and 34,040,000 equity shares have been issued to eligible employees pursuant to exercise of the outstanding vested options under SBFC Stock Option Policy 2021 II and SBFC Stock Option Policy II 2018, respectively.*

FINANCIAL INDEBTEDNESS

Our Company has availed term loans in the ordinary course of its business typically for the purpose of onward lending as per RBI guidelines for bank finance to NBFCs.

Set forth below is a brief summary of the aggregate borrowings of our Company as of March 31, 2023:

Category of borrowing	Sanctioned amount as on March 31, 2023 (₹ million)	Outstanding amount as on March 31, 2023 (₹ million)
Borrowings of the Company		
Term Loans (including working capital demand loan)		
Principal Amount Outstanding	48,400.00	33,394.22
Effective interest rate adjustment on Term Loans	-	(127.99)
Interest accrued but not due on Term Loans	-	24.59
Total (A)	48,400.00	33,290.82
Non Convertible Debentures (NCD)		
Principal Amount Outstanding	430.00	430.00
Interest accrued but not due on NCD	-	24.03
Total (B)	430.00	454.03
Collateralized Borrowings		
Principal Amount Outstanding	5,374.94	3,634.11
Interest accrued but not due on Collateralized Borrowings	-	11.66
Total (C)	5,374.94	3,645.77
Total (A+B+C)	54,204.94	37,390.62

Note: As certified by our Statutory Auditors by way of their certificate dated July 26, 2023

As on March 31, 2023, our Subsidiary does not have any outstanding borrowings.

Further, below are additional parameters with respect to aggregate borrowings of our Company:

Particulars	As of March 31, 2023 (in ₹ million)	As of March 31, 2022 (in ₹ million)	As of March 31, 2021 (in ₹ million)
Gross Loan Book to Total Assets*	0.77	0.67	0.50
Total Borrowing to Gross Loan Book [^]	0.84	0.97	1.31
PCR	42.04%	40.44%	38.25%
NNPA	626.88	493.72	411.59
NNPA Ratio	1.41%	1.63%	1.95%
GNPA	1,081.65	828.94	666.55
GNPA Ratio	2.43%	2.74%	3.16%

**Gross Loan Book to total Assets represents Gross Loan Book to total Assets as of the last day of the relevant period. Gross Loan Book represents aggregate of future principal outstanding and principal overdue held in our books as on the last day of the relevant period as well as loan assets which has been transferred by our Company by way of securitization and are outstanding as on last day of the relevant period.*

[^] Total Borrowing to Gross Loan Book represents total Borrowing to gross loan book as of the last day of the relevant period. Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and collateralised borrowing principal outstanding as of the last day of the relevant period.

Principal terms of the borrowings:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by the Company:

- Interest:** The interest rate for our borrowings typically ranges between 8.00% and 10.95% per annum and in certain instances the interest rate is linked to the base rate/ MCLR as specified by the lenders.

The Company has also issued rated, secured, listed and redeemable NCDs listed on the BSE, in compliance with the SEBI Debt Listing Regulations. For such borrowings, our Company has entered into certain borrowing documentation including debenture trust deed, and in terms such borrowing documentation, a specified coupon rate i.e. 8.57% per annum.

2. **Tenor:** The tenor of the term loans typically ranges from two years to ten years.

The tenor of the NCDs issued by the Company is three years (calculated from the date of deemed allotment). The tenor of the collateralized borrowings is two years two months to 17 years (calculated from the date of pool transfer).

3. **Security:** The borrowings are typically secured by way of hypothecation as per extant RBI guidelines with asset cover of 1.10 times on the following:

- (i) The loans and advances and receivables which are standard assets in the Company's books;
- (ii) All current assets, all book debts, present or future, arising from/in connection with the business of the Company, both present and future; excluding cash and cash equivalent of the Company and excluding any reserve created for any specific financial indebtedness or for specific purpose;
- (iii) The Pass Through Certificates ("**PTCs**"), subscribed by the Company and issued by the SBFC LAP Trust June 2019 and SBFC HL Trust June 2019 pursuant to the trust documents and all receivables, present and future, arising out of the PTCs and all its present and future right, title and interest in relation thereto.

4. **Pre-payment:** The Company has the option to pre-pay the lenders in majority of our borrowings, subject to prior notice of a minimum 15 to 30 days and pre-payment charges at such rate as may be stipulated by the lenders which is 1% to 3% of the amount being prepaid.

5. **Repayment:** The borrowings are not repayable on demand other than WCDL, The Company is typically required to repay the borrowings in monthly or quarterly instalments, along with interest. The NCD will be repaid at the end of tenor, i.e., August 6, 2024, with interest served on annual basis.

6. **Restrictive Covenants:**

The borrowing arrangements entered into by the Company require the relevant lender's prior written consent or requires the Company to make intimations to the relevant lender, as applicable, for carrying out certain actions, including:

- any change in shareholding (*inter alia, specifically if shareholding of all the Promoters is reduced below 51% or 76%, case basis*)/ constitution/ directorship (*inter alia, specifically if Aseem Dhru, the Managing Director and CEO ceases to continue in his position*)/ appointment or removal of key managerial personnel;
- enter into any scheme of merger, amalgamation or undertake a buyback;
- availing of any additional facilities or borrowings;
- any change in the corporate name, or trade name;
- any amendments to the constitutional documents of the Company;
- undertake any expansion or invest in any other entity; and
- repay any loans or credit facility to any related party including but not limited to its directors and shareholders.

7. **Events of Default:**

The terms of the borrowings contain standard events of default, including:

- failure and inability to pay amounts on the due date;
- failure in performance of any covenant, condition or agreement;
- misrepresentation or provision of incorrect or misleading information;

- cessation/ insolvency or change in business;
- any litigation in relation to the borrowing;
- upon occurrence of any event that may have a material adverse effect;
- downgrade in credit rating by two or more notches; and
- any event of default which occurs under any agreement or document relating to the Company's indebtedness

8. ***Consequences of Events of Default:***

Upon the occurrence of an event of default, the lenders are entitled to, amongst other things:

- withdraw or cancel all the sanctioned facilities by the lender to the Company;
- enforce their security over the hypothecated / mortgaged assets/ invoke guarantees;
- seek immediate repayment of all or part of the outstanding amounts under the respective facilities;
- to review management structure and board and review the conditions for appointment or re-appointment of the managing director or any other person holding substantial powers of management;
- to convert outstanding loan obligations into equity or other securities;
- appoint a nominee director/observer on the Board of our Company;
- cancel all unutilized amount(s) of the facility;
- initiate legal proceedings for recovery of their dues; and
- exercise such other right, power or remedy as permitted under applicable law.

The lists above are indicative in nature and there may be further additional terms under the various borrowing arrangements entered into by the Company.

Further, for the purpose of the Offer, our Company has obtained the necessary consents from its lenders, as required under the relevant facility documentations for undertaking activities relating to the Offer including consequent actions, such as changes / amendments to, including but not limited to, the constitutional documents (memorandum of association and/or articles of association) of our Company in accordance; the corporate name of the Company on account of conversion from private limited company to public limited company; the composition of its management set-up (including appointment/removal of key managerial personnel); the capital structure of the Company; change in shareholding, etc.

Further, for details of financial and other covenants required to be complied with, by our Company, in relation to our loan obligations, 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.*" beginning on page 38.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the section entitled "Restated Financial Information" on page 290.

This Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Prospectus. For further information, see "Forward-Looking Statements" on page 18. Also see the sections entitled "Risk Factors" and "- Factors Affecting our Results of Operations and Financial Condition" on pages 26 and 385, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. The consolidated financial information for Fiscal 2023 is not directly comparable with the standalone financial information for Fiscals 2021 and 2022 since we did not have any subsidiary in such prior periods. Unless otherwise indicated or the context otherwise requires, the Restated Financial Information included in this Prospectus, for Fiscals 2021 and 2022 are derived from our restated standalone financial information, and the financial information for Fiscal 2023 is derived from our restated consolidated financial information. For further information, see "Restated Financial Information" on page 290. Unless the context otherwise requires, in this section, references to "the Company", or "our Company" refer to SBFC Finance Limited on a standalone basis while "we", "us" and "our" refer to SBFC Finance Limited on a consolidated basis.

Unless otherwise indicated, industry and market data used in this section has been derived from the industry report titled "Analysis of NBFC sector and select asset classes in India" dated June, 2023 (the "CRISIL Report") prepared and issued by CRISIL MI&A, appointed by us pursuant to letter dated June 23, 2022 and exclusively commissioned and paid for by us in connection with the Offer. Forecasts, estimates, predictions and any other forward-looking statements contained in the CRISIL Report are inherently uncertain because of changes in factors underlying their assumptions, or events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions or such statements. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. A copy of the CRISIL Report is available on the website of our Company at <https://www.sbfc.com/for-investors>. For further information, see "Risk Factors – Industry information included in this Prospectus has been derived from an industry report prepared by CRISIL MI&A exclusively commissioned and paid for by us for such purpose." on page 38. Also see, "Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data" on page 16.

Overview

We are a systemically important, non-deposit taking non-banking finance company ("NBFC-ND-SI") offering Secured MSME Loans and Loans against Gold, with a majority of our borrowers being entrepreneurs, small business owners, self-employed individuals, salaried and working class individuals. Among MSME-focused NBFCs in India, we have one of the highest assets under management ("AUM") growth, at a CAGR of 44% in the period from Fiscal 2019 to Fiscal 2023. (Source: CRISIL Report, page 189) We have also witnessed healthy disbursement growth, at a CAGR of 40% between Fiscal 2021 and Fiscal 2023. (Source: CRISIL Report, page 189)

As of June 20, 2023, approximately only 16.9 million MSMEs have registered on UDYAM, of the estimated 70 million MSMEs in India (Source: CRISIL Report, page 160), leaving a large number of MSMEs without access to organised finance owing to their unregistered status. As of March 2022, less than 15% of MSMEs have access to credit in any manner and traditional institutions have historically refrained from providing credit to underserved or unserved MSMEs and self-employed individuals, leaving them to resort to credit from informal sources. (Source: CRISIL Report, page 161) The credit gap was estimated at around ₹ 92 trillion in Fiscal 2023, offering growth potential for financial institutions. (Source: CRISIL Report, page 175) Further, with increasing presence of MSME lenders in smaller cities and lenders increasingly focusing on underserved customers, the portfolio of secured MSME loans with ticket size between ₹ 0.50 million and ₹ 3.00 million is expected to grow at a CAGR of 18% - 20% between Fiscal 2023 and Fiscal 2026. (Source: CRISIL Report, page 174) In addition, there has been credit growth in non-metro cities, owing to financial literacy, mobile penetration and government schemes aimed at bringing the unbanked within the formal banking system. (Source: CRISIL Report, page 136) As a result, the industry has witnessed an increase in access to formal credit to MSMEs, which could be attributed to the

increase in the number of MSMEs registered with the Ministry of Micro, Small and Medium Enterprises, to 13.09 million in Fiscal 2023, from 0.50 million in Fiscal 2016. (Source: CRISIL Report, page 161) Accordingly, we focus on disbursing loans with a ticket size in the range of ₹ 0.50 million to ₹ 3.00 million and as of March 31, 2023, 87.27% of our AUM had a ticket size within this range.

We believe that our products allow many underserved and underbanked customers to thrive. As of March 31, 2023, the average ticket size (“ATS”) of our Secured MSME Loans, Loans against Gold and other unsecured loans, on the basis of disbursed amounts was ₹ 0.99 million, ₹ 0.09 million and ₹ 0.69 million, respectively. Among NBFCs, the Gross NPA for Secured MSME Loans for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 4.2% in March 2023. (Source: CRISIL Report, page 167) As of March 31, 2023, our Gross NPA to AUM ratio for ticket sizes between ₹ 0.50 million and ₹ 3.00 million was 1.97%. Our total AUM as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 22,213.23 million, ₹ 31,921.81 million and ₹ 49,428.23 million, respectively. As of March 31, 2021, March 31, 2022 and March 31, 2023, we had provided loans to 56,587, 72,816 and 102,722 customers, respectively. We serve customers in tier II and tier III cities, thereby fostering entrepreneurship in these regions, focusing on customers who have a strong credit history but may lack formal proof of income documents.

We have a diversified pan-India presence, with an extensive network in our target customer segment. As of March 31, 2023, we have an expansive footprint in 120 cities, spanning 16 Indian states and two union territories, with 152 branches. Our geographically diverse distribution network, spread across the North, South, East and West zones, allows us to penetrate underbanked populations in tier II and tier III cities in India. Among MSME focussed NBFCs, we had the lowest proportion of AUM emanating from the largest state in our portfolio as of March 31, 2023 (Source: CRISIL Report, page 194), being 17.42%, demonstrating better diversification. As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. Our AUM is diversified across India, with 30.84%, being ₹ 15,242.41 million, in the North (in the states of Chandigarh, Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand), 38.53%, being ₹ 19,047.97 million, in the South (in the states of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Puducherry), and 30.63%, being ₹ 15,137.85 million, in the West and East (in the states of Gujarat, Madhya Pradesh, Maharashtra, West Bengal, Assam and Bihar) collectively, as of March 31, 2023. Our disbursements across zones are also well-distributed, and we have reduced our concentration risk across industries and sectors, as demonstrated by the fact that no single industry, including the manufacturing sector, contributes more than 10% of our loan portfolio as of March 31, 2023.

Our complete portfolio of loans has in-house origination and benefits from our risk management framework. Leveraging our significant operational experience, we have set up stringent credit quality checks and customised operating procedures that exist at each stage for comprehensive risk management. We primarily focus on small enterprise borrowers, whose monthly income is up to ₹ 0.15 million, with a demonstrable track record of servicing loans such as gold loans, loans for two-wheeler vehicles and have a CIBIL score above 700 at the time of origination. We source customers directly through our sales team of 1,911 employees as of March 31, 2023, and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish strong relationships with them, high levels of customer satisfaction and increased loyalty. Our risk management and underwriting processes, including our extensive customer assessment methods and monitoring systems, have aided our healthy portfolio quality indicators such as low rates of Gross NPAs and Net NPAs. As of March 31, 2021, March 31, 2022 and March 31, 2023, our Gross NPA ratio was 3.16%, 2.74% and 2.43%, respectively, and our Net NPA ratio was 1.95%, 1.63% and 1.41%, respectively.

While our underwriting model contributes to suitable customers being onboarded, we have also created an on-ground collections infrastructure that is extensive, to ensure that we maintain a high asset quality. Our collections process is also technology-driven. As of March 31, 2023, approximately 89.49% of our Secured MSME Loan collections and 90.92% of our unsecured loan collections were non-cash based EMI collections, thus reducing our cash management risk, and enabling customers to receive real-time payment receipts through SMS.

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. In terms of distribution, our centralized real-time lending system, is a multi-product digital platform supporting mobile customer onboarding, paperless login and loan processing, which leads to quicker turn-around time. Our mobile application also enables customers to manage existing loans, in addition to servicing loans online. We have introduced ‘Leviosa’, a loan origination platform capable of on-boarding and disbursing loans. Further, we have also pioneered the use of our platform containing data of multiple portfolios in a single system, which allows for data migration from external to internal loan management systems, and enables other lenders to be on-boarded seamlessly. For our Loan against Gold portfolio, we have set up a dedicated ‘Gold Genie’ sales application,

enabling gold loan disbursal at a customer's home. Thereafter, the dedicated customer service team reminds customers about interest payments and collects feedback on any service improvements suggested.

Our business model focuses on collection of cash flows. Our AUM has grown at a CAGR of 49.17% from ₹ 22,213.23 million as of March 31, 2021 to ₹ 49,428.23 million as of March 31, 2023. In terms of business momentum, we witnessed disbursement growth at a CAGR of 40% between Fiscal 2019 and Fiscal 2023. (Source: CRISIL Report, page 189) We have witnessed consistent improvement in our balance sheet position in the last three Fiscals, and our net worth as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 12,051.08 million, ₹ 12,871.67 million and ₹ 17,272.68 million, respectively. Our Tangible Net Worth as of March 31, 2021, March 31, 2022 and March 31, 2023 was ₹ 9,447.16 million, ₹ 10,267.75 million and ₹ 14,668.76 million, respectively. In a limited period, we have demonstrated a history of healthy financial performance. In Fiscal 2021, 2022 and 2023, our revenue from operations were ₹ 5,070.99 million, ₹ 5,290.52 million and ₹ 7,328.12 million, respectively. Further, we believe we have the ability to access borrowings at a competitive cost due to our stable credit history, credit ratings, conservative risk management policies and brand equity. Our average cost of borrowing was 8.11%, 7.65% and 8.22% for Fiscal 2021, 2022 and 2023, respectively.

We have an experienced and dedicated management team with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. We believe the significant business expertise of our management team positions us well to capitalize on future growth opportunities. Each of them have extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations. We are backed by marquee institutional investors such as the Clermont Group, Arpwood Group and Malabar Group, who provide their expertise to our operations, including through their representatives on our Board. In addition to providing us with capital, our institutional shareholders have assisted us in our growth through strategic guidance based on their previous experience and insight into the financial services sector in India.

The following table sets out key financial and operational parameters in the relevant periods:

Particulars	As of / For the Year ended March 31,		
	2021	2022	2023
Customers ⁽¹⁾	56,587	72,816	102,722
AUM (₹ million) ⁽²⁾	22,213.23	31,921.81	49,428.23
Net Worth (₹ million) ⁽³⁾	12,051.08	12,871.67	17,272.68
Tangible Net Worth (₹ million) ⁽⁴⁾	9,447.16	10,267.75	14,668.76
Leverage (AUM/ Net worth)	1.84	2.48	2.86
AUM/ Tangible Net Worth	2.35	3.11	3.37
Restated Profit After Tax for the Year / Period (₹ million)	850.10	645.21	1,497.36
RoA (%) ⁽⁵⁾	2.01%	1.48%	2.92%
ROE (%) ⁽⁶⁾	7.67%	5.18%	9.93%
Return on Tangible Equity ⁽⁷⁾	10.02%	6.55%	12.01%
Branches ⁽⁸⁾	124	135	152
Employees ⁽⁹⁾	1,471	2,048	2,822
AUM per branch (₹ million) ⁽¹⁰⁾	179.14	236.46	325.19
AUM per employee (₹ million) ⁽¹¹⁾	15.10	15.59	17.52
Disbursement (Secured MSME Loans) per branch per month (₹ million) ⁽¹²⁾	4.00	8.23	12.48
Disbursement (Secured MSME Loans) per employee per month (₹ million) ⁽¹³⁾	0.66	0.89	1.07
Gross NPA ratio (%) ⁽¹⁴⁾	3.16%	2.74%	2.43%
Net NPA ratio (%) ⁽¹⁵⁾	1.95%	1.63%	1.41%
Operating Expenses to Average AUM (%) ⁽¹⁶⁾	6.59%	6.59%	5.70%
Average cost of borrowing (%) ⁽¹⁷⁾	8.11%	7.65%	8.22%
Cost to income ratio (%) ⁽¹⁸⁾	46.34%	57.19%	49.82%
Provision Coverage Ratio (%) ⁽¹⁹⁾	38.25%	40.44%	42.04%
Average yield on Gross Loan Book (%) ⁽²⁰⁾	15.09%	14.89%	15.91%
Net Interest Margin (%) ⁽²¹⁾	11.73%	9.39%	9.32%

Note:

- (1) Number of customers represents aggregate number of customers of our Company as of the last day of relevant period including securitized accounts.
- (2) AUM represents aggregate of Gross Loan Book and share of a partner bank for loan under co-origination as of the last day of the relevant period.
- (3) Net worth represents the sum of equity share capital and other equity as of the last day of the relevant period.
- (4) Tangible Net worth represents the sum of equity share capital and other equity and reduced by goodwill as of the last day of the relevant period.

- (5) ROA represents profit after tax, divided by average of total assets on book. Total assets represents total assets as of the last day of the relevant period.
- (6) ROE is calculated as restated profit after tax for the year/ period divided by total equity.
- (7) Return on Tangible Equity is calculated as the Profit After Tax for the relevant period as a percentage of Average Tangible Net Worth in such period.
- (8) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.
- (9) Number of employees represents aggregate number of employees of our Company as of the last day of relevant period. Employees exclude trainees under National Apprentice Promotion Scheme.
- (10) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.
- (11) AUM per employee represents AUM as of the last day of the relevant period divided by number of employees.
- (12) Disbursement per branch per month represents disbursements in the relevant period divided by number of branches and number of months.
- (13) Disbursement per employee per month represents disbursements in the relevant period divided by number of employees and number of months.
- (14) Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.
- (15) Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.
- (16) Operating Expenses to Average AUM represents our operating expenses for a period to the Average AUM for the period.
- (17) Average cost of borrowings represents finance cost as a percentage of average outstanding borrowing for the relevant year.
- (18) Cost to income ratio represents operating expenses (which comprises the aggregate of employee benefits expense, depreciation and amortisation and other expenses) as a percentage of total revenue less adjusted finance costs for the relevant year.
- (19) Provision Coverage Ratio represents total provisions held on Gross NPA as of the last day of the period, as a percentage of total Gross NPAs as of the last day of the period.
- (20) Average yield on Gross Loan Book represents the ratio of interest income on loan assets for a period to the average Gross Loan Book for the period.
- (21) Net Interest Margin represents our net interest income on the loans for a period to the average AUM for the period, represented as a percentage.

The following table sets out key financial and operational parameters pertaining to our Secured MSME Loan portfolio as of/ for the relevant periods:

Particulars	As of / For the Year ended March 31,		
	2021	2022	2023
Live MSME loan accounts	12,250	23,018	40,872
MSME borrowers	9,665	19,004	34,738
MSME disbursements (₹ million)	5,955.21	13,328.28	22,768.20
AUM from MSMEs (₹ million)	14,422.75	23,262.70	39,200.03

Factors Affecting our Results of Operations and Financial Condition

Interest rate volatility

Our results of operations depend substantially on our Net Interest Income and our ability to maintain and improve our Net Interest Margin. Our Net Interest Margin was 11.73%, 9.39% and 9.32%, in Fiscal 2021, 2022 and 2023, respectively. Our Net Interest Margin decreased in Fiscal 2022 and Fiscal 2023 owing to reduced interest on investment in pass-through certificate, as we focussed on scaling up loan assets instead. For further information on our Net Interest Margins, cost of borrowing, yields, and spread, see “Selected Statistical Information” on page 271. Any adverse change to Net Interest Margins, yield or cost of borrowing will have a significant impact on our results of operations. Interest earned is the largest component of our total income, and was ₹ 4,631.66 million, ₹ 4,731.47 million and ₹ 6,541.52 million and represented 90.54%, 89.15% and 88.36% of our total income in Fiscal 2021, 2022 and 2023, respectively. Changes in RBI repo rates could affect the interest charged on interest-earning assets and the interest rates paid on interest-bearing liabilities. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates. Interest rates have a substantial effect on our cost of funding, our business volumes and our profit margins. Declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. Declining interest rates may also lead to a greater demand for additional borrowings as business owners seek to take advantage of lower interest rates, resulting in an increase in volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new funds, resulting in a decrease in volume of our financing activities. In a rising interest rate scenario, our profit margins are therefore primarily dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. In addition, changes in interest rates also affect the interest rates we pay on our interest-bearing liabilities. Varying maturity periods applicable to our interest bearing assets and interest-bearing liabilities and a consequent change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our interest income from financing activities.

See “Risk Factors - Our business is particularly vulnerable to interest rate risk, and volatility in interest rates for both lending and treasury operations, could have an adverse effect on our net interest income and net interest margin, thereby affecting our results of operations and cash flows” on page 31.

Availability of cost effective funding sources

The availability of cost-effective funding sources significantly affects our results of operations. Our funding requirements are predominantly sourced through term loans (short term and long term) from banks and other financial institutions. We have established long term relationships with various banks and financial institutions which provide ease of access to funding from such institutions. Our quality loan portfolio, stringent credit appraisal and risk management processes and stable credit history have resulted in improved credit status with our lenders over the years, thereby enabling us to reduce our cost of borrowings from banks and other financial institutions. Our credit status with our lenders is determined primarily by our NPAs. For further information, see “Our Business – Credit Ratings” on page 220. In addition to debt funding, we also support our funding requirements from internal accruals.

As of March 31, 2021, March 31, 2022 and March 31, 2023, our total borrowings were ₹ 27,725.52 million, ₹ 29,488.18 million and ₹ 37,458.33 million, respectively. Finance costs represent a significant majority of our expenses. In Fiscal 2021, 2022 and 2023, finance costs were ₹ 2,384.56 million, ₹ 2,206.17 million and ₹ 2,764.52 million, respectively, which represented 47.02%, 41.70% and 37.72% of our revenue from operations in the corresponding periods. Our finance costs are dependent on various external factors, including Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. Our average cost of borrowings was 8.11%, 7.65% and 8.22% in Fiscals 2021, 2022 and 2023, respectively. In addition, our cost of incremental borrowings, being new loans sanctioned in the relevant period, reduced from 8.11% in Fiscal 2021 to 7.65% in Fiscal 2022 and was subsequently 8.76% in Fiscal 2023. Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. For further information in relation to our borrowings, see “Financial Indebtedness” on page 379.

We believe that we have been able to maintain relatively stable finance costs as a result of our effective fund raising and asset management strategy. We have also securitized some of our future receivables and entered into agreements for co-origination of loans to augment our liquidity position. This enables us to maintain low debt servicing costs, which in turn allows us to offer our financial products at competitive interest rates. Our ability to maintain our finance costs at optimum levels will continue to have a direct impact on our profitability, results of operations and financial condition.

Geographic reach and distribution network

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 for our Secured MSME Loan portfolio were ₹ 5,955.21 million, ₹ 13,328.28 million and ₹ 22,768.20 million for Fiscal 2021, 2022 and 2023, 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 and field officers. Our growth has historically been driven by a combination of expansion of our operational network as well as an increase in loans extended. In our experience, branches with greater ageing have outperformed more branches that we have operationalised more recently. In addition, we directly engage with customers to offer financing products as well as ancillary services. We have a diversified pan-India presence, with an extensive network in tier II and tier III cities. As of March 31, 2023, we have a footprint in 120 cities, spanning 16 States and two Union Territories, with 152 branches. Our geographically diverse distribution network allows us to penetrate under-banked populations in tier II and tier III cities in India. Our ability to maintain and expand our operational network in a cost effective and efficient manner and serve as a preferred finance provider to entrepreneurs, small business owners, salaried or working class individuals, and self-employed individuals will have a direct impact on our results of operations and financial condition.

While our underwriting model contributes to suitable customers being onboarded, we have also created an “on-ground” collections infrastructure to ensure that we maintain high asset quality. Our branches are staffed with persons who are familiar with 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.

Our branches are also spread across India to reduce concentration risk, with 28.95% in the North (in the states of Chandigarh, Delhi, Haryana, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand), 31.58% in the South (in the states of Karnataka, Andhra Pradesh, Telangana, Tamil Nadu and Puducherry), and 39.47% in the West and East

(in the states of Gujarat, Madhya Pradesh, Maharashtra, West Bengal, Assam and Bihar), collectively, as of March 31, 2023. From our 152 branches, we strategically focus on accessing underbanked customers. Our ability to maintain an extensive geographic reach and distribution network will continue to have an impact on our financial condition and results of operations.

Asset quality, NPAs and provisioning requirements

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. Credit quality is the outcome of the credit appraisal mechanism and recovery system followed by us. We classify NPAs in accordance with regulatory guidelines. As the number of our loans that become NPAs increase, the quality of our loan portfolio decreases. In accordance with RBI norms and our policy on NPA classification, we are required to classify loans that are over 90 days past due as an NPA. As of March 31, 2023, our Stage 3 assets and NPAs also include linked loans (where one customer has more than one loan with our Company, if one loan becomes NPA, all other linked loans also become NPA), and loans that have been 90 DPD and have rolled back but not become current. The following table illustrates our asset quality ratios as of the dates indicated:

Particulars	(₹ million, except ratios and percentages)		
	As of March 31,		
	2021	2022	2023
Gross NPA ⁽¹⁾	666.55	828.94	1,081.65
Gross NPA ratio ⁽²⁾ (%)	3.16%	2.74%	2.43%
Net NPA ⁽³⁾	411.59	493.72	626.88
Net NPA ratio ⁽⁴⁾ (%)	1.95%	1.63%	1.41%

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

(2) Gross NPA ratio (%) represents the Gross NPA to the Gross Loan Book as of the last day of the relevant period.

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

(4) Net NPA ratio (%) represents the Net NPA to the Gross Loan Book as of the last day of the relevant period.

Our asset quality is dependent upon our credit appraisal processes and recovery mechanisms. With the growth of our business, our ability to manage the quality of our loans will be a key driver to our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs.

In our experience, direct sourcing allows for complete control over the quality of customers and processes involved for disbursement, which leads to better asset quality, compared to other methods of customer acquisition. It has helped mitigate underwriting and default risks by enabling us to have a customer base with a better credit profile. Further, it reduces turn-around time, as the borrower's profile is readily available with us, and we are aware of their existing credit history, reducing the time taken for profile verification.

We believe that the quality of our credit function, resulting in effective credit evaluation measures, as well as our systematic processes such as verification of borrower risk profile, source of repayment, underlying collateral and disbursement and collection processes, effective portfolio monitoring and timely corrective interventions have enabled us to maintain relatively low levels of NPAs. Our ability to reduce or contain the level of our NPAs is also dependent on a number of factors beyond our control, such as increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, changes in customer behavior and demographic patterns, central and state government decisions and changes in regulations. Additionally, certain provisioning norms are applicable to NBFCs, under applicable accounting standards and directions issued by the RBI. NBFCs are required to, after taking into account the time lag between an account becoming non performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets, as stipulate. Any increase in the level of final credit losses or an inability to maintain our asset quality may adversely affect our NPA levels and require us to increase our provisions and write-offs.

General economic conditions in India and competition

As an NBFC operating in India, our financial performance is dependent on the overall economic condition in India, including the GDP growth rate, the economic cycle and the condition of the securities markets, and perception of these conditions and future economic prospects. While India's GDP is expected to have grown by 6.8% in 2022, this growth is expected to slow down to 5.9% in 2023 before picking up to 6.3% in 2024. (Source: CRISIL Report, page 130) Our financial results are influenced by macroeconomic factors relating to growth of the Indian economy in general, which may lead to an increase in demand for retail loans. Conversely, a slowdown

in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Several factors beyond our control, such as developments in the Indian economy 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. While the portfolio of secured MSME loans with ticket sizes between ₹ 0.50 million and ₹ 3.00 million is expected to grow at a CAGR of 18% - 20% between Fiscal 2023 and Fiscal 2026 (*Source: CRISIL Report, page 174*), any trends or events, which have a significant impact on the economic situation in India could have an adverse impact on our business.

Further, 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, turn-around times and customer relationships. Competitive pressures can impact the performance of all aspects of our business and financial performance, and market conditions in India may incentivise additional financial institutions to enter the market. 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 the tier-II and tier-III cities in which we operate, who are also focused on lending to low and middle income segments and micro, small and medium enterprises. 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. They might also be able to withstand adverse changes in the economic climate of India better than us, through reliance on the reach of affiliated group companies or banks. Competition is also increasing as a result of interest rate deregulation and other liberalization measures.

The competitive pressures and economic environment of India will play a role in determining whether we are able to successfully execute our growth strategy and offer products and services at reasonable returns.

Regulatory developments

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. Our financial condition, results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, and norms for creation of special reserves as well as minimum capital adequacy requirements. As an NBFC, we have to mandatorily obtain a certificate of registration issued by the RBI. We are also required to have minimum net owned funds of ₹ 20.00 million. As of March 31, 2021, March 31, 2022 and March 31, 2023, our net owned funds was ₹ 12,051.08 million, ₹ 12,871.67 million and ₹ 17,272.68 million, respectively. Further, under Ind AS, we compute impairment allowance based on the expected credit loss model.

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. For further information, see “*Key Regulations and Policies*” on page 226.

Basis of Preparation

Our restated consolidated statement of assets and liabilities as at March 31, 2023, our restated consolidated statement of profit and loss (including other comprehensive income/(loss)), restated consolidated statement of changes in equity and restated consolidated statement of cash flows for the year ended March 31, 2023; our restated standalone statement of assets and liabilities as at March 31, 2021 and March 31, 2022, restated standalone statement of profit and loss (including other comprehensive income/(loss)), restated standalone statement of changes in equity and restated standalone statement of cash flows for the years ended March 31, 2021 and March 31, 2022 and the summary statement of significant accounting policies, and other explanatory information is collectively referred to as the “**Restated Financial Information**”.

The Restated Financial Information have been compiled from:

- The audited consolidated financial statements of the Company as at and for the year ended March 31, 2023 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India;

- The audited standalone financial statements of the Company as at and for the year ended March 31, 2022 which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India;
- The audited special purpose standalone financial statements of the Company as at and for the year ended March 31, 2021, which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India.

Principles of Consolidation

The consolidated financial statements incorporate the financial statements of our Company and its Subsidiary (from the date control is gained), being the entity that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The financial statement of the Subsidiary is prepared for the same reporting year as our Company. Where necessary, adjustments is made to the financial statements of subsidiary to align the accounting policies in line with accounting policies of our Company.

Subsidiaries are consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests (“**NCI**”) are measured at their proportionate share of the acquiree’s net identifiable assets at the date of acquisition. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parents of the Company and to the non-controlling interest, even if this results in the non-controlling interests have a deficit balance. Changes in the Company’s equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the holding company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

The consolidated financial information of our Company includes financial information of its Subsidiary, consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'.

Significant Accounting Policies

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Estimation of impairment allowance on financial assets affected by COVID-19 pandemic

The COVID-19 pandemic has impacted most countries, including India. The nationwide lockdown initiated by the Government of India in April - May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, relief towards "Interest on interest" charged during March-August 2020 and allowing onetime restructuring to eligible borrowers (“**OTR**”). Further the second wave of COVID-19 pandemic in April-May 2021 led to re- imposition of localised /regional lockdown in various parts of the country, which led to substantial impact on economic activities. The second wave subsided from June 2021 onwards and there has been gradual lifting of lock downs and increase in economic activities. However the uncertainty around the third wave of COVID-19 pandemic in future and its impact on the economic

activities are not known. Accordingly, the Company's results remain uncertain and dependent on future developments and actuals may differ from the estimates used in the preparation of Restated Financial Information on the reporting date. Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used one-time restructuring scheme under the RBI resolution framework 1.0 and 2.0 and repayment moratorium on loans as early indicators suggesting higher flow rates and probability of default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by resurgence of the COVID-19 pandemic and related events could further influence the estimate of credit losses.

Financial instruments

Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

- Financial assets to be measured at amortised cost
- Financial assets to be measured at fair value through other comprehensive income
- Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

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:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and 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)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the 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 the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs.

Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets. These are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as FVTPL on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Recognition and Derecognition of financial assets and liabilities

Recognition:

Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers. Investments are initially recognised on the trade date. Debt securities, deposits and borrowings are initially recognised when funds reach the Company. Other financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets

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 rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, the Company has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial liabilities

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 the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated November 12, 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset/ Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/ Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset/ Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly, the change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 50. Upgradation of accounts classified as Stage 3/ Non-performing assets (NPA) - The Company upgrades loan accounts classified as Stage 3/ NPA to “standard” asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the Company in this regard.

Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. 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.

The Company has applied 12 months PD to Stage 1 Advances. The lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Advances. PD of 100% is considered for Stage 3 Advances.

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset.

Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in Note 2.4) at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or

location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

Revenue from operations

Interest Income

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

The EIR is computed

- (i) As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset;
- (ii) By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows; and
- (iii) Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non payment of contractual cashflows is recognised on realisation.

Dividend Income

Dividend income is recognised when the right to receive the payment is established.

Fees and Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

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

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain/ loss on fair value changes.

However, net gain/ loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

Other Operating Income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

Expenses

Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan. The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and

commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

Defined contribution schemes

All the eligible employees of the Company who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each balance sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company fully contributes all ascertained liabilities to The Trustees – “SBFC Finance Private Limited employees group gratuity cash accumulation scheme”. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company- Life Insurance Corporation of India.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Company uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Company allots shares to the Trustee of the Trust, for giving shares to employees. The Company treats Trust as its extension and shares held by the Trust are treated as treasury shares.

Leases:

Effective April 1, 2019 the Company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on April 1, 2019 using the modified retrospective approach under which the company recognised lease liabilities at the initial date of application. At the date of commencement of the lease, the Company has recognised a lease liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, 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 non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Company's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Other income and expenses

All other income and expense are recognized in the period they occur.

Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Taxes

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of five years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- (i) estimated amount of contracts remaining to be executed on capital account and not provided for;
- (ii) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

Impairment of loans portfolio

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.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Effective Interest Rate (“EIR”) method

The Company’s EIR methodology, recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the base rate and other fee income/ expense that are integral parts of the instrument

Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date. Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months.

Foreign Currency

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange 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. Exchange differences arising on the settlement or translation of monetary items are recognised in the restated consolidated statement of profit or loss in the year in which they arise.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The Company recognizes government grants under ‘Other Income’ in the statement of profit and loss on a systematic basis over the years in which the Company recognizes as expenses the related costs for which the grants are intended to compensate or when performance obligations are met

Recent Accounting Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The Company does not expect the amendment to have any significant impact on its consolidated financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases. The amendments narrowed the scope of the recognition exemption in paragraph 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect the amendment to have any significant impact on its consolidated financial statements.

Non-GAAP Measures

Certain measures such as ROA, ROE (“**Non-GAAP Measures**”), presented in this Prospectus are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian

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

Principal Components of Income and Expenditure

Total Income

Revenue from operations

Our total revenue from operations primarily comprises of interest income, fees and commission income, net gain on fair value changes, net gain on derecognition of financial instruments and other operating income. Interest income primarily includes interest on loans, while other operating income primarily includes (i) advertisement income received from advertisements placed on our website and at our branches, and (ii) prepayment charges recovered from customers.

Other income

Our other income primarily comprises of the interest on income tax refunds.

Expenses

Finance costs

Finance costs primarily comprises of interest on debt securities, interest on borrowings (other than debt securities), interest on lease liabilities pertaining to leasehold branch premises and other interest expenses in the nature of ancillary borrowing cost.

Net loss on derecognition of financial instruments under amortised cost category

Net loss on derecognition of financial instruments under amortised cost category comprises of loss on sale of non-performing assets to an asset reconstruction company and income on sale of investment in pass through certificates.

Impairment on financial instruments

Impairment on financial instruments primarily comprises of provision for impairment loss allowance recognized on loans and loans written off (net of recovery).

Employee benefits expense

Employee benefits expense primarily comprises of salaries and bonus, contribution to provident and other funds, gratuity expenses, share based payment expenses to employees and staff training and welfare expenses.

Depreciation and amortization expense

Depreciation, amortization and impairment expenses includes depreciation on property, plant and equipment, amortization of intangible assets and depreciation of right-of-use assets.

Other expenses

Other expenses primarily comprises of legal and professional fees, office maintenance, travelling and conveyance costs, printing and stationery expenses, IT expenses, business promotion expenses, communication expenses, balances written off, rent expenses and rates and taxes.

Tax expense

Our tax expense primarily comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the applicable tax laws. Deferred tax liability or credit is recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. We measure our deferred tax based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Goodwill

Our Company, after taking necessary approvals from the Board of Directors *vide* business transfer agreement dated August 1, 2017, acquired retail lending business together with certain other assets, liabilities and employees as a going concern on a slump sale basis from Karvy Financial Services Limited effective close of business hours on September 28, 2017 for a lumpsum consideration of ₹ 10,795.63 million after working capital adjustment as at September 28, 2017. The excess of consideration paid to Karvy Financial Services Limited over the fair value of net assets acquired is considered as goodwill amounting to ₹ 2,603.92 million.

Results of Operations

The following table sets forth certain information with respect to our results of operations on a standalone basis for Fiscal 2021 and 2022 and on a consolidated basis for Fiscal 2023:

Particulars	2021		Fiscal 2022		2023	
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
Revenue from operations						
Interest income	4,631.66	90.54%	4,731.47	89.15%	6,541.52	88.36%
Fees and commission income	241.53	4.72%	272.39	5.13%	412.52	5.57%
Net gain on fair value changes	91.06	1.78%	157.22	2.96%	119.76	1.62%
Net gain on derecognition of financial instruments under amortised cost category	39.68	0.78%	-	-	28.30	0.38%
Other operating income	67.06	1.31%	129.44	2.44%	226.02	3.05%
Total revenue from operations	5,070.99	99.13%	5,290.52	99.68%	7,328.12	98.98%
Other income	44.34	0.87%	16.50	0.31%	75.49	1.02%
Total Income	5,115.33	100.00%	5,307.02	100.00%	7,403.61	100.00%
Expenses						
Finance costs	2,384.56	46.61%	2,206.17	41.57%	2,764.52	37.34%
Net Loss on derecognition of financial instruments under amortised cost category	-	-	106.92	2.01%	-	-
Impairment on financial instruments	336.40	6.58%	360.88	6.80%	320.56	4.33%
Employee benefits expense	841.83	16.46%	1,095.34	20.64%	1,601.23	21.63%
Depreciation and amortisation expense	95.40	1.86%	117.81	2.22%	127.14	1.72%
Other expenses	316.49	6.19%	552.94	10.42%	576.50	7.79%
Total expenses	3,974.68	77.70%	4,440.06	83.66%	5,389.95	72.81%
Profit before tax	1,140.65	22.30%	866.96	16.34%	2,013.66	27.19%
Tax expense						
Current tax	300.24	5.87%	262.12	4.94%	584.90	7.90%
Deferred tax charge/ (credit)	(9.69)	(0.19)%	(40.37)	(0.76)%	(68.60)	(0.93)%
Total tax expense	290.55	5.68%	221.75	4.18%	516.30	6.97%
Profit after tax	850.10	16.62%	645.21	12.16%	1,497.36	20.22%
Other comprehensive income						

Particulars	Fiscal					
	2021		2022		2023	
	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income	(₹ million)	Percentage of Total Income
<i>Items that will not be reclassified to statement of profit and loss</i>						
Re-measurement of net defined benefit plan	1.76	0.03%	3.72	0.07%	1.89	0.03%
Income tax relating to items that will not be reclassified to profit or loss	(0.44)	(0.01)%	(0.94)	(0.02)%	(0.48)	(0.01)%
<i>Items that will be reclassified to profit or loss</i>						
Other comprehensive income	1.32	0.02%	2.78	0.05%	1.41	0.02%
Total comprehensive income for the year	851.42	16.64%	647.99	12.21%	1,498.77	20.24%

Fiscal 2023 compared to Fiscal 2022

Total income

Our total income increased by 39.51% from ₹ 5,307.02 million in Fiscal 2022 to ₹ 7,403.61 million in Fiscal 2023. This increase was primarily due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased by 38.51% from ₹ 5,290.52 million in Fiscal 2022 to ₹ 7,328.12 million in Fiscal 2023, primarily due to an increase in interest income by 38.26% from ₹ 4,731.47 million in Fiscal 2022 to ₹ 6,541.52 million in Fiscal 2023. This was primarily attributable to an increase in interest on loans from ₹ 3,825.40 million in Fiscal 2022 to ₹ 5,952.92 million in Fiscal 2023, due to growth in AUM which increased by 54.84% from ₹ 31,921.81 million as of March 31, 2022 to ₹ 49,428.23 million as of March 31, 2023. The growth in AUM was primarily due to an increase in our Secured MSME lending and our Loan Against Gold portfolio. Our interest on deposits from banks also increased from ₹ 70.46 million in Fiscal 2022 to ₹ 145.70 million in Fiscal 2023. These increases were partially offset by a decrease in our interest on investment in pass through certificates by 50.18% from ₹ 835.61 million in Fiscal 2022 to ₹ 416.28 million in Fiscal 2023 due to month on month run down in our Company's pass through certificate portfolio.

Other income

Our other income increased from ₹ 16.50 million in Fiscal 2022 to ₹ 75.49 million in Fiscal 2023, primarily due to an increase in interest on income tax refund from ₹ 0.44 million in Fiscal 2022 to ₹ 16.02 million in Fiscal 2023. Others, primarily including interest refund, excess amount received from customers, subsidy received from government and unwinding of lease deposit, increased from ₹ 14.39 million in Fiscal 2022 to ₹ 55.17 million in Fiscal 2023.

Expenses

Total expenses increased by 21.39% from ₹ 4,440.06 million in Fiscal 2022 to ₹ 5,389.95 million in Fiscal 2023.

Finance costs

Our finance costs increased by 25.31% from ₹ 2,206.17 million in Fiscal 2022 to ₹ 2,764.52 million in Fiscal 2023, primarily due to an increase in interest on borrowings from ₹ 2,041.00 million in Fiscal 2022 to ₹ 2,715.29 million in Fiscal 2023, owing to increased requirement for disbursements in light of business growth. This was partially offset by a decrease in interest on debt securities from ₹ 148.06 million in Fiscal 2022 to ₹ 36.85 million in Fiscal 2023.

Net loss on derecognition of financial instruments under amortised cost category

We incurred no expense on net loss on derecognition of financial instruments under amortised cost category in Fiscal 2023, compared to an expense of ₹ 130.23 million in Fiscal 2022 on the portfolio with principal outstanding of ₹ 394.90 million.

Impairment on financial instruments

The impairment on financial instruments and other receivables decreased by 11.17% from ₹ 360.88 million in Fiscal 2022 to ₹ 320.56 million in Fiscal 2023. This was primarily due to decrease in our loans written off (net of recovery) from ₹ 359.26 million in Fiscal 2022 to ₹ 150.67 million in Fiscal 2023. This was partially offset by an increase in impairment of loans from ₹ 1.62 million in Fiscal 2022 to ₹ 169.89 million in Fiscal 2023.

Employee benefits expense

Our employee benefits expense increased by 46.19% from ₹ 1,095.34 million in Fiscal 2022 to ₹ 1,601.23 million in Fiscal 2023, primarily due to an increase in salary and bonus from ₹ 995.51 million in Fiscal 2022 to ₹ 1,409.93 million in Fiscal 2023. The increase in salary and bonus was due to an increase in the number of our employees as a result of growth in our business and annual increments given to our employees. Further, our employee share based payment expenses increased from ₹ 29.60 million in Fiscal 2022 to ₹ 89.32 million in Fiscal 2023. Our employees increased from 2,048 employees, as of March 31, 2022 to 2,822 employees as of March 31, 2023.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 7.92% from ₹ 117.81 million in Fiscal 2022 to ₹ 127.14 million in Fiscal 2023, primarily due to increase in the depreciation on property, plant and equipment. The increase was primarily attributable to the increase in branch premises from 135 branches in Fiscal 2022 to 152 branches in Fiscal 2023, and various assets acquired at such branch premises.

Other expenses

Our other expenses increased marginally by 4.26% from ₹ 552.94 million in Fiscal 2022 to ₹ 576.50 million in Fiscal 2023, primarily due to an increase in (i) legal and professional expenses, from ₹ 114.95 million in Fiscal 2022 to ₹ 141.77 million in Fiscal 2023, and (ii) traveling and conveyance expense, from ₹ 34.99 million in Fiscal 2022 to ₹ 56.91 million in Fiscal 2023.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 2,013.66 million in Fiscal 2023 compared to profit before tax of ₹ 866.96 million in Fiscal 2022.

Tax expenses

Our tax expenses increased from ₹ 221.75 million in Fiscal 2022 to ₹ 516.30 million in Fiscal 2023. Current tax expense increased from ₹ 262.12 million in Fiscal 2022 to ₹ 584.90 million in Fiscal 2023, primarily due to a corresponding increase in profit before tax. Our deferred tax credit increased from ₹ 40.37 million in Fiscal 2022 to ₹ 68.60 million in Fiscal 2023, which was primarily on account of deferred tax asset created on provision for bad and doubtful debts.

Profit after tax

Our profit after tax increased from ₹ 645.21 million in Fiscal 2022 to ₹ 1,497.36 million in Fiscal 2023.

Fiscal 2022 compared to Fiscal 2021

Total income

Our total income increased by 3.75% from ₹ 5,115.33 million in Fiscal 2021 to ₹ 5,307.02 million in Fiscal 2022. This increase was primarily due to an increase in revenue from operations.

Revenue from operations

Our revenue from operations increased by 4.33% from ₹ 5,070.99 million in Fiscal 2021 to ₹ 5,290.52 million in Fiscal 2022, primarily due to an increase in interest income from ₹ 4,631.66 million in Fiscal 2021 to ₹ 4,731.47 million in Fiscal 2022. This was primarily attributable to an increase in interest on loans from ₹ 2,773.92 million in Fiscal 2021 to ₹ 3,825.40 million in Fiscal 2022, due to growth in AUM which increased by 43.71% from ₹ 22,213.23 million as of March 31, 2021 to ₹ 31,921.81 million as of March 31, 2022. The growth in AUM was primarily due to an increase in our Secured MSME lending and our Loan Against Gold portfolio.

Other income

Our other income decreased by 62.79% from ₹ 44.34 million in Fiscal 2021 to ₹ 16.50 million in Fiscal 2022, primarily due to a decrease in interest on income tax refund from ₹ 32.77 million in Fiscal 2021 to ₹ 0.44 million in Fiscal 2022.

Expenses

Total expenses increased by 11.71% from ₹ 3,974.68 million in Fiscal 2021 to ₹ 4,440.06 million in Fiscal 2022.

Finance costs

Our finance costs decreased by 7.48% from ₹ 2,384.56 million in Fiscal 2021 to ₹ 2,206.17 million in Fiscal 2022, primarily due to a decrease in interest on borrowings (other than debt securities) from ₹ 2,120.39 million in Fiscal 2021 to ₹ 2,041.00 million in Fiscal 2022 and a decrease in interest on debt securities from ₹ 242.24 million in Fiscal 2021 to ₹ 148.06 million in Fiscal 2022.

Net loss on derecognition of financial instruments under amortised cost category

We incurred an expense of ₹ 130.23 million on net loss on derecognition of financial instruments under amortised cost category in Fiscal 2022 on the portfolio with principal outstanding of ₹ 394.9 million, compared to no such expense in Fiscal 2021. This expense was on account of loss incurred on the sale of our non-performing assets to an asset reconstruction company. The expense was partially offset by the income on sale of investment in pass through certificates of ₹ 23.31 million.

Impairment on financial instruments

The impairment on financial instruments and other receivables increased by 7.28% from ₹ 336.40 million in Fiscal 2021 to ₹ 360.88 million in Fiscal 2022. This was primarily due to an increase in our loans written off (net of recovery) from ₹ 54.61 million in Fiscal 2021 to ₹ 359.26 million in Fiscal 2022, owing to the impact of COVID-19. This was partially offset by a decrease in impairment of loans from ₹ 281.79 million in Fiscal 2021 to ₹ 1.62 million in Fiscal 2022 resulting from utilisation of provisions made on account of the COVID-19 pandemic in Fiscal 2021.

Employee benefits expense

Our employee benefits expense increased by 30.11% from ₹ 841.83 million in Fiscal 2021 to ₹ 1,095.34 million in Fiscal 2022, primarily due to an increase in salary and bonus from ₹ 752.63 million in Fiscal 2021 to ₹ 995.51 million in Fiscal 2022. The increase in salary and bonus was due to an increase in the number of our employees as a result of growth in our business and annual increments given to our employees. Our employees increased from 1,471 employees, as of March 31, 2021 to 2,048 employees as of March 31, 2022.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 23.49% from ₹ 95.40 million in Fiscal 2021 to ₹ 117.81 million in Fiscal 2022, primarily due to increase in the depreciation on property, plant and equipment. The increase was primarily attributable to the increase in branch premises from 124 branches in Fiscal 2021 to 135 branches in Fiscal 2022, and various other assets acquired at such branch premises.

Other expenses

Our other expenses increased by 74.71% from ₹ 316.49 million in Fiscal 2021 to ₹ 552.94 million in Fiscal 2022, primarily due to an increase in (i) legal and professional expenses from ₹ 60.00 million in Fiscal 2021 to ₹ 114.95 million in Fiscal 2022, (ii) IT expenses, from ₹ 42.27 million in Fiscal 2021 to ₹ 74.14 million in Fiscal 2022, and (iii) business promotion expenses, from ₹ 16.51 million in Fiscal 2021 to ₹ 53.41 million in Fiscal 2022.

Profit before Tax

For the reasons discussed above, profit before tax was ₹ 866.96 million in Fiscal 2022 compared to profit before tax of ₹ 1,140.65 million in Fiscal 2021.

Tax expenses

Our tax expenses decreased by 23.68% from ₹ 290.55 million in Fiscal 2021 to ₹ 221.75 million in Fiscal 2022. Current tax expense decreased from ₹ 300.24 million in Fiscal 2021 to ₹ 262.12 million in Fiscal 2022, primarily due to a corresponding decrease in profit before tax. Our deferred tax credit increased from ₹ 9.69 million in Fiscal 2021 to ₹ 40.37 million in Fiscal 2022 which was on account of deferred tax asset created on processing fees paid on term loans borrowed from banks.

Profit after tax

Our profit after tax decreased by 24.10% from ₹ 850.10 million in Fiscal 2021 to ₹ 645.21 million in Fiscal 2022.

Financial Condition

Assets

The table below sets out the principal components of our assets as of the dates indicated:

Particulars	As of March 31,		
	2021	2022	2023
	(₹ million)		
Financial assets			
Cash and cash equivalents	1,382.72	1,514.76	1,834.44
Bank balances other than cash and cash equivalents	2,031.06	1,838.17	2,169.99
Receivables			
- Trade receivables	38.91	82.68	108.29
Loans	20,701.94	29,824.12	44,153.10
Investments	14,842.49	8,481.13	6,065.92
Other financial assets	58.18	34.17	38.98
Total financial assets	39,055.30	41,775.03	54,370.72
Non-Financial assets			
Current tax assets (net)	206.42	341.92	-
Property, plant and equipment	390.00	357.06	336.53
Intangible assets under development	3.33	-	7.49
Goodwill	2,603.92	2,603.92	2,603.92
Other intangible assets	17.21	32.87	23.54
Other non-financial assets	35.72	39.54	122.20
Total non-financial assets	3,256.60	3,375.31	3,093.68
Total assets	42,311.90	45,150.34	57,464.40

As of March 31, 2023, we had total assets of ₹ 57,464.40 million, compared to ₹ 45,150.34 million as of March 31, 2022 and ₹ 42,311.90 million as of March 31, 2021. The increase in our total assets from March 31, 2021 to March 31, 2023 was primarily on account of growth in our disbursements and loan portfolio.

Financial Assets

Cash and cash equivalents

Our cash and cash equivalents increased from ₹ 1,382.72 million as of March 31, 2021 to ₹ 1,514.76 million as of March 31, 2022 primarily due to increase in fixed deposits with original maturity of less than three months and further increased to ₹ 1,834.44 million as of March 31, 2023 primarily due to increase in balances with banks in current accounts.

Bank balances other than cash and cash equivalents

Our bank balances other than cash and cash equivalents decreased from ₹ 2,031.06 million as of March 31, 2021, to ₹ 1,838.17 million as of March 31, 2022, owing to decrease in fixed deposits with banks having original maturity more than three months as well as fixed deposit with banks with interest accrued but not due. Bank balances other than cash and cash equivalents subsequently increased to ₹ 2,169.99 million as of March 31, 2023, primarily due to increase in fixed deposit with banks having original maturity of more than three months.

Trade receivables

Our trade receivables increased from ₹ 38.91 million as of March 31, 2021 to ₹ 82.68 million as of March 31, 2022 and subsequently to ₹ 108.29 million as of March 31, 2023, primarily due to increase in unsecured receivables considered good.

Loans

Our loans increased from ₹ 20,701.94 million as of March 31, 2021 to ₹ 29,824.12 million as of March 31, 2022 and further to ₹ 44,153.10 million as of March 31, 2023 on account of growth in our loan portfolio which increased on account of growth of our business resulting from branch and employee increases.

Investments

Our investments decreased from ₹ 14,842.49 million as of March 31, 2021 to ₹ 8,481.13 million as of March 31, 2022 due to reduction in the portfolio that we acquired through a trust. Investments reduced further to ₹ 6,065.92 million as of March 31, 2023, primarily owing to reduction in the amount of (i) investment in quoted mutual funds and (ii) investment in pass through certificates. The reduction in investment in pass through certificates from ₹ 5,397.95 million as of March 31, 2022 to ₹ 2,574.36 million as of March 31, 2023 was offset by an increase in investment in government securities from nil as of March 31, 2022 to ₹ 2,751.94 million as of March 31, 2023.

Other Financial Assets

Other financial assets decreased from ₹ 58.18 million as of March 31, 2021 to ₹ 34.17 million as of March 31, 2022, primarily on account of a decrease in receivables on sale of investment in pass through certificates. Subsequently, other financial assets increased to ₹ 38.98 million as of March 31, 2023 on account of an increase in security deposits.

Non-Financial Assets

Current tax assets (net)

Current tax assets (net) increased from ₹ 206.42 million as of March 31, 2021 to ₹ 341.92 million as of March 31, 2022. Current tax assets (net) decreased to nil as of March 31, 2023, primarily on account of decrease in advance income tax.

Property, plant and equipment

Our property, plant and equipment decreased from ₹ 390.00 million as of March 31, 2021 to ₹ 357.06 million as of March 31, 2022 and further due to ₹ 336.53 million as of March 31, 2023 primarily owing to the impact of depreciation, particularly in furniture.

Other intangible assets

Our other intangible assets increased from ₹ 17.21 million as of March 31, 2021 to ₹ 32.87 million as of March 31, 2022. Other intangible assets subsequently decreased to ₹ 23.54 million as of March 31, 2023 primarily on account of depreciation on assets.

Other non-financial assets

Other non-financial assets increased from ₹ 35.72 million as of March 31, 2021 to ₹ 39.54 million as of March 31, 2022, and further to ₹ 122.20 million as of March 31, 2023, on account of increase in prepaid expenses.

Liabilities

The following table sets forth the principal components of our liabilities as of the dates indicated:

Particulars	As of March 31,		
	2021	2022	2023
	(₹ million)		
Financial liabilities			
Payables			
(A) Trade payables			

Particulars	As of March 31,		
	2021	2022	2023
	(₹ million)		
– total outstanding dues of micro enterprises and small enterprises	-	-	2.96
– total outstanding dues of creditors other than micro enterprises and small enterprises	52.70	80.73	89.34
(B) Other Payables			
– total outstanding dues of micro enterprises and small enterprises	-	-	-
– total outstanding dues of creditors other than micro enterprises and small enterprises	6.30	40.45	36.28
Debt securities	1,584.47	454.03	454.03
Borrowings (other than debt securities)	26,097.27	28,945.04	36,936.59
Other financial liabilities	2,267.08	2,501.17	2,509.83
Total financial liabilities	30,007.82	32,021.42	40,029.03
Non-financial liabilities			
Current tax liabilities (net)	-	-	0.53
Provisions	2.25	2.47	1.32
Deferred tax liabilities (net)	234.86	194.51	125.91
Other non-financial liabilities	15.89	60.27	34.93
Total non-financial liabilities	253.00	257.25	162.69
Total liabilities	30,260.82	32,278.67	40,191.72

As of March 31, 2023, we had total liabilities of ₹ 40,191.72 million, compared to ₹ 32,278.67 million as of March 31, 2022 and ₹ 30,260.82 million as of March 31, 2021.

Financial liabilities

Payables

As of March 31, 2023, we had payables, comprising trade payable and other payables, of ₹ 128.58 million, compared to ₹ 121.18 million as of March 31, 2022 and ₹ 59.00 million as of March 31, 2021. The increase in payables between March 31, 2021 and March 31, 2023 was primarily on account of increase in provision for expenses.

Debt securities

As of March 31, 2023, we had debt securities of ₹ 454.03 million, compared to ₹ 454.03 million as of March 31, 2022 and ₹ 1,584.47 million as of March 31, 2021. The decrease in debt securities between March 31, 2021 and March 31, 2023 was primarily on account of periodic repayment of privately placed redeemable non-convertible debentures.

Borrowings (other than debt securities)

As of March 31, 2023, we had borrowings (other than debt securities) of ₹ 36,936.59 million, compared to ₹ 28,945.04 million as of March 31, 2022 and ₹ 26,097.27 million as of March 31, 2021. We had relatively higher borrowings as of March 31, 2022 and as of March 31, 2023 owing to increased requirement for disbursements in light of business growth.

Other financial liabilities

As of March 31, 2023, we had other financial liabilities of ₹ 2,509.83 million, compared to ₹ 2,501.17 million as of March 31, 2022 and ₹ 2,267.08 million as of March 31, 2021. The increase in other financial liabilities from March 31, 2021 to March 31, 2023 was primarily on account of increase in employee benefits payable and book overdraft.

Non-financial liabilities

Deferred tax liabilities (net)

As of March 31, 2023, we had deferred tax liabilities (net) of ₹ 125.91 million, compared to ₹ 194.51 million as of March 31, 2022 and ₹ 234.86 million as of March 31, 2021.

Other non-financial liabilities

As of March 31, 2023, we had other non-financial liabilities of ₹ 34.93 million, compared to ₹ 60.27 million as of March 31, 2022 and ₹ 15.89 million as of March 31, 2021. The increase in our non-financial liabilities from March 31, 2021 to March 31, 2023 was owing to increase in the amount of tax deductible at source to be paid on salary and provident fund contribution.

Equity

As of March 31, 2023, our total equity was ₹ 17,272.68 million, representing 30.06% of our total assets. As of March 31, 2022, our total equity was ₹ 12,871.67 million, representing 28.51% of our total assets. As of March 31, 2021, our total equity was ₹ 12,051.08 million, representing 28.48% of our total assets. The increase in our total equity from March 31, 2021 to March 31, 2023 was primarily due to a combination of equity infusion, increase in statutory reserves and securities premium and an increase in our retained earnings.

Liquidity and Capital Resources

We have historically secured financing from diversified sources, including term loans, proceeds from loans securitized, mutual funds, and debt securities. As of March 31, 2021, March 31, 2022 and March 31, 2023, our total borrowings were ₹ 27,725.52 million, ₹ 29,488.18 million and ₹ 37,458.33 million, respectively.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our capital levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements contain a number of covenants including financial covenants. For further information, see “Financial Indebtedness” and “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 379 and 38, respectively.

Cash Flows

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

Particulars	For the year ended March 31,		
	2021	2022	2023
	(₹ million)		
Net cash generated from/ (used in) operating activities	(2,751.96)	(8,216.44)	(12,449.55)
Net cash generated from/ (used in) investing activities	3,750.58	6,518.16	2,059.16
Net cash generated from/ (used in) financing activities	(1,866.65)	1,830.32	10,710.07
Net increase/ (decrease) in cash and cash equivalents	(868.03)	132.04	319.68
Cash and cash equivalents as at the beginning of the year	2,250.75	1,382.72	1,514.76
Cash and cash equivalents at the end of the year	1,382.72	1,514.76	1,834.44

Operating Activities

Fiscal 2023

Net cash flows used in operating activities was ₹ 12,449.55 million for Fiscal 2023. While our profit before tax was ₹ 2,013.66 million, we had an operating profit before working capital changes of ₹ 2,292.97 million. This increase was primarily due to addition of non-cash items such as depreciation and amortization expenses of ₹ 127.14 million, finance cost on borrowings and debt securities of ₹ 2,752.14 million and impairment on financial instruments of ₹ 320.56 million. Our changes in working capital for Fiscal 2023 primarily consisted of an increase in loans and advances of ₹ 14,382.80 million on accounts of increased loan disbursements to our customers.

Fiscal 2022

Net cash flows used in operating activities was ₹ 8,216.44 million for Fiscal 2022. While our profit before tax was ₹ 866.96 million, we had an operating profit before working capital changes of ₹ 1,233.84 million. This increase was primarily due to addition of non-cash items such as depreciation and amortisation expenses of ₹ 117.81 million, impairment of financial instruments of ₹ 360.88 million and net gain on derecognition of financial instruments under amortised cost of ₹ 106.92 million. Our changes in working capital for Fiscal 2022 primarily consisted of an increase in loans and advances of ₹ 9,672.32 million on accounts of increased loan disbursements to our customers.

Fiscal 2021

Net cash flows used in operating activities was ₹ 2,751.96 million for Fiscal 2021. While our profit before tax of ₹ 1,140.65 million, we had an operating profit before working capital changes of ₹ 1,219.01 million. This increase was primarily due to depreciation and amortisation expenses of ₹ 95.40 million and impairment of financial instruments of ₹ 336.40 million. Our changes in working capital for Fiscal 2021 primarily consisted of an increase in loans and advances of ₹ 5,485.36 million on accounts of increased loan disbursements to our customers.

Investing Activities

Fiscal 2023

Net cash generated from investing activities was ₹ 2,059.16 million in Fiscal 2023, primarily on account of sale of investments at fair value through profit and loss of ₹ 21,178.46 million, sale of investments in pass through certificates of ₹ 2,807.02 million as well as maturity/redemption of fixed deposits of ₹ 3,044.89 million. These were partially offset by proceeds from purchase of investments at fair value through profit and loss of ₹ 18,714.34 million, purchase of investment in government securities of ₹ 3,160.32 million and placement of fixed deposits of ₹ 3,364.03 million.

Fiscal 2022

Net cash generated from investing activities was ₹ 6,518.16 million in Fiscal 2022, primarily on account of sale of investments at fair value through profit and loss of ₹ 21,480.25 million and sale of investments in pass through certificates of ₹ 5,455.63 million, partially offset by proceeds from purchase of investments at fair value through profit and loss of ₹ 20,452.13 million.

Fiscal 2021

Net cash generated from investing activities was ₹ 3,750.58 million in Fiscal 2021, primarily on account of sale of investments at fair value through profit and loss of ₹ 17,488.85 million and sale of investments in pass through certificates of ₹ 7,846.20 million, partially offset by proceeds from purchase of investments at fair value through profit and loss of ₹ 21,351.89 million.

Financing Activities

Fiscal 2023

Net cash generated from financing activities was ₹ 10,710.07 million in Fiscal 2023 on account of proceeds from borrowings other than debt securities of ₹ 17,115.74 million and proceeds from issue of equity share capital including securities premium of ₹ 2,813.67 million, partially offset by repayment of borrowings other than debt securities of ₹ 9,145.57 million.

Fiscal 2022

Net cash generated from financing activities was ₹ 1,830.32 million in Fiscal 2022 on account of proceeds from borrowings other than debt securities of ₹ 8,930.00 million, partially offset by repayment of borrowings other than debt securities of ₹ 6,097.35 million and debt securities repaid of ₹ 1,500.00 million.

Fiscal 2021

Net cash used in financing activities was ₹ 1,866.65 million in Fiscal 2021 on account of repayment of borrowings other than debt securities of ₹ 5,659.85 million and debt securities repaid of ₹ 3,250.00 million. These were

partially offset by proceeds from borrowings other than debt securities of ₹ 4,571.61 million, debt securities issued of ₹ 1,500.00 million and proceeds from issuance of equity shares of ₹ 1,037.08 million.

Financial Indebtedness

As of March 31, 2023, our total borrowings were ₹ 37,390.62 million. For further information on our borrowings, see “*Financial Indebtedness*” on page 379. Our Company has issued secured, redeemable, rated and non-convertible debentures which are listed on the debt segment of BSE. The following table sets forth certain information relating to outstanding indebtedness as of March 31, 2023 and our repayment obligations in the periods indicated:

	Payment due by period				
	Total	Less than one year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Total Borrowings	37,390.62	11,276.04	17,697.51	6,475.89	1,941.18

Securitization arrangements

During Fiscal 2021, 2022 and 2023, we held securitized assets worth ₹ 752.04 million, ₹ 588.30 million and ₹ 3,911.04 million, respectively.

Contingent Liabilities and Capital Commitments

The following table sets forth our contingent liabilities and capital commitments as of March 31, 2023:

Particulars	As of March 31, 2023 (₹ million)
Contingent liabilities	
Claims against the Company not acknowledged as debts*	6.36
Capital commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12.01
Commitments related to loans sanctioned but undrawn	-
Other commitments	-

*These involve 17 consumer complaints and claims filed against our Company.

For details of the contingent liabilities and capital commitments as reported in the Restated Financial Information, see “*Financial Statements – Notes to Restated Financial Information - Note 47*” on page 350. For further information on capital commitments following the balance sheet date, see “- *Significant Developments After March 31, 2023 That May Affect our Future Results of Operations*” on page 417.

Off-Balance Sheet Commitments and Arrangements

Other than in connection with our co-origination agreement with ICICI Bank, as disclosed in “*Risk Factors - We may not be able to sustain our growth or manage it effectively or execute our growth strategy effectively. If we fail to increase our operational efficiency, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively*”, “*Our Business – Business Operations*”, “*Selected Statistical Information - Secured MSME Loans – Upto ₹ 3.00 Million*” on pages 39, 212 and 280, respectively, 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 Expenditures / Additions to Property, Plant and Equipment

Our capital expenditure consists principally of expenditure relating to banking outlets and investment in technology infrastructure. In Fiscal 2021, 2022 and 2023, we incurred ₹ 127.93 million, ₹ 73.43 million and ₹ 77.75 million, respectively, in the purchase of property, plant and equipment.

Capital to Risk-weighted Assets Ratios (“CRAR”)

The following table sets forth certain details of our CRAR derived from our Restated Financial Information, as of the dates indicated:

Particulars	As of March 31,		
	2021	2022	2023
CRAR (%)	26.25%	26.21%	31.90%
CRAR – Tier I capital (%)	25.62%	25.90%	31.71%
CRAR – Tier II capital (%)	0.63%	0.31%	0.19%

For further information in relation to CRAR, see “*Risk Factors - We are subject to laws and regulations governing the financial services industry and our operations in India, including laws in relation to capital adequacy ratios. Changes in, and differing interpretations of, laws and regulations governing us could adversely affect our business, results of operations and prospects*” on page 34.

Debt/ Tangible Equity Ratio

Our debt/ tangible equity ratio as of March 31, 2021, March 31, 2022 and March 31, 2023 was 2.93, 2.87 and 2.55, respectively.

Credit Ratings

We have received a credit rating of Ind A/ Stable in Fiscal 2018, and have subsequently been upgraded to Ind A+/Stable in Fiscal 2022 by India Rating. We have received a credit rating upgrade of [ICRA] A+ (Stable) in October 2022 from [ICRA] A (Positive) in October 2021 for our term loan and NCDs. We have received a rating of CARE A+; Stable by CARE Ratings for our long term bank facilities in April 2023.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration to KMPs, Senior Management and Directors, employee share-based payments and issuance of equity share capital.

In Fiscal 2021, 2022 and 2023, the aggregate amount of such related party transactions was ₹ 1,100.11 million, ₹ 242.05 million and ₹ 2,376.10 million, respectively. The percentage of the aggregate value such related party transactions to our revenue from operations in Fiscal 2021, 2022 and 2023 was 21.69%, 4.58% and 32.42%, respectively. The increased percentage of related party transaction in Fiscal 2021 and 2023 is mainly on account of equity infusion by the Promoters of our Company. For further information relating to our related party transactions, please see the section entitled “*Restated Financial Information – Note 43*” on page 347.

Quantitative and Qualitative Disclosure about Market Risk

Our Company’s risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. Our Company is exposed to credit risk, liquidity risk and interest rate risk.

Credit Risk

Credit risk is the risk that our Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Our Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. For instance, our Company has guidelines in place covering the acceptability and valuation of each type of collateral. We also adhere to RBI guidelines in respect of maintenance of adequate LTV ratios.

Liquidity Risk

Liquidity risk is defined as the risk that our Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that our Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to our Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management

Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee of our Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The core business of our Company is providing loan against property (which we refer to as Secured MSME Loans) and Loan against Gold. Our Company borrows through various financial instruments to finance its core lending activity. These activities expose our Company to interest rate risk. Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

Auditor's Observations

Except as set out below, there have been no reservations/ qualifications/ adverse remarks/ emphasis of matters highlighted by our Statutory Auditors in their examination report on the Restated Financial Information:

For the year ended March 31, 2021

"We draw attention to Note 6 of the special purpose financial statements, which describes the continuing uncertainties arising from the COVID 19 pandemic and particularly the impairment provisions are dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter."

For further information, see "*Risk Factors – Our Statutory Auditors have included certain emphasis of matter in connection with Fiscal 2021 in their examination report on the Restated Financial Information and have included certain remarks in connection with the Companies (Auditor's Report) Order, 2020/ Companies (Auditor's Report) Order, 2016*" on page 48.

Unusual or infrequent Events or Transactions

Except as described in this 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 "*—Factors affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 385 and 26, respectively. To our knowledge, except as discussed in this Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

Significant Economic Changes that Materially Affect or are Likely to Affect Income from Continuing Operation

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*—Factors affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 385 and 26, respectively.

Recent accounting pronouncements

As on the date of this Prospectus, there are no recent accounting pronouncements, which we believe would have a material effect on our financial condition or results of operations.

New Products or Business Segments

Except as described in this Prospectus, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and the introduction of new products.

Future Relationship Between Cost and Income

Other than as described elsewhere in the sections “*Risk Factors*”, “*Our Business*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 26, 200 and 382, respectively, to our knowledge, there are no known factors that will have a material adverse impact on our operations and financial condition.

Significant Dependence on a Single or Few Customers or Suppliers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Competitive Conditions

We operate in a competitive environment. See sections, “*Our Business*”, “*Industry Overview*”, “*Risk Factors—Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share*” and “*— Factors affecting our Results of Operations and Financial Condition – Competition*” on pages 200, 129, 34 and 385, respectively.

Seasonality/Cyclicality of Business

Our business is not seasonal in nature. For further information, see “*- Factors Affecting our Financial Condition and Results of Operations*” on page 385.

Significant Developments After March 31, 2023 That May Affect our Future Results of Operations

- (i) On December 6, 2022, our Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited (“**Subsidiary**”), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary had made an application to the RBI for obtaining a Certificate of Registration to operate as a ‘Housing Finance Company’ on March 29, 2023. However, RBI has subsequently returned the application for registration, since the Subsidiary did not meet the requirement of minimum net owned funds as stipulated by the RBI under circular DOR.CRE.REC. No. 60/03.10.001/2021-22. Our Company is reviewing the same and necessary action will be taken in due course of time.
- (ii) Pursuant to the share purchase agreement dated May 18, 2023 (“**SPA**”), certain Promoters of our Company i.e. SBFC Holdings Pte. Ltd, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP have sold an aggregate of 61,818,181 Equity Shares to Amansa Investments Ltd, Steadview Capital Mauritius Limited, Malabar India Fund Limited, Malabar Midcap Fund, Malabar Select Fund, Dovetail Global Fund PCC - Paragon Partners Equity Fund, Paragon Partners Equity Fund, Massachusetts Institute of Technology and Siddharth Parekh.
- (iii) Pursuant to share subscription agreement dated May 18, 2023 (“**SSA**”), our Company has allotted 27,272,727 Equity Shares having a face value of ₹ 10 each, at an issue price of ₹ 55 each (including a premium of ₹ 45 each) to Amansa Investments Ltd., on May 23, 2023, for a consideration of ₹ 1,500.00 million by way of a private placement on a preferential allotment basis.
- (iv) On May 19, 2023, our Company has approved the amendment to SBFC Stock option Policy 2023 – I under the provisions of Section 62 of the Companies Act, 2013, the Companies (Share Capital and Debenture) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the relevant rules, circulars, notifications thereunder, as amended and modified from time to time. Our Company has approved the amendment of exercise price from ₹ 60 to ₹ 55 per vested option vide special resolution at the EGM held on May 19, 2023.
- (v) Our Company has issued ESOP under SBFC Stock option Policy 2023- II vide resolution at the EGM held on July 12, 2023. The policy comprises maximum 20,300,000 options. The options shall have

quarterly vesting only after 24 months from the date of the grant, after the expiry of the cliff, i.e. over a period of 48 months from the date of grant. The exercise price of the vested option shall be ₹ 55 per vested option.

- (vi) Subsequent to March 31, 2023, 2,701,000 Equity Shares have been transferred from Vistra ITCL (India) Limited, trustee of SBFC Employee Welfare Trust, to eligible employees pursuant to exercise of the outstanding vested options. Further, 34,612,497 Equity Shares have been issued to eligible employees pursuant to exercise of the outstanding vested options under various SBFC stock option policies.
- (vii) On June 23, 2023, the investment committee of our Company has decided to exit 7.26% Government Securities maturing in 2032 on account of the investment being volatility due to its long maturity period. Hence, our Company has exited the 7.26% Government Securities, having a carrying amount of ₹ 2,731.95 million as on March 31, 2023, resulting in a realized gain (excluding EIR adjustments) of ₹ 37.58 million. Further, our Company has invested in treasury bills amounting to ₹ 1,431.86 million and will hold this till maturity to maintain the required Liquidity Coverage Ratio.
- (viii) Pursuant to the share purchase agreements dated July 25, 2023, certain Promoters have transferred Equity Shares to certain mutual funds as listed below:

Transfer from	Transfer to	Number of equity shares transferred
Arpwood Partners Investment Advisors LLP	SBI Optimal Equity Fund – Long Term	8,77,193
Arpwood Partners Investment Advisors LLP	ICICI Prudential Banking and Financial Services Fund	8,77,193
Arpwood Partners Investment Advisors LLP	HDFC Banking and Financial Services Fund	34,56,551
Arpwood Capital Private Limited	HDFC Banking and Financial Services Fund	12,78,901
Eight45 Services LLP	HDFC Banking and Financial Services Fund	5,27,706
SBFC Holdings Pte Ltd	SBI Retirement Benefit Fund - Aggressive Plan	27,28,420
SBFC Holdings Pte Ltd	SBI Retirement Benefit Fund - Aggressive Hybrid Plan	14,39,210
SBFC Holdings Pte Ltd	SBI Retirement Benefit Fund - Conservative Hybrid Plan	1,63,510
SBFC Holdings Pte Ltd	SBI Retirement Benefit Fund - Conservative Plan	54,825
SBFC Holdings Pte Ltd	ICICI Prudential Banking and Financial Services Fund	43,85,964

Other than as disclosed above and elsewhere in this Prospectus, to our knowledge no circumstances have arisen since March 31, 2023 that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by regulatory or statutory authorities, (iii) claims related to direct and indirect taxes, and (iv) other pending litigation as determined to be material pursuant to the Materiality Policy in each case involving our Company, our Subsidiary, the Promoters and the Directors (“**Relevant Parties**”). Further, except as disclosed in this section, there are no disciplinary actions including penalties imposed by the SEBI or the stock exchanges against the Promoters in the last five financial years including any outstanding action.*

Further, the Company does not have any Group Companies.

For the purpose of (iv) above, the Board in its meeting held on July 12, 2023 has considered and adopted the Materiality Policy for identification of material litigation to be disclosed by our Company in this Prospectus.

In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five Financial Years including outstanding action, and tax matters, would be considered “material” if:

- a) the monetary amount of claim by or against the entity or person in any such pending proceeding is individually in excess of ₹ 14.97 million which is 1% of the profit after tax of the Company as per the Restated Financial Information of latest Fiscal; or*
- b) which may not meet the monetary threshold stated above or where monetary liability is not quantifiable but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. In terms of the Materiality Policy, outstanding dues to any creditor of our Company exceeding ₹ 0.24 million, i.e., 5 % of the total trade payables of the Company as on the date of the Restated Financial Information shall be considered as “material”. Accordingly, as of March 31, 2023, any outstanding dues of ₹ 0.24 million or more have been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.*

It is clarified that pre-litigation notices (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) received by our Company, the Directors or the Promoters shall not be considered as litigations until such time that any of our Company, the Directors or the Promoters, as the case may be, is impleaded as a defendant in proceedings before any judicial forum.

I. Litigation involving our Company

A. Litigation filed against our Company

a. Criminal proceedings

1. Pramod Pawar filed an FIR on September 6, 2021 against Dependra Gosh, manager at the Company’s branch located at City Plaza Building before the Bhaktinagar Police Station, Siliguri. Pramod Pawar allegedly claimed that he had won the bid for 58 packets of gold for ₹ 6.25 million. However, at the time of delivery he was only given 56 packets of gold and asked to pay an additional ₹ 0.18 million. The matter is currently pending.
2. Pappama filed an FIR on February 10, 2022 against Gawtham and Shivu, employees of the Company at the Hulimavu branch before the Hulimavu Police Station on behalf of her deceased son Kantaraju, who died by suicide. Pappama alleged that Gawtham and Shivu had been harassing Kantaraju to repay the loan amount. The matter is currently pending.
3. Pramod Kumar filed an FIR on March 1, 2022 against Prabhat, Saurabh, Suresh and Nitin,

employees of the Company at the Sikandara branch before Sikandara Police Station, Agra. Pramod Kumar obtained a loan worth ₹ 54,000 and mortgaged 21.56 gms of gold against the loan. Pramod Kumar alleged cheating, criminal conspiracy, criminal breach of trust and intentional insult against the abovementioned employees of the Company. The matter is currently pending.

4. Shubhankar Das filed an FIR on October 29, 2021 before the Bhaktinagar police station, against Debendra Gosh and Pampa Chaudhary, employees at the Company's branch located at Bhaktinagar, Siliguri. He alleged cheating by the branch officers for closing his loan account without notice. The matter is currently pending.
5. Mikki Singh Ranhotra filed an FIR on October 4, 2021 against Gaurav Jain, an employee of the Company at the Prince Chowk Branch before the Dehradun Police Station. The complainant alleged cheating, criminal conspiracy and criminal breach of trust for not releasing gold packets worth ₹ 3.30 crore belonging to the complainant. The matter is currently pending.
6. Suchha Singh Khatri filed an FIR on February 17, 2023 against Deewan Housing Finance Corporation Limited ("DHFL"), employees of DHFL, our Company and some employees of our Company before the Sonipat Police Station, Haryana. Suchha Singh Khatri allegedly claimed that the loan offered to him by DHFL of ₹ 2.8 million and Rs. 0.05 million was illegally transferred to our Company without any prior intimation or permission and some fake offer cum acceptance letters were issued by DHFL to Suchha Singh Khatri. The matter is currently pending.
7. Mussaraf Ansari filed an FIR on March 7, 2023 against Magma Fincorp, Abhishek Plastic Trading and our Company, amongst others, before the Ghaziabad police station. Mussaraf Ansari allegedly claimed that our Company has wrongfully shown Abhishek Plastic Trading as the real owner of the property and given loan to them, which caused loss to Mussaraf Ansari. Further, he alleged that our Company has taken symbolic possession of his property based on forged property documents presented by Abhishek Plastic Trading, thereby giving wrongful gain to them. The matter is currently pending.
8. Abid Khan filed an FIR on April 22, 2023 against Basu Saxena, our branch manager as well as our Company, amongst others, before the Prem Nagar, Bareilly police station. Abid Khan alleged that our Company and its employees had fraudulently taken signatures from his father to register a loan and an insurance policy in his name. The matter is currently pending.

b. Actions by regulatory and statutory authorities

Nil

c. Material civil proceedings

Nil

B. Litigation filed by our Company

a. Criminal proceedings

1. Arunchandra Jupalli, Vice President of our Company filed an FIR on January 13, 2018 against Rajasekaram D, chief valuer of gold of the Company at the Ramamurthy Nagar branch, Bangalore before the Ramamurthy Nagar police station alleging cheating, criminal breach of trust, and misappropriation of funds and gold by creation of false documents for wrongful gain amounting to ₹ 8.08 million. This matter is currently pending.
2. Anand Falodia, regional head of our Company, filed an FIR on July 24, 2021 against Mahendra Patel, Falguni Kashyap, Pramod Chaudhary and Shailendra Sharma, employees of the Company at the Dewas branch before the Dewas Police Station. The complainant alleged cheating, criminal conspiracy and criminal breach of trust on behalf of the abovementioned employees while evaluating the purity of the ornaments while disbursing gold loans. The matter is currently pending.

3. Itikala Thirupathi, the chief value officer, for gold loan of the Company's Karimnagar branch in Telangana filed an FIR on September 2, 2021 before the Karimnagar police station, against Moluguri Kiran, a customer alleging, among others, cheating for submitting fake gold coated iron bangles as security for obtaining a gold loan aggregating to ₹ 0.35 million. This matter is currently pending.
4. Shanmugalakshmanan, manager of the Company's Kamarajar Street branch in Kancheepuram filed an FIR on November 5, 2021 before the Kancheepuram police station against Mahesh, the sales head and Karthikeyan, the branch manager at the branch alleging criminal breach of trust, cheating and dishonestly inducing delivering of property for replacing gold ornaments weighting 2327.76 grams with fake gold ornaments leading to a loss of ₹ 7.64 million. This matter is currently pending.
5. Sandeep Singh Negi, authorised representative of the Company, filed an FIR on July 1, 2022 against Ajab Singh Nagar before the Noida police station alleging embezzlement of ₹ 1.15 million by knowingly and deliberately committing cheat, deception and fraud, in furtherance of a criminal conspiracy, while extracting and cheating the money of the Company in the name of gold loan with the intention to cause himself wrongful benefit and to cause wrongful loss to the Company. The matter is currently pending.
6. Preeti Vijay, branch manager of the Company's Subhash Nagar branch in Gurugram filed an FIR on July 5, 2022 before the Gurugram police station, against Akshay Gohri, a customer alleging, among others, forgery and fraud by submitting fake documents to obtain a loan aggregating to ₹ 0.50 million. This matter is currently pending.
7. The Company has filed 3,823 complaints against various persons under section 138 read with Sections 141 and 142 of the Negotiable Instruments Act, 1881, in relation to the dishonour of cheques and recovery of dues. These matters are currently pending at different stages of adjudication before various fora. The aggregate amount involved in these matters is ₹ 1,451.23 million.

b. Material civil proceedings

The Company has filed 77 complaints against various persons under Section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") and the Security Interest (Enforcement) Rules, 2002 in relation to the failure of repayment of dues. The Company has taken possession of the property in exercise of the powers conferred under section 13(4) of the SARFAESI Act read with rule 9 of the Security Interest (Enforcement) Rules, 2002. These matters are currently pending at different stages of adjudication before various fora. The aggregate amount involved in these matters is ₹ 297.38 million of which amount involved in one of these matters is above ₹ 14.97 million. The Company has also invoked arbitration proceedings in 4,191 cases against various persons under the Arbitration and Conciliation Act, 1996 on account of non-payment of dues of monthly installments which constituted an event of default in terms of the respective loan agreements entered into between the customers and the Company. These matters are currently pending at different stages and the aggregate amount involved in these matters is ₹ 1,811.09 million, none of these matters are above ₹ 14.97 million.

c. Tax Proceedings

Our Company filed a return of income declaring business loss to be carried forward for an amount of Rs. 57,12,74,403. The Income Tax Department passed an order dated April 13, 2021 disallowing certain allowable expenses amounting to Rs.17.88 million. Our Company has filed an appeal to the Commissioner of Income Tax (Appeal) ("CIT (Appeals)") against the said order. The matter is currently pending.

II. Litigation involving the Promoters

A. Litigation filed against the Promoters

a. Criminal proceedings

Nil

- b. Actions by regulatory and statutory authorities**
Nil
- c. Disciplinary actions including penalty imposed by SEBI or the Stock Exchanges against the Promoters in the last five Financial Years**
Nil
- d. Material civil proceedings**
Nil
- B. Litigation filed by the Promoters*
 - a. Criminal proceedings**
Nil
 - b. Material civil proceedings**
Nil
- III. Litigation involving our Directors**
 - A. Litigation filed against our Directors*
 - a. Criminal proceedings**
Nil
 - b. Actions by regulatory and statutory authorities**
Nil
 - c. Material civil proceedings**
Nil
 - B. Litigation filed by the Directors*
 - a. Criminal proceedings**
Nil
 - b. Material civil proceedings**
Nil
- IV. Litigation involving our Subsidiary**
 - A. Litigation filed against our Subsidiary*
 - a. Criminal proceedings**
Nil
 - b. Actions by regulatory and statutory authorities**
Nil
 - c. Material civil proceedings**
Nil

B. Litigation filed by the Subsidiary

a. Criminal proceedings

Nil

b. Material civil proceedings

Nil

Tax Proceedings involving our Company, Subsidiary, Promoters and Directors

Details of outstanding tax proceedings involving our Company, Subsidiary, Promoters and Directors as of the date of this Prospectus are disclosed below:

Nature of Proceedings	Number of Proceedings	Amount involved* (in ₹ million)
Direct Tax		
Company	1	17.88
Promoters	Nil	Nil
Directors	Nil	Nil
Subsidiary	Nil	Nil
Sub-total (A)	1	17.88
Indirect Tax		
Company	Nil	Nil
Promoters	Nil	Nil
Directors	Nil	Nil
Subsidiary	Nil	Nil
Sub-total (B)	Nil	Nil
Total (A+B)	1	17.88

*Such amount excludes any interest or penalty in relation to such tax proceedings

Outstanding dues to creditors

In terms of the Materiality Policy, the creditors to whom the amount due by our Company exceeds 5% of the total trade payables excluding unbilled dues (i.e., 5% of ₹ 4.87 million which is ₹ 0.24 million) of our Company as on March 31, 2023 as provided in the Restated Financial Information have been considered as material creditors of our Company for the purposes of disclosure in this Prospectus. Details of outstanding dues owed to material creditors, MSME creditors and other creditors of our Company based on such determination are disclosed below:

Type of creditors	Number of creditors	Amount involved (in ₹ million)
Material creditors	2	1.04
Micro, Small and Medium Enterprises creditors	20	0.23
Other creditors	132	3.60
Total	154	4.87

As of March 31, 2023, the details of outstanding amounts due to material creditors are disclosed below:

Type of creditors	Amount involved (in ₹ million)
Saksham Protection Services Private Limited	0.59
Total	0.59

For further details, see the website of our Company at <https://www.safc.com/for-investors>. The details pertaining to outstanding over dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at <https://www.safc.com/for-investors>.

Instances of defaults/ delay in payment of statutory dues

As disclosed in “Risk Factors - There are certain defaults/ delay in payment of statutory dues by us. Any further default/ delay in payment of statutory dues may attract financial penalties from the respective government authorities and in turn may have a material adverse impact on our financial condition and cash flows.” on page

40 of this Prospectus, we have had instances of defaults/delay in the payment of certain statutory dues with respect to non-payment of GST, TDS, provident fund and professional tax, amongst others, the outstanding amount of which stood at ₹ 1,100.00, as on March 31, 2023. Please see below the details of such defaults/ delays, as on the date of filing of this Prospectus.

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
1.	Goods & Services Tax	Maharashtra	Apr-20	52,723	32 days	Paid
2.	Goods & Services Tax	Maharashtra	Apr-20	23,552	22 days	Paid
3.	Goods & Services Tax	Maharashtra	Apr-20	138,174	23 days	Paid
4.	Goods & Services Tax	Maharashtra	Oct-20	7,878,651	7 days	Paid
5.	Goods & Services Tax	Maharashtra	Nov-20	6,669,754	9 days	Paid
6.	Goods & Services Tax	Maharashtra	Dec-21	1,123,256	1 days	Paid
7.	Goods & Services Tax	Maharashtra	Dec-21	15,572,871	1 days	Paid
8.	Goods & Services Tax	Maharashtra	Mar-22	29,117,235	3 days	Paid
9.	Labour Welfare Fund	Andhra Pradesh	Dec-20	6,000	9 days	Paid
10.	Labour Welfare Fund	Andhra Pradesh	Dec-21	6,900	271 days	Paid
11.	Labour Welfare Fund	Chandigarh	Sep-20	150	4 days	Paid
12.	Labour Welfare Fund	Chandigarh	Aug-21	175	10 days	Paid
13.	Labour Welfare Fund	Chandigarh	Sep-21	175	12 days	Paid
14.	Labour Welfare Fund	Chandigarh	Jan-22	175	199 days	Paid
15.	Labour Welfare Fund	Chandigarh	Mar-22	175	199 days	Paid
16.	Labour Welfare Fund	Chandigarh	Apr-22	175	16 days	Paid
17.	Labour Welfare Fund	Chandigarh	May-22	175	16 days	Paid
18.	Labour Welfare Fund	Chandigarh	Jun-22	175	16 days	Paid
19.	Labour Welfare Fund	Chandigarh	Jul-22	250	16 days	Paid
20.	Labour Welfare Fund	Chandigarh	Aug-22	225	16 days	Paid
21.	Labour Welfare Fund	Chandigarh	Sep-22	200	16 days	Paid
22.	Labour Welfare Fund	Delhi	Jun-20	123	16 days	Paid
23.	Labour Welfare Fund	Delhi	Dec-20	110	41 days	Paid
24.	Labour Welfare Fund	Delhi	Jun-21	101	534 days	Paid
25.	Labour Welfare Fund	Delhi	Nov-21	48	350 days	Paid
26.	Labour Welfare Fund	Delhi	Dec-21	78	350 days	Paid
27.	Labour Welfare Fund	Gujarat	Dec-20	864	14 days	Paid
28.	Labour Welfare Fund	Gujarat	Dec-21	1,170	6 days	Paid
29.	Labour Welfare Fund	Haryana	Jan-21	2,175	338 days	Paid
30.	Labour Welfare Fund	Haryana	Feb-21	3,000	338 days	Paid
31.	Labour Welfare Fund	Haryana	Mar-21	3,312	338 days	Paid
32.	Labour Welfare Fund	Haryana	Apr-21	3,525	338 days	Paid
33.	Labour Welfare Fund	Haryana	May-21	3,238	338 days	Paid
34.	Labour Welfare Fund	Haryana	Jun-21	3,561	338 days	Paid
35.	Labour Welfare Fund	Haryana	Jul-21	3,342	338 days	Paid
36.	Labour Welfare Fund	Haryana	Aug-21	3,748	338 days	Paid
37.	Labour Welfare Fund	Haryana	Sep-21	3,720	338 days	Paid
38.	Labour Welfare Fund	Karnataka	Dec-20	6,852	8 days	Paid
39.	Labour Welfare Fund	Karnataka	Dec-21	8,820	289 days	Paid
40.	Labour Welfare Fund	Madhya Pradesh	Jun-20	11,110	7 days	Paid
41.	Labour Welfare Fund	Madhya Pradesh	Dec-20	17,110	36 days	Paid
42.	Labour Welfare Fund	Madhya Pradesh	Jun-21	3,360	518 days	Paid
43.	Labour Welfare Fund	Maharashtra	Dec-20	7,497	8 days	Paid
44.	Labour Welfare Fund	Maharashtra	Jun-21	10,327	12 days	Paid
45.	Labour Welfare Fund	Maharashtra	Dec-21	11,479	350 days	Paid
46.	Labour Welfare Fund	Punjab	Jan-21	575	543 days	Paid
47.	Labour Welfare Fund	Punjab	Feb-21	550	543 days	Paid
48.	Labour Welfare Fund	Punjab	Mar-21	550	543 days	Paid
49.	Labour Welfare Fund	Punjab	Apr-21	500	361 days	Paid
50.	Labour Welfare Fund	Punjab	May-21	460	361 days	Paid
51.	Labour Welfare Fund	Punjab	Jun-21	455	361 days	Paid
52.	Labour Welfare Fund	Punjab	Jul-21	450	361 days	Paid
53.	Labour Welfare Fund	Punjab	Aug-21	475	361 days	Paid
54.	Labour Welfare Fund	Punjab	Sep-21	500	361 days	Paid
55.	Labour Welfare Fund	Punjab	Oct-21	525	179 days	Paid
56.	Labour Welfare Fund	Punjab	Nov-21	500	179 days	Paid
57.	Labour Welfare Fund	Punjab	Dec-21	525	179 days	Paid
58.	Labour Welfare Fund	Punjab	Dec-21	450	544 days	Paid
59.	Labour Welfare Fund	Punjab	Jan-22	550	179 days	Paid
60.	Labour Welfare Fund	Punjab	Feb-22	525	179 days	Paid
61.	Labour Welfare Fund	Punjab	Mar-22	525	179 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
62.	Labour Welfare Fund	Punjab	Apr-22	550	12 days	Paid
63.	Labour Welfare Fund	Punjab	May-22	550	12 days	Paid
64.	Labour Welfare Fund	Punjab	Jun-22	550	12 days	Paid
65.	Labour Welfare Fund	Punjab	Jul-22	550	12 days	Paid
66.	Labour Welfare Fund	Punjab	Aug-22	725	12 days	Paid
67.	Labour Welfare Fund	Punjab	Sep-22	700	12 days	Paid
68.	Labour Welfare Fund	Telangana	Dec-21	518	277 days	Paid
69.	Labour Welfare Fund	Unidentified	Dec-21	813	334 days	Paid
70.	Labour Welfare Fund	West Bengal	Dec-20	426	36 days	Paid
71.	Labour Welfare Fund	West Bengal	Jun-21	576	12 days	Paid
72.	Labour Welfare Fund	West Bengal	Dec-21	414	178 days	Paid
73.	Professional Tax	Andhra Pradesh - Guntur	Apr-20	10,600	38 days	Paid
74.	Professional Tax	Andhra Pradesh - Vizag	Apr-20	2,350	38 days	Paid
75.	Professional Tax	Andhra Pradesh - Vijayawada	Apr-20	3,900	38 days	Paid
76.	Professional Tax	Andhra Pradesh - Guntur	May-20	10,200	7 days	Paid
77.	Professional Tax	Andhra Pradesh - Vizag	May-20	2,150	7 days	Paid
78.	Professional Tax	Andhra Pradesh - Vijayawada	May-20	3,750	7 days	Paid
79.	Professional Tax	Andhra Pradesh - Guntur	Jan-21	10,300	6 days	Paid
80.	Professional Tax	Andhra Pradesh - Vijayawada	Feb-21	4,550	1 days	Paid
81.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Dec-21	2,350	14 days	Paid
82.	Professional Tax	Andhra Pradesh - Guntur	Dec-21	11,050	23 days	Paid
83.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Jan-22	2,300	5 days	Paid
84.	Professional Tax	Andhra Pradesh - Guntur	Jan-22	11,000	5 days	Paid
85.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Feb-22	2,350	8 days	Paid
86.	Professional Tax	Andhra Pradesh - Guntur	Feb-22	10,950	4 days	Paid
87.	Professional Tax	Andhra Pradesh - Vijayawada	Feb-22	5,200	371 days	Paid
88.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Mar-22	2,100	19 days	Paid
89.	Professional Tax	Andhra Pradesh - Guntur	Mar-22	12,200	36 days	Paid
90.	Professional Tax	Andhra Pradesh - Vijayawada	Mar-22	5,350	340 days	Paid
91.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Apr-22	2,950	9 days	Paid
92.	Professional Tax	Andhra Pradesh - Guntur	Apr-22	12,500	6 days	Paid
93.	Professional Tax	Andhra Pradesh - Vijayawada	Apr-22	5,100	2 days	Paid
94.	Professional Tax	Andhra Pradesh - Vishakhapattanam	May-22	3,450	8 days	Paid
95.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Jun-22	3,150	3 days	Paid
96.	Professional Tax	Andhra Pradesh - Vishakhapattanam	Jul-22	3,700	1 days	Paid
97.	Professional Tax	Assam	Feb-21	9,890	2 days	Paid
98.	Professional Tax	Assam	Jul-21	9,794	565 days	Paid
99.	Professional Tax	Assam	Dec-21	9,322	5 days	Paid
100.	Professional Tax	Assam	Jan-22	10,568	77 days	Paid
101.	Professional Tax	Assam	Mar-22	11,250	18 days	Paid
102.	Professional Tax	Bihar	Apr-21	963	257 days	Paid
103.	Professional Tax	Bihar	May-21	1,342	257 days	Paid
104.	Professional Tax	Bihar	Jun-21	1,508	257 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
105.	Professional Tax	Bihar	Jul-21	1,426	257 days	Paid
106.	Professional Tax	Bihar	Aug-21	1,510	257 days	Paid
107.	Professional Tax	Bihar	Sep-21	1,845	257 days	Paid
108.	Professional Tax	Bihar	Oct-21	2,513	257 days	Paid
109.	Professional Tax	Gujarat -Baroda	Apr-20	2,480	34 days	Paid
110.	Professional Tax	Gujarat - Maninagar	Apr-20	1,000	33 days	Paid
111.	Professional Tax	Gujarat - Navrangpura	Apr-20	3,950	33 days	Paid
112.	Professional Tax	Gujarat -Surat	Apr-20	1,950	33 days	Paid
113.	Professional Tax	Gujarat -Vapi	Apr-20	1,400	34 days	Paid
114.	Professional Tax	Gujarat -Baroda	May-20	2,480	3 days	Paid
115.	Professional Tax	Gujarat - Maninagar	May-20	1,280	2 days	Paid
116.	Professional Tax	Gujarat - Navrangpura	May-20	3,400	2 days	Paid
117.	Professional Tax	Gujarat -Surat	May-20	2,000	2 days	Paid
118.	Professional Tax	Gujarat -Vapi	May-20	1,400	3 days	Paid
119.	Professional Tax	Gujarat -Anand	Apr-21	600	130 days	Paid
120.	Professional Tax	Gujarat -Morbi and rajkot	Apr-21	3,000	583 days	Paid
121.	Professional Tax	Gujarat - Navrangapura + Gurukul	Apr-21	3,400	176 days	Paid
122.	Professional Tax	Gujarat -Morbi and rajkot	May-21	3,000	552 days	Paid
123.	Professional Tax	Gujarat - Navrangapura + Gurukul	May-21	3,800	145 days	Paid
124.	Professional Tax	Gujarat -Anand	May-21	600	99 days	Paid
125.	Professional Tax	Gujarat -Morbi + Rajkot	Jun-21	3,400	522 days	Paid
126.	Professional Tax	Gujarat - Navrangapura + Gurukul	Jun-21	3,400	480 days	Paid
127.	Professional Tax	Gujarat -Anand	Jun-21	800	69 days	Paid
128.	Professional Tax	Gujarat - Navrangapura + Gurukul	Jul-21	2,400	449 days	Paid
129.	Professional Tax	Gujarat -Anand	Jul-21	800	38 days	Paid
130.	Professional Tax	Gujarat -Morbi	Jul-21	600	489 days	Paid
131.	Professional Tax	Gujarat -Rajkot	Jul-21	3,280	489 days	Paid
132.	Professional Tax	Gujarat -Gurukul	Jul-21	800	449 days	Paid
133.	Professional Tax	Gujarat - Navrangapura + Gurukul	Aug-21	3,000	418 days	Paid
134.	Professional Tax	Gujarat -Anand	Aug-21	1,000	7 days	Paid
135.	Professional Tax	Gujarat -Morbi	Aug-21	600	458 days	Paid
136.	Professional Tax	Gujarat -Rajkot	Aug-21	2,400	458 days	Paid
137.	Professional Tax	Gujarat -Gurukul	Aug-21	1,200	418 days	Paid
138.	Professional Tax	Gujarat - Maninagar	Dec-21	800	6 days	Paid
139.	Professional Tax	Gujarat - Navrangapura + Gurukul	Dec-21	2,800	296 days	Paid
140.	Professional Tax	Gujarat -Baroda	Dec-21	3,400	5 days	Paid
141.	Professional Tax	Gujarat -Surat	Dec-21	2,200	25 days	Paid
142.	Professional Tax	Gujarat -Vapi	Dec-21	1,800	3 days	Paid
143.	Professional Tax	Gujarat -Anand	Dec-21	1,000	10 days	Paid
144.	Professional Tax	Gujarat -Morbi	Dec-21	800	336 days	Paid
145.	Professional Tax	Gujarat -Rajkot	Dec-21	2,400	336 days	Paid
146.	Professional Tax	Gujarat -Gurukul	Dec-21	1,800	296 days	Paid
147.	Professional Tax	Gujarat - Maninagar	Jan-22	1,000	90 days	Paid
148.	Professional Tax	Gujarat - Navrangapura + Gurukul	Jan-22	2,600	265 days	Paid
149.	Professional Tax	Gujarat -Baroda	Jan-22	3,400	1 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
150.	Professional Tax	Gujarat -Surat	Jan-22	2,400	49 days	Paid
151.	Professional Tax	Gujarat -Vapi	Jan-22	2,000	6 days	Paid
152.	Professional Tax	Gujarat -Anand	Jan-22	1,000	1 days	Paid
153.	Professional Tax	Gujarat -Morbi	Jan-22	800	305 days	Paid
154.	Professional Tax	Gujarat -Rajkot	Jan-22	2,600	305 days	Paid
155.	Professional Tax	Gujarat -Gurukul	Jan-22	2,280	265 days	Paid
156.	Professional Tax	Gujarat - Maninagar	Feb-22	1,000	1 days	Paid
157.	Professional Tax	Gujarat - Navrangapura + Gurukul	Feb-22	2,400	237 days	Paid
158.	Professional Tax	Gujarat -Baroda	Feb-22	3,600	38 days	Paid
159.	Professional Tax	Gujarat -Surat	Feb-22	2,200	21 days	Paid
160.	Professional Tax	Gujarat -Morbi	Feb-22	800	277 days	Paid
161.	Professional Tax	Gujarat -Rajkot	Feb-22	2,600	277 days	Paid
162.	Professional Tax	Gujarat -Gurukul	Feb-22	2,800	237 days	Paid
163.	Professional Tax	Gujarat - Maninagar	Mar-22	1,480	10 days	Paid
164.	Professional Tax	Gujarat - Navrangapura + Gurukul	Mar-22	2,600	206 days	Paid
165.	Professional Tax	Gujarat -Baroda	Mar-22	3,600	7 days	Paid
166.	Professional Tax	Gujarat -Surat	Mar-22	2,480	31 days	Paid
167.	Professional Tax	Gujarat -Vapi	Mar-22	3,030	4 days	Paid
168.	Professional Tax	Gujarat -Anand	Mar-22	800	31 days	Paid
169.	Professional Tax	Gujarat -Morbi	Mar-22	800	246 days	Paid
170.	Professional Tax	Gujarat -Rajkot	Mar-22	2,950	246 days	Paid
171.	Professional Tax	Gujarat -Gurukul	Mar-22	3,900	206 days	Paid
172.	Professional Tax	Gujarat -Mehsana	Mar-22	600	140 days	Paid
173.	Professional Tax	Gujarat -Navsari	Mar-22	800	102 days	Paid
174.	Professional Tax	Gujarat - Maninagar	Apr-22	2,000	4 days	Paid
175.	Professional Tax	Gujarat - Navrangapura	Apr-22	2,200	4 days	Paid
176.	Professional Tax	Gujarat -Baroda	Apr-22	2,200	19 days	Paid
177.	Professional Tax	Gujarat -Vapi	Apr-22	2,600	15 days	Paid
178.	Professional Tax	Gujarat -Anand	Apr-22	600	4 days	Paid
179.	Professional Tax	Gujarat -Morbi	Apr-22	1,200	216 days	Paid
180.	Professional Tax	Gujarat -Rajkot	Apr-22	2,200	2 days	Paid
181.	Professional Tax	Gujarat -Gurukul	Apr-22	3,800	176 days	Paid
182.	Professional Tax	Gujarat -Mehsana	Apr-22	800	110 days	Paid
183.	Professional Tax	Gujarat -Navsari	Apr-22	1,000	72 days	Paid
184.	Professional Tax	Gujarat - Maninagar	May-22	2,000	1 days	Paid
185.	Professional Tax	Gujarat - Navrangapura + Gurukul	May-22	2,200	145 days	Paid
186.	Professional Tax	Gujarat -Surat	May-22	2,400	5 days	Paid
187.	Professional Tax	Gujarat -Anand	May-22	800	2 days	Paid
188.	Professional Tax	Gujarat -Morbi	May-22	1,600	185 days	Paid
189.	Professional Tax	Gujarat -Rajkot	May-22	3,000	185 days	Paid
190.	Professional Tax	Gujarat -Gurukul	May-22	4,200	145 days	Paid
191.	Professional Tax	Gujarat -Mehsana	May-22	1,400	79 days	Paid
192.	Professional Tax	Gujarat -Navsari	May-22	800	7 days	Paid
193.	Professional Tax	Gujarat -Palanpur	May-22	600	190 days	Paid
194.	Professional Tax	Gujarat -Morbi	Jul-22	1,200	124 days	Paid
195.	Professional Tax	Gujarat -Anand	Jul-22	600	3 days	Paid
196.	Professional Tax	Gujarat -Mehsana	Jul-22	400	18 days	Paid
197.	Professional Tax	Gujarat -Gurukul + Navrangapura	Jul-22	5,400	84 days	Paid
198.	Professional Tax	Gujarat - Morbi+Rajkot	Jul-22	4,800	124 days	Paid
199.	Professional Tax	Gujarat -Palanpur	Aug-22	2,000	98 days	Paid
200.	Professional Tax	Gujarat - Gurukul+Navrang apura	Aug-22	4,600	53 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
201.	Professional Tax	Gujarat -Morbi + Rajkot	Aug-22	4,400	93 days	Paid
202.	Professional Tax	Gujarat -Surat	Sep-22	1,800	68 days	Paid
203.	Professional Tax	Gujarat - Gurukul+Navrangapura	Sep-22	4,200	23 days	Paid
204.	Professional Tax	Gujarat -Morbi + Rajkot	Sep-22	5,600	63 days	Paid
205.	Professional Tax	Gujarat -Palanpur	Oct-22	1,400	37 days	Paid
206.	Professional Tax	Gujarat -Morbi + Rajkot	Oct-22	5,600	32 days	Paid
207.	Professional Tax	Gujarat -Palanpur	Nov-22	1,400	7 days	Paid
208.	Professional Tax	Gujarat -Morbi + Rajkot	Nov-22	5,800	2 days	Paid
209.	Professional Tax	Karnataka	Apr-20	24,800	1 days	Paid
210.	Professional Tax	Karnataka	Dec-21	39,800	13 days	Paid
211.	Professional Tax	Karnataka	Jan-22	42,200	86 days	Paid
212.	Professional Tax	Karnataka	Feb-22	44,000	58 days	Paid
213.	Professional Tax	Karnataka	Mar-22	48,200	27 days	Paid
214.	Professional Tax	Madhya Pradesh	Apr-20	10,772	11 days	Paid
215.	Professional Tax	Madhya Pradesh	May-20	10,274	2 days	Paid
216.	Professional Tax	Madhya Pradesh	Jan-21	14,014	10 days	Paid
217.	Professional Tax	Madhya Pradesh	Dec-21	21,163	23 days	Paid
218.	Professional Tax	Madhya Pradesh	Jan-22	22,913	399 days	Paid
219.	Professional Tax	Madhya Pradesh	Feb-22	22,325	2 days	Paid
220.	Professional Tax	Madhya Pradesh	Mar-22	25,143	36 days	Paid
221.	Professional Tax	Madhya Pradesh	Apr-22	22,199	21 days	Paid
222.	Professional Tax	Madhya Pradesh	Jul-22	31,099	1 days	Paid
223.	Professional Tax	Maharashtra	Nov-20	206	23 days	Paid
224.	Professional Tax	Maharashtra	Feb-21	97,800	2 days	Paid
225.	Professional Tax	Maharashtra	Dec-21	76,800	2 days	Paid
226.	Professional Tax	Maharashtra	Jan-22	79,525	79 days	Paid
227.	Professional Tax	Maharashtra	Mar-22	82,525	17 days	Paid
228.	Professional Tax	Maharashtra	May-22	1,198	1 days	Paid
229.	Professional Tax	Pondicherry	Dec-20	2,000	5 days	Paid
230.	Professional Tax	Pondicherry	Apr-21	292	14 days	Paid
231.	Professional Tax	Pondicherry	May-21	293	14 days	Paid
232.	Professional Tax	Pondicherry	Jun-21	251	14 days	Paid
233.	Professional Tax	Pondicherry	Jul-21	251	7 days	Paid
234.	Professional Tax	Pondicherry	Aug-21	250	7 days	Paid
235.	Professional Tax	Pondicherry	Sep-21	250	7 days	Paid
236.	Professional Tax	Pondicherry	Oct-21	250	7 days	Paid
237.	Professional Tax	Pondicherry	Nov-21	208	7 days	Paid
238.	Professional Tax	Pondicherry	Dec-21	167	7 days	Paid
239.	Professional Tax	Pondicherry	Jan-22	250	83 days	Paid
240.	Professional Tax	Pondicherry	Feb-22	167	83 days	Paid
241.	Professional Tax	Pondicherry	Mar-22	293	83 days	Paid
242.	Professional Tax	Pondicherry	Apr-22	334	83 days	Paid
243.	Professional Tax	Pondicherry	May-22	376	83 days	Paid
244.	Professional Tax	Pondicherry	Sep-22	503	4 days	Paid
245.	Professional Tax	Pondicherry	Oct-22	545	4 days	Paid
246.	Professional Tax	Pondicherry	Nov-22	796	4 days	Paid
247.	Professional Tax	Pondicherry	Dec-22	713	4 days	Paid
248.	Professional Tax	Punjab	Apr-20	5,606	40 days	Paid
249.	Professional Tax	Punjab	May-20	5,606	17 days	Paid
250.	Professional Tax	Punjab	Feb-21	4,200	2 days	Paid
251.	Professional Tax	Punjab	Mar-22	4,400	16 days	Paid
252.	Professional Tax	Punjab	Oct-22	6,000	21 days	Paid
253.	Professional Tax	Tamil Nadu	Sep-20	47,120	822 days	Paid
254.	Professional Tax	Tamil Nadu	Apr-21	10,400	6 days	Paid
255.	Professional Tax	Tamil Nadu	May-21	9,762	6 days	Paid
256.	Professional Tax	Tamil Nadu	Jun-21	8,907	6 days	Paid
257.	Professional Tax	Tamil Nadu	Jul-21	9,435	6 days	Paid
258.	Professional Tax	Tamil Nadu	Aug-21	8,930	6 days	Paid
259.	Professional Tax	Tamil Nadu	Sep-21	8,528	6 days	Paid
260.	Professional Tax	Tamil Nadu	Oct-21	9,360	5 days	Paid
261.	Professional Tax	Tamil Nadu	Nov-21	9,059	5 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
262.	Professional Tax	Tamil Nadu	Dec-21	10,192	5 days	Paid
263.	Professional Tax	Tamil Nadu	Jan-22	11,440	5 days	Paid
264.	Professional Tax	Tamil Nadu	Feb-22	12,443	5 days	Paid
265.	Professional Tax	Tamil Nadu	Mar-22	14,628	5 days	Paid
266.	Professional Tax	Tamil Nadu	Apr-22	14,259	6 days	Paid
267.	Professional Tax	Tamil Nadu	May-22	15,392	6 days	Paid
268.	Professional Tax	Tamil Nadu	Jun-22	16,616	6 days	Paid
269.	Professional Tax	Tamil Nadu	Jul-22	17,680	6 days	Paid
270.	Professional Tax	Tamil Nadu	Aug-22	17,069	6 days	Paid
271.	Professional Tax	Tamil Nadu	Sep-22	14,883	6 days	Paid
272.	Professional Tax	Telangana	Apr-20	16,450	11 days	Paid
273.	Professional Tax	Telangana	May-20	16,500	2 days	Paid
274.	Professional Tax	Telangana	Dec-21	29,700	23 days	Paid
275.	Professional Tax	Telangana	Jan-22	32,450	95 days	Paid
276.	Professional Tax	Telangana	Feb-22	34,950	2 days	Paid
277.	Professional Tax	Telangana	Mar-22	36,300	36 days	Paid
278.	Professional Tax	Telangana	Apr-22	38,950	6 days	Paid
279.	Professional Tax	Telangana	Jul-22	44,750	1 days	Paid
280.	Professional Tax	West Bengal	Jan-21	5,340	2 days	Paid
281.	Professional Tax	West Bengal	Dec-21	5,030	12 days	Paid
282.	Professional Tax	West Bengal	Jan-22	4,560	84 days	Paid
283.	Professional Tax	West Bengal	Mar-22	5,370	25 days	Paid
284.	Provident Fund	Maharashtra	Apr-22	32,548	302 days	Paid
285.	Provident Fund	Maharashtra	May-22	37,928	271 days	Paid
286.	Provident Fund	Maharashtra	Jun-22	22,626	241 days	Paid
287.	Provident Fund	Maharashtra	Aug-22	1,100	197 days	Paid
288.	Stamp Duty	Karnataka	Mar-21	745,318	415 days	Paid
289.	Stamp Duty	Karnataka	Apr-21	22,607	385 days	Paid
290.	Stamp Duty	Karnataka	May-21	14,138	354 days	Paid
291.	Stamp Duty	Karnataka	Jun-21	51,786	324 days	Paid
292.	Stamp Duty	Karnataka	Jul-21	43,526	293 days	Paid
293.	Stamp Duty	Karnataka	Aug-21	59,736	262 days	Paid
294.	Stamp Duty	Karnataka	Sep-21	58,489	232 days	Paid
295.	Stamp Duty	Karnataka	Oct-21	56,483	201 days	Paid
296.	Stamp Duty	Karnataka	Nov-21	77,991	171 days	Paid
297.	Stamp Duty	Karnataka	Dec-21	81,854	140 days	Paid
298.	Stamp Duty	Karnataka	Jan-22	77,397	109 days	Paid
299.	Stamp Duty	Karnataka	Feb-22	76,083	81 days	Paid
300.	Stamp Duty	Karnataka	Mar-22	151,212	50 days	Paid
301.	Stamp Duty	Karnataka	Apr-22	89,414	91 days	Paid
302.	Stamp Duty	Karnataka	May-22	114,978	60 days	Paid
303.	Stamp Duty	Karnataka	Jun-22	113,658	30 days	Paid
304.	Stamp Duty	Karnataka	Jul-22	102,748	46 days	Paid
305.	Stamp Duty	Karnataka	Aug-22	94,315	15 days	Paid
306.	Stamp Duty	Karnataka	Sep-22	98,440	12 days	Paid
307.	Stamp Duty	Karnataka	Oct-22	63,609	43 days	Paid
308.	Stamp Duty	Karnataka	Nov-22	90,048	13 days	Paid
309.	Stamp Duty	Karnataka	Dec-22	100,413	10 days	Paid
310.	Stamp Duty	Rajasthan	Mar-21	98,116	455 days	Paid
311.	Stamp Duty	Rajasthan	Apr-21	13,703	425 days	Paid
312.	Stamp Duty	Rajasthan	May-21	12,034	394 days	Paid
313.	Stamp Duty	Rajasthan	Jun-21	51,109	364 days	Paid
314.	Stamp Duty	Rajasthan	Jul-21	59,129	333 days	Paid
315.	Stamp Duty	Rajasthan	Aug-21	49,638	302 days	Paid
316.	Stamp Duty	Rajasthan	Sep-21	66,588	272 days	Paid
317.	Stamp Duty	Rajasthan	Oct-21	52,016	241 days	Paid
318.	Stamp Duty	Rajasthan	Nov-21	75,738	211 days	Paid
319.	Stamp Duty	Rajasthan	Dec-21	102,512	180 days	Paid
320.	Stamp Duty	Rajasthan	Jan-22	72,112	149 days	Paid
321.	Stamp Duty	Rajasthan	Feb-22	86,432	121 days	Paid
322.	Stamp Duty	Rajasthan	Mar-22	99,758	90 days	Paid
323.	Stamp Duty	Rajasthan	Apr-22	64,325	90 days	Paid
324.	Stamp Duty	Rajasthan	May-22	75,405	59 days	Paid
325.	Stamp Duty	Rajasthan	Jun-22	88,098	29 days	Paid
326.	Stamp Duty	Rajasthan	Jul-22	94,038	46 days	Paid
327.	Stamp Duty	Rajasthan	Aug-22	70,435	15 days	Paid
328.	Stamp Duty	Rajasthan	Sep-22	72,908	12 days	Paid

Sr. No.	Nature of Statutory Dues	State	Period to which it pertains	Amount Involved (in ₹)	Duration of default till the date of payment (as on March 31, 2023)	Present status
329.	Stamp Duty	Rajasthan	Oct-22	60,077	38 days	Paid
330.	Stamp Duty	Rajasthan	Nov-22	69,422	8 days	Paid
331.	Stamp Duty	Rajasthan	Dec-22	76,552	10 days	Paid
332.	Tax Deducted at Source	Maharashtra	Apr-20	5,918,121	1 days	Paid
333.	Tax Deducted at Source	Maharashtra	Jun-21	6,752,817	1 days	Paid
334.	Tax Deducted at Source	Maharashtra	Nov-21	3,870,841	1 days	Paid
335.	Tax Deducted at Source	Maharashtra	Dec-21	3,822,101	1 days	Paid
336.	Tax Deducted at Source	Maharashtra	Apr-22	7,716	31 days	Paid
337.	Tax Deducted at Source	Maharashtra	Dec-22	24,600	24 days	Paid
338.	Stamp Duty	Rajasthan	Jan-23	19,159	34 days	Paid
339.	Stamp Duty	Rajasthan	Jan-23	76,554	36 days	Paid
340.	Stamp Duty	Rajasthan	Feb-23	72,120	6 days	Paid
341.	Stamp Duty	Rajasthan	Mar-23	76,388	11 days	Paid
342.	Stamp Duty	Karnataka	Jan-23	95,695	32 days	Paid
343.	Stamp Duty	Karnataka	Feb-23	100,413	8 days	Paid
344.	Stamp Duty	Karnataka	Mar-23	96,493	11 days	Paid

Note: As certified by our Statutory Auditors by way of their certificate dated July 26, 2023

Material Developments

Other than as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 382, there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, 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 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 226.

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 433.

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 January 25, 2008 issued to our Company, under the name ‘MAPE Finserve Private Limited’ by the RoC.
2. Fresh certificate of incorporation dated August 31, 2017 issued by the RoC, consequent upon change of name from ‘MAPE Finserve Private Limited’ to ‘Small Business Fincredit India Private Limited’.
3. Fresh certificate of incorporation dated January 13, 2020 issued by the RoC, consequent upon change of name from ‘Small Business Fincredit India Private Limited’ to ‘SBFC Finance Private Limited’.
4. Certificate of incorporation dated September 30, 2022 issued by the RoC, consequent upon change from ‘SBFC Finance Private Limited’ to ‘SBFC Finance Limited’, upon conversion from a private company to a public company.
5. Our Company has been allotted a corporate identity number U67190MH2008PLC178270.

For further details in relation to incorporation of our Company, see “History and Certain Corporate Matters” beginning on page 240.

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 September 24, 2008 granted by the RBI bearing registration number N-13.01913, to our Company under the former name ‘MAPE Finserve Private Limited’, pursuant to which our Company is allowed to carry on the business of a non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.
2. Certificate of registration dated September 21, 2017 granted by the RBI bearing registration number N-13.01913 to our Company under the former name ‘Small Business Fincredit India Private 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. Certificate of registration dated January 23, 2020 granted by the RBI bearing registration number N-13.01913 to our Company under the former name 'SBFC Finance Private 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.
4. Fresh certificate of registration dated October 19, 2022 granted by the RBI bearing registration number N-13.01913, pursuant to a change of name of our Company from 'SBFC Finance Private Limited' to SBFC 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.
5. Legal Entity Identifier registration number 335800DFBB12VIKCI366 from Legal Entity Identifier India Limited.
6. Registration with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("CERSAI") for registration of security interest bearing registration number JC278.
7. Registration with the CERSAI Central KYC Registration dated April 1, 2019, bearing registration number IN6333.

C. Tax related approvals of our Company

1. Our PAN is AAFCM3855R.
2. Our tax deduction account number is MUMM33520E.
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	37AAF3855R1ZO
Assam	18AAF3855R1ZO
Bihar	10AAF3855R1Z4
Chandigarh	04AAF3855R1ZX
Delhi	07AAF3855R1ZR
Gujarat	24AAF3855R1ZV
Haryana	06AAF3855R1ZT
Himachal Pradesh	02AAF3855R1Z1
Karnataka	29AAF3855R1ZL
Madhya Pradesh	23AAF3855R1ZX
Maharashtra	27AAF3855R1ZP
Puducherry	34AAF3855R1ZU
Punjab	03AAF3855R1ZZ
Rajasthan	08AAF3855R1ZP
Tamil Nadu	33AAF3855R1ZW
Telangana	36AAF3855R1ZQ
Uttar Pradesh	09AAF3855R1ZN
Uttarakhand	05AAF3855R1ZV
West Bengal	19AAF3855R1ZM

4. Our Company has branches in Andhra Pradesh, Assam, Chandigarh, Bihar, Delhi, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Puducherry, Punjab, Rajasthan, Telangana, Tamil Nadu, Uttar Pradesh, Uttarakhand and West Bengal falling under their 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.

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 registrations under the applicable provisions of the shops and establishments legislations of the relevant state for our Registered and Corporate Office and branches in India.
2. Registration no. KDMAL1658286000 issued by the Employees' Provident Fund Organisation, India under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
3. Registration issued by the Employees' State Insurance Corporation, India under the Employees State Insurance Act, 1948, bearing registration number 35000416330001099.

(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

Further, for risks associated with statutory and regulatory approvals please see, "*Risk Factors - Certain statutory and regulatory licenses and approvals are required for conducting our business and any failure or omission to obtain, maintain or renew these licenses and approvals in a timely manner, or at all, could adversely affect our business and results of operations.*" on page 45.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

1. Our Board of Directors has authorised the Offer by a resolution passed in their meeting held on October 14, 2022 and took on record the Offer for Sale by a resolution passed in their meeting dated March 20, 2023 read with resolution dated July 12, 2023.
2. Our Shareholders have approved and authorised the Offer by way of a special resolution passed by at their extraordinary general meeting held on October 15, 2022.
3. The Previous DRHP was approved for filing with SEBI and the Stock Exchanges by the Board by way of a resolution dated November 4, 2022 and by the IPO Committee on November 5, 2022.
4. The DRHP was approved by our Board *vide* its resolution in its meeting dated March 20, 2023 and by the IPO Committee on March 21, 2023
5. The Red Herring Prospectus was approved by our Board *vide* its resolution in its meeting dated July 26, 2023.
6. This Prospectus was approved by our Board *vide* its resolution in its meeting dated August 8, 2023.

Approval from the Promoter Selling Shareholders

For details on the authorisations of the Promoter Selling Shareholders in relation to the Offer, see “*The Offer*” on page 63.

Our Board took on record the approval for the Offer for Sale for the Offered Shares by the Promoter Selling Shareholders pursuant to a resolution dated March 20, 2023 read with resolution dated July 12, 2023. Each of the Promoter Selling Shareholders specifically confirm, severally and not jointly, that they are in compliance with Regulation 8 of the SEBI ICDR Regulations and have held the Offered Shares for a period of at least one year prior to the date of filing of the Previous DRHP and DRHP.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to their letters each dated May 10, 2023, respectively.

Prohibition by the SEBI or other Governmental Authorities

Our Company, the Promoter Selling Shareholders, our Promoters, our Directors, the members of the Promoter Group and the persons in control of our Company or our Promoters are not prohibited from accessing the capital markets and are not debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Compliance with the SBO Rules

Our Company, our Promoters, the Promoter Selling Shareholders and the members of the Promoter Group, severally and not jointly, confirm that they are in compliance with the SBO Rules, to the extent in force and as applicable as on the date of this Prospectus.

Directors associated with the Securities Market

Except for Mr. Amol Jain who is a designated partner in Arpwood Partners Investment Advisors LLP, which is registered with SEBI in the capacity of Investment Adviser with registration number INA000015473, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action that has been initiated by SEBI against any of our Directors in the five years preceding the date of this Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the eligibility criteria provided in Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- our Company has net tangible assets of at least ₹30.00 million, calculated on a restated basis, in each of the preceding full financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, of which not more than 50% are held as monetary assets;
- our Company has an average operating profit of at least ₹150.00 million, calculated on a restated basis, during the preceding three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, 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 three preceding full financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, calculated on a restated basis; and
- our Company has not changed its name within the last one year except for the change of status to public limited company from private limited company.

Set forth below are our Company's operating profit, net tangible assets, monetary assets, monetary assets as a percentage of our net tangible assets and net worth, derived from our Restated Financial Information included in this Prospectus.

(₹ in million, unless otherwise stated)

	Financial year ended as on		
	March 31, 2023	March 31, 2022	March 31, 2021
Net tangible assets*	14,637.73	10,234.88	9,426.62
Monetary assets**	4,004.43	3,352.93	3,413.78
Monetary assets as a % of net tangible assets (%)	27.36%	32.76%	36.21%
Operating profit***	2013.66	866.96	1140.65
Net worth****	17,272.68	12,871.67	12,051.08

Notes:

* "Net Tangible Assets" mean the sum of all net assets (net of provision on non performing advances, provision on tax, provision for depreciation on Fixed Assets and Investments) of the Company excluding intangible assets as defined in Accounting Standard 26 (AS 26), issued by the Institute of Chartered Accountants of India. It also excludes deferred tax assets and standard asset provisions which are not netted off in the restated summary statement of assets and liabilities.

**For the purpose of the above computation, "Monetary Assets" is computed by adding "Cash and Balances with Reserve Bank of India" and Balances with Banks and Money at Call and Short Notice".

*** For the purpose of the above computation, "Operating Profit" is determined by deducting Interest expended, Operating expenses and Provisions and contingencies (excluding provision for tax), from Interest earned and Other income reported by the Company as per the Restated Statement of Profit and Loss for the respective years.

**** "Net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation."

Amounts in the above computation are as reported by the Company as derived from the Restated Financial Information for the respective year ends.

Our Company has operating profits in each of the Financial Years 2023, 2022 and 2021 in terms of our Restated Financial Information.

Our Company confirms that it is also in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall not be less than 1,000.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delay period. For the avoidance of doubt, subject to applicable law, a Promoter Selling Shareholder shall not be responsible to pay interest for any such delay, except to the extent such delay is solely and directly attributable to an act or omission of such Promoter Selling Shareholder.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- (a) Our Company, the Promoter Selling Shareholders, our Promoters, the members of our Promoter Group, and our Directors are not debarred from accessing the capital market by SEBI;
- (b) None of our Promoters or our Directors are promoter or directors of companies which are debarred from accessing the capital markets by SEBI;
- (c) None of our Company, our Promoters or our Directors have been categorized as a Wilful Defaulter or a Fraudulent Borrower;
- (d) None of our Promoters and our Directors are Fugitive Economic Offenders; and
- (e) Except for the issue of Equity Shares pursuant to exercise of options granted under the ESOP Schemes, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus. For further information on the ESOP Schemes, see “*Capital Structure- Employee Stock Options Plan of our Company*” beginning on page 90.

Each of the Promoter Selling Shareholders, severally and not jointly, confirm that they have held their respective portion of the Offered Shares for a continuous period of at least one year prior to the date of the Previous DRHP and DRHP and accordingly each of the Promoter Selling Shareholders is in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF THE SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLM(S), ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE PROMOTER SELLING SHAREHOLDERS DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 21, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of registering this Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of this Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1)

and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, the Directors, the Promoter Selling Shareholders and the BRLMs

Our Company, the Directors, the Promoter Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this 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.sbfsc.com, would be doing so at his or her own risk. It is clarified that neither the Promoter Selling Shareholders nor their respective directors, affiliates, associates and officers, as applicable, accept and/or undertake any responsibility for any statements made or undertakings provided other than those specifically made or undertaken by such Promoter Selling Shareholders in relation to itself and/or the respective portion of the Equity Shares offered by it through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Amended and Restated Offer Agreement and as will be provided for in the Underwriting Agreement to be entered into between the Underwriters, the Promoter Selling Shareholders and our Company.

All information shall be made available by our Company, each of the Promoter Selling Shareholders, severally and not jointly (to the extent that the information pertain to its and its respective portions of the Offered Shares) and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Promoter Selling Shareholders or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise, or (ii) the blocking of the Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on the account of any errors, omissions or non-compliance by various parties involved, or any other fault, malfunctioning, breakdown or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives, as applicable 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 Promoter Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives, as applicable, 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 may engage in transactions with, and perform services for, our Company, the Promoter Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoter Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, VCFs, AIFs, public financial institutions, scheduled commercial banks, state industrial development corporation, permitted national investment funds, NBFC-SIs, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and permitted Non-Residents including FPIs and

Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

The Red Herring Prospectus did not constitute an invitation to subscribe to, offer to sell 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 were made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprised the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.**

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 the Draft Red Herring Prospectus had been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the 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 Promoter Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, were not offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares were offered and sold (i) within the United States (a) only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Prospectus as “U.S. QIBs”), (b) QPs, as defined in Section 2(a)(51) of the U.S. Investment Company Act (persons who are both a U.S. QIB and a QP are referred to as “Entitled QPs”); in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions 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. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and were not offered or sold, and Bids were not made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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

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

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made otherwise than in compliance with the available exemptions from registration under the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, are deemed to have acknowledged,

represented to and agreed with our Company, the Promoter Selling Shareholders and the BRLMs that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser (i) is a U.S. QIB and a QP, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB and a QP with respect to which it exercises sole investment discretion; the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
4. the purchaser is not an affiliate of our Company or the Promoter Selling Shareholders or a person acting on behalf of an affiliate of our Company or the Promoter Selling Shareholders;
5. the purchaser acknowledges that the Company has not registered, and does not intend to register, as an “investment company” (as such term is defined under the U.S. Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described herein so that the Company will qualify for the exception provided under Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company. The purchaser, and each person for which it is acting, also understands and agrees that the Company and the BRLMs shall have the right to request and receive such additional documents, certificates, representations and undertakings, from time to time, as they may deem necessary in order to comply with applicable legal requirements, including a U.S. investment representation letter forming part of the Bid cum Application Form;
6. the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of issuers unaffiliated with such broker-dealer;
7. the purchaser understands that, subject to certain exceptions, to be a QP, entities must have US\$25 million in “investments” (as defined in Rule 2a51-1 of the U.S. Investment Company Act);
8. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
9. the purchaser is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan;
10. the purchaser is not managed as a device for facilitating individual investment decisions of beneficial owners, but rather is managed as a collective investment vehicle;
11. the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
12. it, and each person for which it is acting, was not formed, reformed or recapitalized for the purpose of investing in the Equity Shares and/or other securities of the Company;
13. if the purchaser, or any person for which it is acting, is an investment company excepted from the U.S. Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in

the manner required by Section 2(a)(51)(C) of the U.S. Investment Company Act and the rules promulgated thereunder;

14. the purchaser, and each person for which it is acting, is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investments to be made, or the allocation thereof unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both U.S. QIBs and QPs;
15. the purchaser, and each person for which it is acting, has not invested more than 40.0% of its assets in the Equity Shares (or beneficial interests therein) and/or other securities of the Company after giving effect to the purchase of the Equity Shares (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both U.S. QIBs and QPs);
16. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S under the Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person by pre - arrangement or otherwise (such permitted transactions including, for the avoidance of doubt, a bona fide sale on the BSE or NSE). The purchaser agrees not to effect any sale, pledge or other transfer of any Equity Shares in a transaction unless the purchaser first executes a US Resale Letter in the form of Annexure A to this Prospectus and delivers such letter to the Company prior to the settlement if any, of the sale, pledge or other transfer of the Equity Shares that is not consummated on BSE or NSE. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
17. is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;
18. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any such Equity Shares;
19. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
20. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN A OFFSHORE TRANSACTION COMPLYING WITH REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT, IN

EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

21. the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;
22. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the Equity Shares acquired or reoffer, resell, pledge or otherwise transfer the Equity Shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the Equity Shares or any beneficial interest therein except in accordance with these transfer restrictions;
23. the purchaser understands and acknowledges that (i) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;
24. the purchaser understands and acknowledges that the Company may be considered a "covered fund" for purposes of the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes, in part, any entity that would be an investment company under the U.S. Investment Company Act but for the exclusions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered a "covered fund". Accordingly, "banking entities" that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption under the Volcker Rule. Each purchaser must make its own determination as to whether it is a "banking entity" subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares; and
25. the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase; and the purchaser acknowledges that the Company, the Promoter Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Offer

Each purchaser acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, are deemed to

have acknowledged, represented to and agreed with our Company, the Promoter Selling Shareholders and the BRLMs that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
2. the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
3. the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;
4. the purchaser is not purchasing the Equity Shares as a result of any "directed selling efforts" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);
5. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer for such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
6. the purchaser is not an affiliate of our Company or the Promoter Selling Shareholders or a person acting on behalf of an affiliate of the Company or the Promoter Selling Shareholders;
7. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) pursuant to an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;
8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;
9. the purchaser is not acquiring the Equity Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) under the U.S. Securities Act);
10. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

“THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (“THE U.S. INVESTMENT COMPANY ACT”). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE

U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE EQUITY SHARES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THE EQUITY SHARES AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

11. the purchaser understands and acknowledges that (i) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a QP but is not a QP at the time it acquires a beneficial interest in the Equity Shares, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;
12. the purchaser understands and acknowledges that the Company may be considered a "covered fund" for purposes of the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes, in part, any entity that would be an investment company under the U.S. Investment Company Act but for the exclusions provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Company relies on Section 3(c)(7) of the U.S. Investment Company Act for its exclusion from registration thereunder, it may be considered a "covered fund". Accordingly, "banking entities" that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption under the Volcker Rule. Each purchaser must make its own determination as to whether it is a "banking entity" subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares; and
13. the purchaser acknowledges that our Company, the Promoter Selling Shareholders, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Our Company, the Promoter Selling Shareholders, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

ERISA considerations

The following is a summary of certain considerations associated with the purchase and holding of Equity Shares by Benefit Plan Investors. A "Benefit Plan Investor" is (1) an "employee benefit plan" (as defined in Section 3(3) of the United States Employee Retirement Income Security Act, as amended ("ERISA")) that is subject to Title I of ERISA, (2) a plan, individual retirement account, "Keogh" plan or other arrangement subject to Section 4975

of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), or provisions under any United States federal, state or local laws, or non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA, (3) an entity whose underlying assets are considered to include “plan assets” by reason of a plan’s investment in such entity (including but not limited to an insurance company general account) (each of (1),(2) and (3), a “**Plan**”), and (4) any entity that otherwise constitutes a “benefit plan investor” within the meaning of the regulations promulgated under ERISA by the U.S. Department of Labor (the “**DOL**”), as modified by Section 3(42) of ERISA (the “**DOL Plan Asset Regulations**”).

The following is merely a summary, however, and should not be construed as legal advice or as complete in all relevant respects. All investors are urged to consult their own legal advisors before investing assets of a Plan in Equity Shares and to make their own independent decision.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Plan or the management or disposition of the assets of such a Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in Equity Shares with a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable United States federal, state or local laws, or non-U.S. or other laws or regulations that are similar to the Code or ERISA (collectively, “**Similar Laws**”).

Prohibited Transaction Considerations

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of Section 406 of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code and may result in the disqualification of an individual retirement account. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code. Regardless of whether or not the underlying assets of the Company (if any) are deemed to include “plan assets,” as described below, the acquisition and/or holding of Equity Shares by a Plan with respect to which the Company or an BRLM is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the DOL has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of Equity Shares. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide an exemption from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction and provided further that the Plan receives no less, and pays no more, than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied or that any such exemptions will be available with respect to investments in interests in any Equity Shares.

Plan Asset Considerations

The DOL Plan Asset Regulations generally provide that when a Plan acquires an equity interest in an entity that is not (1) a “publicly-offered security,” (2) a security issued by an investment company registered under the Investment Company Act, or (3) an “operating company,” the Plan’s assets are deemed to include both the equity

interest and an undivided interest in each of the underlying assets of the entity unless it is established that the equity participation in the entity by Benefit Plan Investors is not “significant” (the “**Insignificant Participation Test**”).

For purposes of the DOL Plan Asset Regulations, an “operating company” is an entity that is primarily engaged, directly or through a majority-owned subsidiary or subsidiaries, in the production or sale of a product or service, other than the investment of capital. It is anticipated that the Company will qualify as an operating company within the meaning of the DOL Plan Asset Regulations, although no assurance can be given in this regard.

For purposes of the Insignificant Participation Test, the DOL Plan Asset Regulations provide that equity participation in an entity by Benefit Plan Investors is not significant if, immediately after the most recent acquisition of an equity interest in the entity, the Benefit Plan Investors’ aggregate interest is less than 25% of the value of each class of equity interests in the entity, disregarding, for purposes of such determination, any interests held by any person that has discretionary authority or control with respect to the assets of the Company or who provides investment advice for a fee with respect to the assets of the Company or an affiliate of the Company (each, a “**Controlling Person**”) other than Benefit Plan Investors. Following this offering, it is possible that Benefit Plan Investors will hold and will continue to hold, less than 25% of the value of each class of equity interests of the Company, disregarding, for purposes of such determination, any interests held by any Controlling Person other than Benefit Plan Investors and, as such, that the Company may rely on the Insignificant Participation Test; however, we cannot be certain or make any assurance that this will be the case.

Plan Asset Consequences

If assets of the Company were deemed to constitute “plan assets” pursuant to the DOL Plan Asset Regulations, the operation and administration of the Company would become subject to the requirements of ERISA, including the fiduciary duty rules and the “prohibited transaction” prohibitions of ERISA, as well as the “prohibited transaction” prohibitions contained in the Code. If the Company becomes subject to these regulations, unless appropriate administrative exemptions are available (and there can be no assurance that they would be), the Company could, among other things, be restricted from entering into otherwise favorable transactions, and certain transactions entered into by the Company in the ordinary course of business could constitute non-exempt prohibited transactions and/or breaches of applicable fiduciary duties under ERISA and/or the Code, which could, in turn, result in potentially substantial excise taxes and other penalties and liabilities under ERISA and the Code.

Representation

Because of the foregoing, Equity Shares should not be acquired or held by any Benefit Plan Investor or any other person investing “plan assets” of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code and will not constitute a similar violation of any applicable Similar Law.

Any purchaser or subsequent transferee, including, without limitation, any fiduciary purchasing on behalf of a Plan, a Benefit Plan Investor, or a governmental, church or non-U.S. plan which is subject to Similar Laws will be deemed to have represented and warranted, in its corporate and fiduciary capacity, that if the purchaser or subsequent transferee is a Benefit Plan Investor, none of the Company or the BRLMs or any of their respective affiliates, has acted as the Plan’s fiduciary (within the meaning of ERISA or the Code), or has been relied upon for any advice, with respect to the purchaser or transferee’s decision to acquire and hold Equity Shares, and shall not at any time be relied upon as the ERISA Plan’s fiduciary with respect to any decision to acquire, continue to hold or transfer Equity Shares.

The foregoing discussion is general in nature, is not intended to be all-inclusive. Such discussion should not be construed as legal advice. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering investing in Equity Shares on behalf of, or with the assets of, any Plan consult with counsel regarding the potential applicability of ERISA, Section 4975 of the Code and Similar Laws to such investment and whether an exemption would be applicable to the acquisition and/or holding of Equity Shares.

Certain U.S. Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax consequences to U.S. Holders (defined below) of acquiring, owning and disposing of Equity Shares, but it does not purport to be a comprehensive discussion of all tax considerations that may be relevant to a particular person’s decision to acquire Equity Shares. This discussion

applies only to a U.S. Holder that acquires Equity Shares in the Offer and that owns Equity Shares as capital assets for U.S. federal income tax purposes. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), U.S. Treasury regulations promulgated thereunder, and administrative rulings and judicial interpretations thereof, in each case as in effect of the date of this Prospectus. Except as expressly described herein, this discussion does not address the U.S. federal income tax consequences that may apply to U.S. Holders under the Convention Between the government of the United States of America and the government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “Treaty”). All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. No ruling will be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, that a court will uphold such statement or conclusion.

In addition, this discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder’s particular circumstances, including any U.S. state, local or non-U.S. tax law, the Medicare tax on net investment income, and any estate or gift tax laws, and it does not describe differing tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain banks, financial institutions or financial services entities;
- regulated investment companies and real estate investment trusts;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- insurance companies;
- persons holding Equity Shares as part of a hedge, straddle, conversion, constructive sale, integrated transaction or similar transaction;
- governments or agencies or instrumentalities thereof;
- persons liable for the alternative minimum tax;
- persons required for U.S. federal income tax purposes to accelerate the recognition of any item of gross income with respect to our Equity Shares as a result of such income being recognized on an applicable financial statement;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities or arrangements classified as partnerships or pass-through entities for U.S. federal income tax purposes or holders of equity interests therein;
- tax-exempt entities, “individual retirement accounts” or “Roth IRAs”;
- certain U.S. expatriates or former long-term residents of the United States;
- persons that acquired Equity Shares pursuant to an exercise of employee share options, in connection with employee share incentive plans or otherwise as compensation;
- persons that own, directly, indirectly or constructively, ten percent (10%) or more of the total voting power or value of all of our outstanding stock; or
- persons owning Equity Shares in connection with a trade or business conducted outside the United States.

U.S. Holders should consult their tax advisors concerning the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of Equity Shares in their particular circumstances.

For purposes of this discussion, a “U.S. Holder” is a person that, for U.S. federal income tax purposes, is a beneficial owner of Equity Shares and is:

- an individual citizen or resident of the United States;

- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions of the trust or otherwise if the trust has a valid election in effect under current Treasury regulations to be treated as a United States person.

If a partnership (or other entity or arrangement that is classified as a partnership or other pass-through entity for U.S. federal income tax purposes) is the beneficial owner of Equity Shares, the U.S. federal income tax treatment of a partner, member or other beneficial owner in such partnership or other pass-through entity generally will depend on the status of the partner, member or other beneficial owner and the status and activities of the partnership or other pass-through entity holding Equity Shares. Partnerships or other pass-through entities owning Equity Shares and partners, members or other beneficial owners in such partnerships or other pass-through entities should consult their tax advisors as to the particular U.S. federal income tax consequences of acquiring, owning and disposing of the Equity Shares.

THE DISCUSSION OF U.S. FEDERAL INCOME TAX CONSIDERATIONS SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP, OR DISPOSITION OF EQUITY SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF OTHER FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS, INCLUDING THE TREATY, AND POSSIBLE CHANGES IN TAX LAW.

Taxation of Distributions

Subject to the discussion below under “—*Passive Foreign Investment Company Rules*,” the gross amount of any distribution of cash or property paid with respect to our Equity Shares (including any amounts withheld in respect of Indian taxes), will generally be included in a U.S. Holder’s gross income as dividend income on the date actually or constructively received to the extent such distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Distributions in excess of our current and accumulated earnings and profits will be treated first as a non-taxable return of capital, thereby reducing the U.S. Holder’s adjusted tax basis in our Equity Shares (but not below zero), and thereafter as either long-term or short-term capital gain depending upon whether the U.S. Holder held our Equity Shares for more than one year as of the time such distribution is actually or constructively received. Because we do not prepare calculations of our earnings and profits using U.S. federal income tax principles, it is expected that distributions generally will be taxable to U.S. Holders as dividends, and taxable at ordinary income tax rates.

Dividends on our Equity Shares generally will not be eligible for the dividends-received deduction generally available to U.S. corporations with respect to dividends received from other U.S. corporations. The amount of any dividend paid in Rupees will be the U.S. dollar value of the Rupees calculated by reference to the spot rate of exchange in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. U.S. Holders should consult their own tax advisors regarding the treatment of any foreign currency gain or loss.

A U.S. Holder generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or to a deduction, if elected, in computing its U.S. federal taxable income, for non-refundable Indian income taxes withheld from dividends at a rate not exceeding the rate provided in the Treaty (if applicable). For purposes of the foreign tax credit limitation, dividends paid by the Company generally will constitute foreign source income in the “passive category income” basket. The rules relating to the foreign tax credit or deduction, if elected, are complex and U.S. Holders should consult their tax advisors concerning their availability in their particular circumstances.

Sale or Other Taxable Disposition of Equity Shares

Subject to the discussion below under “—*Passive Foreign Investment Company Rules*,” a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purpose on the sale, exchange or other taxable disposition of our Equity Shares in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder’s adjusted tax basis in the Equity Shares disposed of, in each case as determined in U.S. dollars. Such

gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for the Equity Shares exceeds one year. Long-term capital gains of certain non-corporate U.S. Holders (including individuals) are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A U.S. Holder's initial tax basis in our Equity Shares will be the U.S. dollar value of the Rupee denominated purchase price determined on the date of purchase, and the amount realized on a sale, exchange or other taxable disposition of our Equity Shares will be the U.S. dollar value of the payment received determined on the date of disposition. If our Equity Shares are treated as traded on an "established securities market," a cash method U.S. Holder or, if it elects, an accrual method U.S. Holder, will determine the U.S. dollar value of (i) the cost of such Equity Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase, and (ii) the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale, exchange or other taxable disposition. Such an election by an accrual method U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. Accrual method U.S. Holders that do not elect to be treated as cash-method taxpayers for this purpose may have a foreign currency gain or loss for U.S. federal income tax purposes, which in general will be treated as U.S.-source ordinary income or loss. U.S. Holders should consult their advisors as to the U.S. federal income tax consequences of the receipt of Rupees.

If any Indian tax is imposed on the sale or other disposition of our Equity Shares, a U.S. Holder's amount realized will include the gross amount of the proceeds of the sale or other disposition before deduction of the Indian tax. Because capital gain or loss, if any, will generally be U.S. source gain or loss for foreign tax credit purposes and a U.S. Holder may use foreign tax credits to offset only the portion of U.S. federal income tax liability that is attributable to foreign -source income, a U.S. Holder may not be able to claim a foreign tax credit for any Indian income tax imposed on such gains unless the U.S. Holder has other taxable income from foreign sources in the appropriate foreign tax credit basket. U.S. Holders should consult their own tax advisors concerning the creditability or deductibility of any Indian income tax imposed on the disposition of Equity Shares in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a corporation organized outside the United States will be treated as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes in any taxable year in which (a) 75% or more of its gross income is passive income (the "**income test**") or (b) 50% or more of its assets either produce passive income or are held for the production of passive income in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year) (the "**asset test**"). For this purpose, "gross income" generally includes all sales revenues less the cost of goods sold, plus income from investments and from incidental or outside operations or sources, and "passive income" generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. For purposes of the PFIC income test and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation.

Based on the nature of our business, the composition of our income and assets and the value of our assets, we expect that we were a PFIC for the taxable year ending March 31, 2021, and taking into account certain estimates of the aforementioned items we expect to be classified as a PFIC for the taxable year ending March 31, 2022 and expect to be so classified in future taxable years. We will not provide an annual determination of our PFIC status for any taxable year. However, we expect that we will continue to be a PFIC for each subsequent taxable year, and this summary is based on that expectation. If the Company is or becomes a PFIC, a U.S. Holder who owns our Equity Shares will generally be subject to adverse tax treatment, as discussed in more detail below. Accordingly, you are urged to consult your tax advisors regarding the risks associated with investing in a company that may be a PFIC.

Under attribution rules, if we were a PFIC for any taxable year and any subsidiary or other entity in which we held a direct or indirect equity interest is also a PFIC (a "**Lower-tier PFIC**"), U.S. Holders would be deemed to own their proportionate share of any such Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the following paragraph on (i) certain distributions by the Lower-tier PFIC and (ii) a disposition of equity interests of the Lower-tier PFIC, in each case as if the U.S. Holders held such interests directly, even though the U.S. Holders have not received the proceeds of those distributions or dispositions directly. Generally, a mark-to-market election (as described below) cannot be made for equity interests in a Lower-

tier PFIC. Therefore, if we are a PFIC for any taxable year during which you hold our Equity Shares, you generally will continue to be subject to the rules described in the following paragraph with respect to your indirect interest in any Lower-tier PFIC, even if you were to make a valid mark-to-market election with respect to our Equity Shares. You are urged to consult your tax advisors about the application of the PFIC rules to our subsidiaries. Generally, if the Company is a PFIC for any taxable year during which a U.S. Holder holds Equity Shares, the U.S. Holder may be subject to adverse tax consequences.

Generally, gain recognized by a U.S. Holder upon a disposition (including, under certain circumstances, a pledge) of Equity Shares by the U.S. Holder would be allocated ratably over the U.S. Holder's holding period for such Equity Shares. The amounts allocated to the taxable year of disposition and to years before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to the allocated amount. Further, to the extent that any distribution received by a U.S. Holder on the Equity Shares exceeds 125% of the average of the annual distributions on such Equity Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments of the Equity Shares if the Company was a PFIC.

If the Company was a PFIC for any year during which a U.S. Holder owned Equity Shares, the Company would generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder held the Equity Shares, even if the Company ceased to meet the threshold requirements for PFIC status.

If we are or become a PFIC, certain elections would result in alternative treatments, such as a mark-to-market election (discussed below) of the Equity Shares, or such as a "qualified electing fund" ("QEF") election to include in income the U.S. Holder's share of the corporation's income on a current basis. A U.S. taxpayer may generally make a QEF election with respect to shares of a foreign corporation only if such taxpayer is furnished annually with a PFIC annual information statement as specified in the applicable Treasury regulations. For a U.S. Holder to make a QEF election, we must agree to supply annually to the U.S. Holder the "PFIC Annual Information Statement" described in Treasury Regulations and permit the U.S. Holder access to certain information in the event of an audit by the U.S. tax authorities. We do not intend to provide information necessary for U.S. Holders to make QEF elections. Therefore, U.S. Holders should assume that they will not receive such information from us and would therefore be unable to make a QEF election with respect to our Equity Shares.

Alternatively, if we are a PFIC for any taxable year and if the Equity Shares are "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election with respect to the Equity Shares (but not with respect to any Lower-tier PFICs, if any) that would result in tax treatment different from the general tax treatment for PFICs described above. The Equity Shares will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the Equity Shares is traded on a qualified exchange on at least 15 days during each calendar quarter. A non-U.S. securities exchange constitutes a qualified exchange if it is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading listing, financial disclosure and other requirements set forth in the U.S. Treasury regulations. Our Equity Shares are listed on the Stock Exchanges. It is unclear, however, whether the Stock Exchanges would meet the requirements for a "qualified exchange." There can be no assurance, therefore, that the mark-to-market election would be available to a U.S. Holder of Equity Shares if we were treated as a PFIC.

Generally, under the mark-to-market election the U.S. Holder will recognize at the end of each taxable year (i) ordinary income in respect of any excess of the fair market value of the Equity Shares over their adjusted tax basis or (ii) ordinary loss in respect of any excess of the adjusted tax basis of the Equity Shares over their fair market value (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the Equity Shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of Equity Shares in a year when we were a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). U.S. Holders should consult their tax advisors regarding the availability and advisability of making a mark-to-market election in their particular circumstances. As to any elections with respect to our Equity Shares, including mark-to-market elections or QEF elections, U.S. Holders should consult their own tax advisors to determine whether any of these elections would be available or advisable if we are or become a PFIC and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

If a U.S. Holder owns our Equity Shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file an IRS Form 8621 annually with respect to the Company, generally with the U.S. Holder's U.S. federal income tax return for that year unless specified exceptions apply.

U.S. Holders should consult their tax advisors regarding our PFIC status for any taxable year and the potential application of the PFIC rules.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds from a sale, exchange or other taxable disposition (including redemption) of our Equity Shares that are made within the United States, by a U.S. payor or through certain U.S.-related financial intermediaries to a U.S. Holder generally are subject to information reporting, unless the U.S. Holder is a corporation or other exempt recipient. In addition, such payments may be subject to backup withholding, unless (1) the U.S. Holder is a corporation or other exempt recipient or (2) the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding in the manner required.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will generally be allowed as a credit against the U.S. Holder's U.S. federal income tax liability or may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain U.S. Holders who are individuals or certain specified entities that own "specified foreign financial assets" with an aggregate value in excess of U.S.\$50,000 (and in some circumstances, a higher threshold) may be required to report information relating to the Equity Shares by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets (which requires U.S. Holders to report "foreign financial assets," which generally include financial accounts held at a non-U.S. financial institution, interests in non-U.S. entities, as well as stock and other securities issued by a non-U.S. person), to their tax return for each year in which they hold our Equity Shares, subject to certain exceptions (including an exception for our Equity Shares held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their acquisition, ownership, and disposition of the Equity Shares.

Disclaimer Clause of RBI

The Company has a valid certificate of registration dated October 19, 2022 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 the Draft Red Herring Prospectus was submitted to BSE. The disclaimer clause as intimated by BSE to us through its in-principle approval dated May 10, 2023, is set forth below:

"BSE Limited ("the Exchange") has given vide its letter dated May 10, 2023, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

- a) **warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or**
- b) **warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or**
- c) **take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company**

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus was submitted to NSE. The disclaimer clause as intimated by NSE to us through its in-principle approval dated May 10, 2023, is set forth below:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/2037 dated May 10, 2023, permission to the Issuer to use the Exchange’s name in this Offer Document as one of the Stock Exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

Listing

The Equity Shares issued through the Red Herring Prospectus and this 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. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. If our Company does not allot Equity Shares pursuant to the Offer within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Each of the Promoter Selling Shareholders, severally and not jointly, undertake to provide such reasonable assistance as may be requested by our Company, to the extent such assistance is required from such Promoter Selling Shareholders in relation to its respective portion of the Offered Shares to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges within such time prescribed by SEBI.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI.

Consents

Consents in writing of (a) the Promoter Selling Shareholders, our Directors, our Company Secretary, and Compliance Officer, the Statutory Auditors, the Legal Counsel to the Issuer, lenders to our Company, CRISIL MI&A, the bankers to our Company, the BRLMs and Registrar to the Offer, to act in their respective capacities, have been obtained and such consents have not been withdrawn as on the date of this Prospectus; and (b) the Syndicate Member, Monitoring Agency, Bankers to the Offer, that is the Escrow Collection Banks, Public Offer Account Bank, Sponsor Bank(s) and Refund Bank to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 26 and 32 of the

Companies Act, 2013.

Experts

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

Our Company has received written consent July 15, 2023 from the Statutory Auditors, M/s Suresh Surana & Associates LLP, Chartered Accountants, to include their name, as required under Section 26(5) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this 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 July 12, 2023 on the Restated Financial Information; and (ii) their report dated July 15, 2023 on the statement of possible special tax benefits in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus.

In addition, our Company has received a written consent dated August 8, 2023 from, S K Patodia & Associates, Chartered Accountants, as the independent chartered accountants to include its name as an “expert” under Section 2(38) of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 in its capacity as an independent chartered accountant, in respect of the certificates dated July 26, 2023 and August 8, 2023, and such consent has not been withdrawn as on the date of this Prospectus.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not undertaken any public issue during the five years immediately preceding the date of this Prospectus.

Further, except as disclosed in the section “*Capital Structure*” on page 80, our Company has not undertaken any rights issue during the five years immediately preceding the date of this Prospectus.

Commission or brokerage on previous issues in the last five years

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Prospectus.

Capital issue during the previous three years by our Company and/or listed Subsidiary and Associates of our Company

Our Company has one Subsidiary which is not listed. For details in relation to the capital issuances by our Company since incorporation, see “*Capital Structure*” at page 80. Further, as on the date of this Prospectus, Our Company does not have any associates.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public issue in the five years preceding the date of this Prospectus. Other than as disclosed in the section “*Capital Structure*” on page 80, our Company has not undertaken any rights issues in the five years immediately preceding the date of this Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiary/ Promoters of our Company

Our Promoters do not have securities listed or listed subsidiary on any stock exchange.

Past price Information of past issues handled by the BRLM(s)

ICICI Securities Limited

Price information of past public issues during the current Fiscal and the two Fiscals immediately preceding the current Fiscal) 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]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	Life Insurance Corporation of India [^]	2,05,572.31	949.00 ⁽¹⁾	17-MAY-22	867.20	-27.24%,-[3.27%]	-28.12%, [+9.47%]	- 33.82%, [+13.76%]
2	Prudent Corporate Advisory Services Limited [^]	4,282.84	630.00 ⁽²⁾	20-MAY-22	660.00	-20.71%,-[5.46%]	-2.10%, [+10.92%]	+26.23%, [+13.89%]
3	Paradeep Phosphates Limited [^]	15,017.31	42.00	27-MAY-22	43.55	-10.24%,-[3.93%]	+27.50%, [+7.65%]	+31.19%, [+11.91%]
4	Syrma SGS Technology Limited [^]	8,401.26	220.00	26-AUG-22	262.00	+31.11%,-[1.25%]	+29.20%, [+4.55%]	+20.66%, [+3.13%]
5	Fusion Micro Finance Limited ^{^^}	11,039.93	368.00	15-NOV-22	359.50	+9.86%, [+1.40%]	+12.84%, [-2.97%]	+25.52%, [-0.48%]
6	Five Star Business Finance Limited ^{^^}	15,885.12	474.00	21-NOV-22	468.80	+29.72%, [+1.24%]	+19.20%, [-1.19%]	+11.72%, [+0.24%]
7	Archean Chemical Industries Limited ^{^^}	14,623.05	407.00	21-NOV-22	450.00	+25.42%, [+1.24%]	+56.87%, [-1.19%]	+32.68%, [+0.24%]
8	Landmark Cars Limited [^]	5,520.00	506.00 ⁽³⁾	23-DEC-22	471.30	+22.83%, [+1.30%]	+1.16%, [-2.72%]	+35.06%, [+5.82%]
9	KFIN Technologies Limited ^{^^}	15,000.00	366.00	29-DEC-22	367.00	-13.55%,-[3.22%]	-24.56%, [-6.81%]	-4.48%, [+2.75%]
10	Utkarsh Small Finance Bank Limited ^{^^}	5,000.00	25.00	21-JUL-23	40.00	NA*	NA*	NA*

*Data not available

[^]BSE as designated stock exchange

^{^^}NSE as designated stock exchange

- Discount of Rs. 45 per equity share offered to eligible employees and Retail Individual Bidders. Discount of Rs. 60 per equity share offered to eligible policyholders. All calculations are based on Issue Price of Rs. 949.00 per equity share
- Discount of Rs. 59 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 630.00 per equity share
- Discount of Rs. 48 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 506.00 per equity share.

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30 th calendar days from listing			No. of IPOs trading at premium - 30 th calendar days from listing			No. of IPOs trading at discount - 180 th calendar days from listing			No. of IPOs trading at premium - 180 th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2023-24*	1	5,000.00	-	-	-	-	-	-	-	-	-	-	-	
2022-23	9	2,95,341.82	-	1	3	-	3	2	-	1	1	-	5	
2021-22	26	7,43,520.19	-	3	6	6	4	7	3	4	5	5	4	

*This data covers issues up to YTD

Notes:

- Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.
- Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.
- 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing date of the previous trading day

Axis Capital Limited

Price information of past public issues during the current Fiscal and the two Fiscals immediately preceding the current Fiscal) handled by Axis Capital Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1	Cyient DLM Limited ⁽²⁾	5,920.00	265.00	10-Jul-23	403.00	+86.79%, [+1.11%]	-	-
2	Mankind Pharma Limited ⁽²⁾	43,263.55	1,080.00	09-May-23	1,300.00	+37.61%, [+2.52%]	+74.13%, [+6.85%]	-
3	Elin Electronics Limited ⁽¹⁾	4,750.00	247.00	30-Dec-22	243.00	-15.55%, [-2.48%]	-52.06%, [-4.73%]	-29.35%, [+4.23%]

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
4	Landmark Cars Limited ⁽¹⁾	5,520.00	506.00	23-Dec-22	471.30	+22.83%, [+1.30%]	+1.16%, [-2.72%]	+35.06%, [+5.82%]
5	Uniparts India Limited ⁽¹⁾	8,356.08	577.00	12-Dec-22	575.00	-5.11%, [-3.24%]	-7.38%, [-4.82%]	-0.60%, [+0.80%]
6	Keystone Realtors Limited ⁽¹⁾	6,350.00	541.00	24-Nov-22	555.00	-12.26%, [-3.90%]	-9.70%, [-2.57%]	-8.64%, [-0.50%]
7	Bikaji Foods International Limited [#]	8,808.45	300.00	16-Nov-22	321.15	+28.65%, [-0.29%]	+26.95%, [-2.50%]	+24.17%, [+0.08%]
8	DCX Systems Limited ⁽¹⁾	5,000.00	207.00	11-Nov-22	286.25	+17.10%, [+0.63%]	-12.56%, [-1.83%]	-12.32%, [-0.05%]
9	Harsha Engineers International Limited (formerly known as Harsha Engineers International Private Limited and Harsha Abakus Solar Private Limited) ⁽²⁾	7,550.00	330.00	26-Sep-22	450.00	+31.92%, [+3.76%]	+10.68%, [+4.65%]	-2.18%, [-0.42%]
10	Tamilnad Mercantile Bank Limited ⁽¹⁾	8,078.40	510.00	15-Sep-22	510.00	-8.43%, [-3.36%]	+2.14%, [+4.34%]	-15.82%, [-2.83%]

Source: www.nseindia.com and www.bseindia.com

⁽¹⁾BSE as Designated Stock Exchange

⁽²⁾NSE as Designated Stock Exchange

& Offer Price was ₹ 250.00 per equity share to Eligible Employees

* Offer Price was ₹ 458.00 per equity share to Eligible Employees

Offer Price was ₹ 285.00 per equity share to Eligible Employees

\$ Offer Price was ₹ 299.00 per equity share to Eligible Employees

Notes:

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY or S&P BSE SENSEX is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.

c. Price on NSE or BSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.

d. In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (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%
2023-2024*	2	43,263.55	-	-	-	1	1	-	-	-	-	-	-	-
2022-2023	11	279,285.39	-	1	6	-	2	2	-	2	5	-	3	1
2021-2022	25	609,514.77	-	2	6	6	5	6	3	4	3	5	3	7

* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Kotak Mahindra Capital Company Limited

Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company 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]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Utkarsh Finance Limited	Small Bank	5,000.00	25	July 21, 2023	40.00	Not Applicable	Not Applicable
2.	Mankind Limited	Pharma	43,263.55	1080	May 09, 2023	1300.00	+37.61%, [+2.52%]	+74.13%, [+6.85%]
3.	KFin Technologies Limited		15,000.00	366	December 29, 2022	367.00	-13.55%, [-3.22%]	-24.56%, [-6.81%]
4.	Sula Vineyards Limited		9,603.49	357	December 22, 2022	358.00	+18.59%, [-0.55%]	-4.87%, [-5.63%]
5.	Five-Star Business Finance Limited		15,934.49	474	November 21, 2022	468.80	+29.72%, [+1.24%]	+19.20%, [-1.19%]
6.	Bikaji International Limited	Foods	8,808.45	300 ¹	November 16, 2022	321.15	+28.65%, [-0.29%]	+44.58%, [-2.00%]
7.	Global Health Limited		22,055.70	336	November 16, 2022	401.00	+33.23%, [+0.03%]	+35.94%, [-3.47%]
8.	Aether Industries Limited		8,080.44	642	June 03, 2022	706.15	+21.00%, [-5.13%]	+34.54%, [+6.76%]
9.	Delhivery Limited		52,350.00	493 ²	May 24, 2022	493.00	+3.49%, [-4.41%]	+17.00%, [+10.13%]
10.	Life Insurance Corporation of India		205,572.31	949 ³	May 17, 2022	867.20	-27.24%, [-3.27%]	-28.12%, [+9.47%]

Source: www.nseindia.com; www.bseindia.com

Notes:

- In Bikaji Foods International Limited, the issue price to eligible employees was ₹ 285 after a discount of ₹ 15 per equity share
- In Delhivery Limited, the issue price to eligible employees was ₹ 468 after a discount of ₹ 25 per equity share
- In Life Insurance Corporation of India, the issue price to retail investors and eligible employees was ₹ 904 after a discount of ₹ 45 per equity share and the issue price to eligible policyholders was ₹ 889 after a discount of ₹ 60 per equity share
- In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.
- The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.
- Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information.
- Restricted to last 10 equity initial public issues.

Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	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%	Betwe en 25-50%	Less than 25%	Over 50%	Betwe en 25-50%	Less than 25%	Over 50%	Betwe en 25-50%	Less than 25%	Over 50%	Betwe en 25-50%	Less than 25%
2023-24	2	48,263.55	-	-	-	-	1	-	-	-	-	-	-	
2022-23	10	367,209.37	-	1	2	-	3	4	-	2	1	2	3	
2021-22	19	624,047.99	-	-	5	5	5	4	1	4	2	8	2	

Notes:

- The information is as on the date of this Prospectus.
- The information for each of the financial years is based on issues listed during such financial year.

Track record of past issues handled by the BRLM(s)

For details regarding the track record of the BRLM(s), as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the websites of the BRLM(s) mentioned below.

BRLMs	Website
ICICI Securities Limited	www.icicisecurities.com
Axis Capital Limited	www.axiscapital.co.in
Kotak Mahindra Capital Company Limited	https://investmentbank.kotak.com

Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for redressal of investor grievances

SEBI, by way of its circular dated March 16, 2021 (“**March 2021 Circular**”) and as amended by the June 2, 2021 Circular (“**June 2021 Circular**”) and April 20, 2022 Circular (“**April 20, 2022 Circular**”), has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by UPI Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Subsequently, by way of its circular dated June 2021 Circular, SEBI modified the process timelines and extended the implementation timelines for certain measures introduced by the March 2021 Circular. Per the March 2021 Circular read with the June 2021 Circular, for initial public offerings opening for subscription on or after May 1, 2021, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) periodic sharing of statistical details of mandate blocks/unblocks, performance of apps and UPI handles, network latency or downtime, etc., by the Sponsor Bank to the intermediaries forming part of the closed user group vide email; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for non-allotted/partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalisation of the Basis of Allotment.

In terms of SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, 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.

Separately, pursuant to the March 2021 Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/ partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the post-Offer BRLM shall be liable to compensate the investor

₹100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs and/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. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs, in the manner provided below.

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.

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

In case of any grievance/ concerns, the Syndicate Members or the investors may also reach out to the BRLMs on their dedicated email-id mentioned on the cover page.

Anchor Investors are required to address 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 hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs 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 of any acts of SCSBs including any defaults in complying with its obligations under applicable 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 intimations and non-receipt of funds by electronic mode. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, 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.

Our Company has obtained authentication on the SCORES and is in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 and the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 and SEBI circular (SEVI/HO/OIAE/IGRD/CIR/P/2021/642) dated October 14, 2021 in relation to redressal of investor grievances through SCORES.

Our Company, the Promoter 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.

Disposal of investor grievances by our Company

Our Company has also constituted a Stakeholders Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer, and issue of duplicate shares. For more information, see “*Our Management – Board Committees*” on page 252. Each of the Promoter Selling Shareholders have, severally and not jointly, authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has also appointed Jay Mistry, Company Secretary and Compliance Officer of our Company, as the compliance officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, “*General Information - Company Secretary and Compliance Officer*” on page 70.

Our Company has not received any investor complaint during the three years preceding the date of the Red Herring Prospectus and this Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Prospectus.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Exemption under securities laws

As on date of this Prospectus, no application is pending by the Company seeking exemption from complying with any provisions of securities laws.

SECTION VII - OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and Allotted pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the GoI, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholders.

All costs and expenses in relation to the Offer (other than the listing fee, audit fees, fees payable to domestic legal counsel to the Company and all corporate publicity, other than strictly Offer-related advertisements, which shall be solely borne by the Company) shall be shared between the Company and the Promoter Selling Shareholders pursuant to the Offer in accordance with applicable law, provided that the Promoter Selling Shareholders shall be liable to only such proportionate fees, costs and expenses to the extent of its respective portion of the Equity Shares they have offered and sold in the Offer. It is clarified that all the payments shall be made first by the Company on behalf of such Promoter Selling Shareholders and each of the Promoter Selling Shareholders agree, severally and not jointly, that, it shall reimburse the Company, on a pro-rata basis, in proportion to its respective portion of the shares they have offered and sold in the Offer.

Provided that all Offer-related expenses shall initially be borne by our Company and each of the Promoter Selling Shareholders shall reimburse the Company for respective proportion of the expenses. Each of the Promoter Selling Shareholders shall reimburse our Company their proportionate share of the Offer-related expenses (other than the fees and expenses in relation to the legal counsel to the Promoter Selling Shareholders). For further details, see “*Objects of the Offer – Offer related expenses*” on page 110.

Ranking of Equity Shares

The Equity Shares being offered and Allotted in the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association and the Articles of Association and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company. For more information, see “*Main Provisions of the Articles of Association*” on page 488.

Mode of Payment of Dividend

Our Company shall pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Offer will be payable to the Allottees, for the entire year, in accordance with applicable law. For more information, see “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 270 and 488, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹10 and the Offer Price is ₹ 57 per Equity Share. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ 54 and the Cap Price of the Equity Shares is ₹ 57, being the Price Band. The Anchor Investor Offer Price is ₹ 57 per Equity Share.

The Offer Price, Price Band and the minimum Bid Lot were decided by our Company and Promoter Selling Shareholders, in consultation with the BRLMs, and were advertised at least two Working Days prior to the Bid/Offer Opening Date in all editions of Financial Express, an English national daily newspaper, all editions of

Jansatta, a Hindi national daily newspaper and all editions of Navshakti, a Marathi national daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located), each with wide circulation, and were made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, were pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Offer Price was determined by our Company and Promoter Selling Shareholders, in consultation with the BRLMs, after the Bid/Offer Closing Date, in terms of the Red Herring Prospectus and this Prospectus.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable law and our Articles of Association, the equity Shareholders will have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see “*Main Provisions of the Articles of Association*” on page 488.

Market Lot and Trading Lot and Allotment of securities in dematerialised form

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated August 30, 2022 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated August 6, 2022 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of 260 Equity Shares, subject to a minimum Allotment of 260 Equity Shares. For the method of Basis of Allotment, see “*Offer Procedure*” on page 468.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Nomination facility to investors

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest to the exclusion of the other persons, unless the nomination is varied or cancelled in the prescribed manner. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled, or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

Bid/Offer Period

BID/OFFER OPENED ON	Thursday, August 3, 2023 ⁽¹⁾
BID/OFFER CLOSED ON	Monday, August 7, 2023

The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations.

UPI Mandate end time and date was at 5:00 PM on Bid/Offer Closing Date

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date*	Monday, August 7, 2023
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about August 10, 2023
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about August 11, 2023
Credit of Equity Shares to demat accounts of Allottees	On or about August 14, 2023
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about August 16, 2023

**In case of 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 BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for 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. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

The processing fees for applications made by the UPI Bidders 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/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

This above timetable is indicative in nature and does not constitute any obligation or liability on our Company, the Promoter Selling Shareholders or the BRLMs.

While our Company and the Promoter Selling Shareholders 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 or such period as may be prescribed, the timetable may change due to various factors, such as any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

In terms of the SEBI UPI Circulars, in relation to the Offer, the Book Running Lead Managers 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.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of the Red Herring Prospectus filing may have resulted in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

UPI mandate end time and date was at 5:00pm on Bid/Offer Closing Date

On the Bid/Offer Closing Date, the Bids were uploaded until:

- (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors; and
- (ii) until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, in case of Bids by UPI Bidders.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on a daily basis within 60 minutes of the bid closure time from the Bid/Offer Opening Date till the Bid/Offer Closing Date by obtaining such information from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids were 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 were not considered for allocation under the Offer. Bids were accepted only during Monday to Friday (excluding any public

holiday). None of our Company, the Promoter Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism. The Designated Intermediaries shall modify select fields uploaded on the stock exchange platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar for further processing.

In case of any 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 shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or; the minimum subscription of 90% of the Fresh Issue on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023., 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. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

In case of under-subscription in the Offer, after meeting the minimum subscription requirement of 90% of the Fresh Issue, the balance subscription in the Offer will be met in the following order of priority: (i) through the sale of Offered Shares being offered by the Promoter Selling Shareholders in the Offer for Sale on a proportionate basis; and (ii) through the issuance of balance part of the Fresh Issue.

Each of the Promoter Selling Shareholders shall, severally and not jointly, reimburse, in proportion to their respective Offered Shares, any expenses and interest incurred by our Company on behalf of the Promoter Selling Shareholders for any delays in making refunds as required under the Companies Act and any other applicable law, provided that no Promoter Selling Shareholders shall be responsible or liable for payment of such expenses or interest, unless such delay is solely and directly attributable to an act or omission of such Promoter Selling Shareholder.

Undersubscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories at the discretion of our Company, the Promoter Selling Shareholders, in consultation with the Book Running Lead Managers, and the Designated Stock Exchange.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangement for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction, if any, on transfer and transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoter's minimum contribution and the Anchor Investor lock-in in the Offer as detailed in "*Capital Structure*" on page 80, and except as provided in the Articles of Association as detailed in "*Main Provisions of the Articles Of Association*" on page 488, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting. Further, there are no restrictions on transmission of any shares/debentures of our Company and on their consolidation or splitting, except as provided in the Articles of Association.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of the Offer

Our Company, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Fresh Issue, and each Promoter Selling Shareholder, in consultation with the Book Running Lead Managers, reserves the right to not proceed with the Offer for Sale, in whole or in part thereof, to the extent of its respective portion of the Offered Shares after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Managers through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of UPI Bidders using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders (other than Anchor Investors) shall notify the Escrow Collection Banks to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of this Prospectus after it is filed with the RoC. If our Company and the Promoter Selling Shareholders in consultation with the Book Running Lead Managers, withdraw the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with a public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

OFFER STRUCTURE

The Offer of 179,889,950 Equity Shares[^] for cash at price of ₹ 57 per Equity Share[#] (including a premium of ₹ 47 per Equity Share) aggregating to ₹ 10,250 million^{^#} comprising of a Fresh Issue of 105,328,548 Equity Shares[^] aggregating to ₹6,000 million^{^#} by our Company and an Offer of Sale 74,561,402 Equity Shares[^], aggregating to ₹4,250 million^{^#} by the Promoter Selling Shareholders. The Offer includes an Employee Reservation Portion of 1,863,636 Equity Shares[^] aggregating to ₹ 102.50 million, for subscription by Eligible Employees. The Employee Reservation Portion shall not exceed 5% of our post-Offer paid-up Equity Share capital. The Offer less the Employee Reservation Portion is the Net Offer. The Offer and the Net Offer shall constitute 16.90% and 16.73%, respectively, of the post-Offer paid-up equity share capital of our Company.

[^]Subject to finalisation of Basis of Allotment

[#]A discount of ₹ 2 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion

Our Company, in consultation with the Promoter Selling Shareholders and the Book Running Lead Managers, has undertaken a Pre-IPO Placement of 27,272,727 Equity Shares for cash consideration aggregating to ₹ 1,500 million. Accordingly, the Fresh Issue has been reduced by ₹ 1,500 million pursuant to the Pre-IPO Placement and accordingly, the size of the Fresh Issue is ₹ 6,000 million. The proceeds from the Pre-IPO Placement have been utilised by our Company in furtherance of our Objects. For further details in relation to the Pre-IPO Placement, see “Capital Structure” and “Risk Factors – Our Company has issued Equity Shares during the preceding one year at a price that is below the Offer Price.” on pages 80 and 35, respectively. The Offer is being made through Book Building Process.

Particulars	Eligible Employees [#]	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for Allotment or allocation ^{*(2)}	1,863,636 Equity Shares [^]	89,013,156 Equity Shares [^]	26,703,948 Equity Shares [^]	62,309,210 Equity Shares [^]
Percentage of Offer available for Allotment or allocation	1.05% of the Net Offer Size	Not more than 50% of the Net Offer shall be Allotted to QIBs. However, up to 5% of the Net QIB Category (excluding Anchor Investor Portion) was available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion was also eligible for allocation in the remaining Net QIB Category. The unsubscribed portion in the Mutual Fund Portion, if any, was available for allocation to other QIBs in the remaining Net QIB Category	Not less than 15% of the Net Offer out of which i) one third was reserved for Bidders with Bids exceeding ₹ 200,000 and up to ₹ 1,000,000; and ii) two-thirds was reserved for Bidders with Bids exceeding ₹ 1 million, ⁽⁵⁾ provided that the unsubscribed portion in either of the aforementioned subcategories have been allocated to applicants in the other subcategory of the Non-Institutional Investors.	Not less than 35% of the Net Offer
Basis of Allotment respective category is oversubscribed [*]	Proportionate; unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee did not exceed ₹200,000 (net of Employee Discount, if any). In the event of under-subscription in the Employee Reservation Portion, the	Proportionate as follows (excluding the Anchor Investor Portion): a) 1,780,264 Equity Shares were made available for allocation on a proportionate basis to Mutual Funds only; and b) 33,824,999 Equity Shares were made	The Equity Shares available for allocation to Bidders in the Non-Institutional Portion was subject to the following: (a) One-third of the Non-Institutional Portion was available for allocation to Bidders with an application size more than ₹0.20	The allotment to each Retail Individual Bidder was not less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, was Allotted on a proportionate basis. For

Particulars	Eligible Employees [#]	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
	unsubscribed portion was allocated, on a proportionate basis, to Eligible Employees Bidding in the Employee Reservation Portion for value exceeding ₹200,000 (net of Employee Discount, if any), subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount if any).	available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Our Company and the Promoter Selling Shareholders, in consultation with the BRLMs, may have allocated up to 60% Equity Shares of the QIB Category may have been allocated on a non-discretionary basis to Anchor Investors of which one-third was available for allocation to Mutual Funds only, subject to valid Bid received from domestic Mutual Funds at or above the Anchor Investor Allocation Price	million upto ₹1.00 million; and (b) Two-thirds of the Non-Institutional Portion was available for allocation to Bidders with an application size of more than ₹1.00 million. Provided that the unsubscribed portion in either of these two sub-categories of Non-Institutional Portion may have been allocated to the Bidders in the other sub-category of Non-Institutional Portion in accordance with SEBI ICDR Regulations. The Allotment to each Non-Institutional Investor was not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, was allotted on a proportionate basis in accordance with the conditions specified in the SEBI ICDR	further details, see “Offer Procedure” on page 468
Mode of Bid [^]	Through ASBA process only (including the UPI Mechanism, as applicable) (except for Anchor Investors)			
Minimum Bid	260 Equity Shares	Such number of Equity Shares in multiples of 260 Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of 260 Equity Shares that the Bid Amount exceeds ₹200,000	260 Equity Shares
Maximum Bid	Such number of Equity Shares and in multiples of 260 Equity Shares, so that the maximum Bid Amount by each Eligible Employee in the Employee Reservation Portion does not exceed ₹500,000, less Employee Discount, if any	Such number of Equity Shares in multiples of 260 Equity Shares does not exceed the size of the Net Offer, subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of 260 Equity Shares not exceeding the size of the Net Offer, (excluding the QIB Category) subject to limits applicable to the Bidder	Such number of Equity Shares in multiples of 260 Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form			
Bid Lot	260 Equity Shares and in multiples of 260 Equity Shares thereafter			
Allotment Lot	A minimum of 260 Equity Shares and in multiples of one Equity Share thereafter For Retail Individual Investors, 260 Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Category			
Trading Lot	One Equity Share			

Particulars	Eligible Employees [#]	QIBs ⁽¹⁾	Non-Institutional Investors	Retail Individual Investors
Who can apply ⁽³⁾	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident funds(subject to applicable law) with minimum corpus of ₹ 250.00 million, pension funds with minimum corpus of ₹ 250.00 million registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment Fund set up by the GoI, 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 NBFC-SI	Resident individuals, NRIs, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices. which are categorised as Category II FPIs and registered with SEBI	Resident individuals, NRIs and HUFs (in the name of the Karta)

Terms of Payment of **In case of Anchor Investors:** Full Bid Amount was payable by the Anchor Investors at the time of submitting their Bids. ⁽⁴⁾
In case of all other Bidders: Full Bid Amount was blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank(s) through the UPI Mechanism (for Eligible Employees, RIIs or individual investors bidding under the Non-Institutional Portion for an amount of more than ₹200,000 and up to ₹500,000, using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form

*Assuming full subscription in the Offer.

^Subject to finalisation of Basis of Allotment

Eligible Employees Bidding in the Employee Reservation Portion could Bid up to a Bid Amount of ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion was considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion was available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. An Eligible Employee Bidding in the Employee Reservation Portion (subject to Bid Amount being up to ₹200,000) could also Bid in the Retail Category, and such Bids shall not be considered multiple Bids. However, Bids by Eligible Employees Bidding in the Employee Reservation Portion and in the Non-Institutional Category shall be treated as multiple Bids. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion. Further, one-third of the Non-Institutional Category was available for allocation to Bidders with an application size of more than ₹200,000 and up to ₹1,000,000 and two-thirds of the Non-Institutional Category was available for allocation to Bidders with an application size of more than ₹1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

[^]SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in Public Issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIIs and RIIs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.

1. Our Company and Promoter Selling Shareholders, in consultation with the BRLMs, allocated up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Offer Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100.00 million but up to ₹2,500.00 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹50.00 million per Anchor Investor, and (iii) in case of allocation above ₹2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500.00 million, and an additional 10 Anchor Investors for every additional ₹2,500.00 million or part thereof was permitted, subject to minimum allotment of ₹50.00 million per Anchor Investor. An Anchor Investor made a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹100.00 million. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received at or above the price at which allocation is made to Anchor Investors, which price was determined by the Company and Promoter Selling Shareholders in consultation with the BRLMs.
2. Subject to valid Bids having been received at or above the Offer Price. This Offer was made in accordance with Rule 19(2)(b) of the SCRR and Regulation 6(1) of the SEBI ICDR Regulations, In case of joint Bids, the Bid cum Application Form contained only the name of the first Bidder whose name also appeared as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders. The signature of only such first Bidder was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders.
3. Bidders were required to confirm and was deemed to have represented to our Company, the Promoter 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.
4. Full Bid Amount was payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price was payable by the Anchor Investor pay-in date as indicated in the CAN.

Bidders were required to confirm and will be deemed to have represented to our Company, the Promoter 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 having been received at or above the Offer Price, undersubscription, if any, in any category except the QIB Portion, was allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion was not allowed to be met with spill over from other categories or a combination of categories.

OFFER PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular CIR/CFD/DIL/12/2013 dated October 23, 2013 notified by SEBI and updated pursuant to the circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the circular CIR/CFD/DIL/1/2016 dated January 1, 2016, the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, the circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, the circular SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and the circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, and the circular SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 (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. 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 Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date and (xii) interest in case of delay in allotment or refund.

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (“UPI”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for UPI Bidders applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days (“UPI Phase I”). The UPI Phase I was With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by UPI Bidders through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID- 19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by UPI Bidders (“UPI Phase III”), as may be prescribed by SEBI. Additionally, 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 (“UPI Streamlining Circular”) has instituted certain mechanisms towards the streamlining of applications made through the UPI Mechanism as well as redressal of investor grievances. This UPI Streamlining 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 SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and the provisions of this circular, are deemed to form part of this Prospectus. The SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 which specified that ASBA applications shall only be processed after the application monies have been blocked in the bank accounts of the investors. This circular shall come into force for initial public offers opening on/or after September 1, 2022. Subsequently, pursuant to press release bearing number 12/2023 dated June 28, 2023 by SEBI, the revised timeline of T+3 days shall be made applicable in two phases, i.e., (i) voluntary for all public issues opening on or after September 1, 2023; and (ii) mandatory on or after December 1, 2023 (“T+3 Press Release”). The Offer will be made under UPI Phase II of the UPI Circular, subject to any circulars, clarification or notification issued by the SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI pursuant to the T+3 Press Release.

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.

Our Company, the Promoter Selling Shareholders and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that their Bids were submitted in accordance with applicable laws and did not exceed the investment limits or maximum number of the Equity Shares that could be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Company, the Promoter Selling Shareholders and the Members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Offer.

Book Building Procedure

The Offer was being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Offer was allocated on a proportionate basis to QIBs, provided that our Company and the Promoter Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5% of the net QIB Category (excluding the Anchor Investor Portion) was available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Category was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Net Offer was available for allocation to Non-Institutional Investors, of which one-third of the Non-Institutional Portion was available for allocation to Bidders with an application size of more than ₹ 200,000 up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion was available for allocation to Bidders with an application size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion. Further, not less than 35% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price.

The Offer includes a reservation of 1,863,636 Equity Shares, aggregating to ₹102.50 million, for subscription by Eligible Employees. The Employee Reservation Portion did not exceed 5% of our post-Offer paid-up Equity Share capital subject to valid Bids having been received at or above the Offer Price, net of Employee Discount, if any.

Under-subscription, if any, in the QIB Category was not allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b) of the SCRR, the Offer constituted at least 10% of the post Offer paid-up Equity Share capital of our Company. Bidders did 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.

Under-subscription, if any, in the QIB Category, would not be allowed to be met with spill-over from any other category or a combination of categories. Further, under-subscription, if any, in the Employee Reservation Portion, could have been added to other reserved category and the unsubscribed portion, if any, after such inter-se adjustments among such reserved categories was added to the Net Offer.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which did not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, and UPI ID, for UPI Bidders Bidding through the UPI Mechanism were required to be treated as incomplete and were required to be rejected. Bidders do not have the option

of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to compliance with Applicable Law.

Phased implementation of UPI Mechanism

SEBI has issued the SEBI UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the SEBI 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 RIIs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto 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 SEBI UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RII had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

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 is proposed to be reduced to three Working Days.

The Offer will be made under UPI Phase II of the SEBI UPI Circular, unless UPI Phase III of the SEBI UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date.

Pursuant to the UPI Streamlining Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Streaming Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post-Offer BRLM will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues were required to provide facility to make application using UPI.

Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders using the UPI mechanism.

For further details, please 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 were made available with the Designated Intermediaries at relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms was also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms were made available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) were required to compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process. The UPI Bidders can additionally Bid through the UPI mechanism.

ASBA Bidders (other than UPI Bidders using the UPI Mechanism) were required to provide bank account details and authorisation by the ASBA account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that did not contain such details are liable to be rejected.

Further, ASBA Bidders were required to ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. UPI Bidders using UPI Mechanism, were required to submit their ASBA Forms, including details with the Syndicate, Sub-Syndicate Members, Registered Brokers, RTAs or CDPs. RIIs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs (except UPI Bidders using the UPI Mechanism) ASBA Bidders were required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount could be blocked therein. In order to ensure timely information to investors SCSBs were required to send SMS alerts to investors intimating them about the Bid Amounts blocked/unblocked.

ASBA Bidders were also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, RIIs and Eligible NRIs applying on a non-repatriation basis^	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions	Blue
Anchor Investors**	White
Eligible Employees Bidding in the Employee Reservation Portion [§]	Pink

* Excluding electronic Bid cum Application Forms

Notes:

^Electronic Bid cum Application forms and the abridged prospectus were also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)

**Bid cum Application Forms for Anchor Investors were available at the offices of the BRLMs

§ Bid cum Application Forms for Eligible Employees Bidding in the Employee Reservation Portion were available at the Registered and Corporate Office of our Company.

In case of ASBA Forms, the relevant Designated Intermediaries uploaded the relevant Bid details in the electronic bidding system of the Stock Exchanges. For UPI Bidders using UPI Mechanism, the Stock Exchanges had shared 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 UPI Bidders for blocking of funds. For ASBA Forms (other than UPI Bidders using UPI Mechanism) Designated Intermediaries (other than SCSBs) had submitted/delivered the ASBA Forms to the respective SCSB, where the Bidder had a bank account and were required to not submit it to any non-SCSB bank or any Escrow Collection Bank(s).

For UPI Bidders using the UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. The Sponsor Bank(s) were required to initiate request for blocking of funds through NPCI to UPI Bidders, who accepted the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI were required to maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions were required to be with the concerned entity (i.e., the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction had come to a halt. The NPCI were required to share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer were required to provide the audit trail to the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs were required to 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 and SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

Pursuant to NSE circular dated July 22, 2022 with reference no. 23/2022 and BSE circular dated July 22, 2022 with reference no. 20220722-30, has mandated that Trading Members, Syndicate Members, Registrar and Transfer Agent and Depository Participants shall submit Syndicate ASBA bids above ₹500,000 and NII & QIB bids above ₹200,000, are uploaded through SCSBs only.

Pursuant to NSE circular dated August 3, 2022 with reference no. 25/2022, the following is applicable to all initial public offers opening on or after September 1, 2022:

- a. Cut-off time for acceptance of UPI Mandate shall be up to 5:00 pm on the initial public offer closure date and existing process of UPI bid entry by syndicate members, registrars to the offer and depository participants shall continue till further notice.
- b. There shall be no T+1 mismatch modification session for PAN-DP mismatch and bank/ location code on T+1 day for already uploaded bids. The dedicated window provided for mismatch modification on T+1 day shall be discontinued.
- c. Bid entry and modification/ cancellation (if any) shall be allowed in parallel to the regular bidding period up to 5 pm on the initial public offer closure day.
- d. Exchanges shall display initial public offer demand details on its website and for UPI bids the demand shall include/consider UPI bids only with latest status as RC 100 – Black Request Accepted by Investor/ Client, based on responses/status received from the Sponsor Bank.

The Sponsor Bank were required to undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and were required to also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank were required to undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the SEBI UPI Circulars. Sponsor Bank and issuer banks were required to download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three-way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is required to coordinate with issuer banks and Sponsor Banks on a continuous basis.

The Sponsor Bank is required to host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

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

Participation by Promoters, Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members were not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members could purchase Equity Shares in the Offer in the QIB Category where the allocation was on a proportionate basis and such subscription could be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, were required to be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or pension funds sponsored by the entities which are associates of the BRLMs, no BRLMs or its respective associates could apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor was deemed to be an “associate of the Lead Manager” if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoters and members of the Promoter Group could not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to a Promoter and the Promoter Group could not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders’ agreement or voting agreement entered into with any of the Promoters or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, was deemed to be a person related to a Promoter or member of the Promoter Group of our Company.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged along with 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.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids were made.

In case of a Mutual Fund, a separate Bid could 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 were not to be treated as multiple Bids provided that the Bids clearly indicated the scheme concerned for which the Bid has been made.

No Mutual Fund scheme could invest more than 10% of its NAV in equity shares or equity related instruments of any single company provided that the limit of 10% was not applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, were required to be made in the individual name of the Karta. The Bidder were required to specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by Eligible NRIs

Eligible NRIs could 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 were required to authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms were required to authorize their SCSB (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through 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. Participation of Eligible NRIs in the Offer were subject to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (White in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Blue in colour).

NRIs were permitted to apply in the Offer through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

NRIs applying in the Offer using UPI Mechanism were advised to enquire with the relevant bank whether their bank account is UPI linked prior to making such application. For details of investment by NRIs, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 486. Participation of eligible NRIs shall be subject to FEMA Non-debt Instruments Rules.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, with effect from April 1, 2020, the aggregate FPI investment limit is the sectoral cap applicable to an Indian company as prescribed in the FEMA Non-debt Instruments Rules with respect to its paid-up equity capital on a fully diluted basis. Currently, the sectoral cap for NBFCs is 100% under the automatic route and accordingly, the applicable limit with respect to our Company is 100%.

FPIs were permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations was required to be attached to the Bid cum Application Form, failing which our Company reserved the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (Blue in colour).

In terms of the FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs was included.

The FEMA NDI Rules were enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

- (i) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (ii) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

Bids by FPIs which utilise the multi investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of the SEBI FPI Regulations (the “**Operational FPI Guidelines**”), submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids (“**MIM Bids**”). As specified in 4.1.4.2 (b)(i) and 4.1.4.2 (c)(iv) of the General Information Document, it hereby clarified that FPIs bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected, except for Bids from FPIs that utilise the multi investment manager structure in accordance with the Operational FPI Guidelines (such structure referred to as “**MIM Structure**”). In order to ensure valid Bids, FPIs making MIM Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, were 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 were rejected.

Further, in the following cases, the bids by FPIs were not considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments (“ODI”) which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

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 Red Herring Prospectus read with the General Information Document, Bid Cum Application Forms were liable to be rejected in the event that the Bid in the Bid cum Application Form “exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus.”

For example, an FPI must ensure that any Bid by a single FPI and/ or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) (collective, the “FPI Group”) shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis. Any Bids by FPIs and/ or the FPI Group (including but not limited to (a) FPIs Bidding through the MIM Structure; or (b) FPIs with separate registrations for offshore derivative instruments and proprietary derivative instruments) for 10% or more of our total paid-up post Offer Equity Share capital shall be liable to be rejected.

Bids by SEBI-registered AIFs, VCFs and FVCIs

The SEBI FVCI Regulations, SEBI VCF Regulations and the SEBI AIF Regulations prescribe, *inter alia*, the investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI respectively. FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering. Category I AIF and Category II AIF cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other AIFs. A Category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other AIFs. AIFs which are authorized under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, a VCF that has not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly shall not be allowed to participate in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding Equity Shares prior to Offer, shall be locked-in for a period of at least one year from the date of purchase of such Equity Shares.

All non-resident investors were required to note that refunds (in case of Anchor Investors), dividends and other distributions, if any, would be payable in Indian Rupees only and net of bank charges and commission.

The Company, the Promoter Selling Shareholders or the BRLMs were not responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Eligible Employees

The Bid must be for a minimum of 260 Equity Shares and in multiples of 260 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹500,000 (net of Employee Discount, if any). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible

Employees under the Employee Reservation Portion may Bid at Cut-off Price provided that the Bid does not exceed ₹500,000 (net of Employee Discount, if any).

However, Allotments to Eligible Employees in excess of ₹200,000 (net of Employee Discount, if any), shall be considered on a proportionate basis, in the event of undersubscription in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount if any). Subsequent undersubscription, if any, in the Employee Reservation Portion shall be added back to the Net Offer. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees were required to be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour form).
- (b) The Bidder were required to be an Eligible Employee as defined herein. In case of joint bids, the first Bidder was an Eligible Employee.
- (c) Only Eligible Employees were eligible to apply in this Offer under the Employee Reservation Portion.
- (d) Only those Bids, which were received at or above the Offer Price, net of Employee Discount, if any, were considered for Allotment under this category.
- (e) Eligible Employees could apply at Cut-off Price.
- (f) If the aggregate demand in this category is less than or equal to 1,863,636 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

In case of under-subscription in the Net Offer, spill over to the extent of under-subscription was permitted from the Employee Reservation Portion. If the aggregate demand in this category is greater than 1,863,636 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis.

Please note that any individuals who were directors, employees or promoters of (a) the Book Running Lead Managers, Registrar to the Offer, or the Syndicate Members, or of the (b) 'associate companies' (as defined in the Companies Act, 2013, as amended) and 'group companies' of such Book Running Lead Managers, Registrar to the Offer or Syndicate Members were not eligible to bid in the Employee Reservation Portion.

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, were required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserved 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 were required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserved 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 SCSBs

SCSBs participating in the Offer were required to comply with the terms of the circulars issued by the SEBI dated September 13, 2012 and January 2, 2013. Such SCSBs were 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 was required to be used solely for the purpose of making application in public issues and clear demarcated funds was required to be available in such account for such applications.

Bids by Systemically Important NBFCs

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) the last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the Systemically Important NBFCs were required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserved the right to reject any Bid without assigning any reason thereof.

Systemically Important NBFCs participating in the Offer had complied with all applicable regulations, directions, guidelines and circulars issued by the RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI had to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserved the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserved 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 by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million, 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 was required to be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserved the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and Promoter Selling Shareholders in consultation with the BRLMs, in their absolute discretion, reserved 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 Promoter Selling Shareholders in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, with minimum corpus of ₹250 million, subject to applicable laws, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserved the right to reject any Bid, without assigning any reason therefor.

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 was made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid was for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid could not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund was aggregated to determine the minimum application size of ₹100 million.

(iii) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors was open one Working Day before the Bid/Offer Opening Date, i.e., the Anchor Investor Bidding Date and was completed on the same day.

(v) Our Company and the Promoter Selling Shareholders in consultation with the BRLMs finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion was 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 was completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation was made was 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 Offer Price.

(ix) 50% Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% shall be locked-in for a period of 30 days from the date of Allotment.

(x) 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 which are associate of the BRLMs, no BRLMs or any associate of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs can apply in the Offer under the Anchor Investor Portion. For details, see "Offer Procedure - Participation by the associates and affiliates of the BRLMs and the Syndicate Members and the persons related to BRLMs and the

Syndicate Members- on page 350.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

The above information is given for the benefit of the Bidders. Our Company, the respective Promoter 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 the 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 laws or regulation and as specified in the Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the 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; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company had, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and all editions of Navshakti, a Marathi national daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located), each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Promoter Selling Shareholders have entered into an Underwriting Agreement with the Underwriters on August 8, 2023.

Electronic Registration of Bid

For information, please see the General Information Document.

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. UPI Bidders can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

- (A) Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
- (B) Ensure that you have Bid within the Price Band
- (C) Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders Bidding using the UPI Mechanism) in the Bid cum Application Form (with maximum length of 45 characters. Further, UPI Bidders using the UPI Mechanism must mention their UPI ID;
- (D) UPI Bidders Bidding using UPI through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;
- (E) Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
- (F) Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;
- (G) 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;
- (H) 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;
- (I) 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);
- (J) All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
- (K) 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;
- (L) Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;
- (M) Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
- (N) Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
- (O) Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field

and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

- (P) Ensure that the Demographic Details are updated, true and correct in all respects;
- (Q) 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;
- (R) Ensure that the category and the investor status is indicated in the Bid cum Application Form;
- (S) Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
- (T) Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- (U) ASBA Bidders (except UPI Bidders using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. UPI Bidders using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank prior to 12:00 pm of the Working Day immediately after the Bid / Offer Closing Date;
- (V) Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;
- (W) Ensure that you have correctly signed the authorization /undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
- (X) UPI Bidders using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, the UPI Bidders shall be deemed to have verified the attachment containing the application details of the UPI Bidders using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his/her ASBA Account;
- (Y) UPI Bidders using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;
- (Z) UPI Bidders using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in his/her account and subsequent debit of funds in case of allotment in a timely manner; and
- (AA) Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
- (d) Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

- (e) Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
- (f) Anchor Investors should not Bid through the ASBA process;
- (g) Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
- (h) Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
- (i) Do not Bid at Cut-off Price (for Bids by QIBs, Eligible Employees Bidding under the Employee Reservation Portion (subject to the Bid Amount being above ₹200,000) and Non-Institutional Investors);
- (j) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer/Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
- (k) Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
- (l) If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;
- (m) Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Investors) and ₹ 500,000 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;
- (n) Do not submit the General Index Register (GIR) number instead of the PAN;
- (o) Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
- (p) Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
- (q) Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor. RIIs and Eligible Employees Bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/Offer Closing Date;
- (r) Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
- (s) Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;
- (t) 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;
- (u) 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);
- (v) Do not submit more than one Bid cum Application Form per ASBA Account;
- (w) Do not submit a Bid using UPI ID, if you are not a UPI Bidder; and
- (x) Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders using the UPI Mechanism)

For helpline details of the Book Running Lead Managers pursuant to the SEBI circular bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information*” on page 70.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

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 except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in the portion for Retail Individual Investors, and the remaining available shares, if any, shall be allotted on a proportionate basis. Not less than 15% of the Net Offer was available for allocation to Non-Institutional Investors. The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Portion, was subject to the following: (i) one-third of the portion available to Non-Institutional Investors was reserved for applicants with an application size of more than ₹ 200,000 and up to ₹ 1,000,000, and (ii) two-third of the portion available to Non-Institutional Bidders was reserved for applicants with an application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of the aforementioned sub-categories may have been allocated to applicants in the other sub-category of Non-Institutional Investors. The allotment to each Non-Institutional Investors shall not be less than the minimum NII application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares.

Payment into Escrow Account(s) for Anchor Investors

Our Company and the Promoter 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 or NEFT). The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

- (a) In case of resident Anchor Investors: “SBFC Finance Limited – Anchor R Account”
- (b) In case of non-resident Anchor Investors: “SBFC Finance Limited – Anchor NR Account ”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Promoter Selling Shareholders, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collection of Bid Amounts from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see “*Terms of the Offer*” on page 458.

Undertakings by our Company

Our Company undertakes the following:

- (A) The complaints received in respect of the Offer shall be attended to by our Company expeditiously and

satisfactorily;

- (B) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other timeline as may be prescribed by SEBI;
- (C) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
- (D) That 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 time period as specified by SEBI, giving details of the bank where the refunds shall be credited along with the amount and the expected date of electronic credit of refund;
- (E) The decisions with respect to the Price Band and the Minimum Bid lot as applicable, revision of Price Band, Offer Price, will be taken by our Company and the Promoter Selling Shareholders, in consultation with the BRLMs; and
- (F) That adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investor

Undertakings by the Promoter Selling Shareholders

Each Promoter Selling Shareholder undertakes the following severally and not jointly in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares offered by it in the Offer for Sale that:

- (A) it is the legal and beneficial owner of and holds clear and marketable title to its respective portion of the Offered Shares, which have been acquired and held by it for a period of at least one year prior to the date of the Previous DRHP and DRHP with SEBI, in compliance with applicable law;
- (B) its Offered Shares shall be transferred pursuant to the Offer for Sale, free and clear of any encumbrance;
- (C) it shall not have recourse to the proceeds of the Offer until final approvals for listing and trading of the Equity Shares from the Stock Exchanges have been received; and

Only the statements and undertakings specifically made or confirmed by the respective Promoter Selling Shareholders in relation to itself and its portion of the Equity Shares offered in the Offer for Sale which are confirmed or undertaken by such Promoter Selling Shareholders in this Prospectus, shall be deemed to be “statements and undertakings specifically made or confirmed” by the respective Promoter Selling Shareholders. No other statement in this Prospectus will be deemed to be “made or confirmed” by a Promoter Selling Shareholder, even if such statement relates to such Promoter Selling Shareholder.

The filing of this Prospectus also does not absolve the Promoter 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 Board certifies that:

- (a) 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 2013;
- (b) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- (c) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

Impersonation

- (i) 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 one per cent of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (“FDI”) through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy Circular of 2020 (“**Consolidated FDI Policy**”), which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

As per the Consolidated FDI Policy, read with FEMA Rules, 100% foreign direct investment is permitted under the automatic route for NBFCs, however, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see “*Offer Procedure*” on page 468.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Prospectus as “U.S. QIBs”) in transactions exempt from the registration requirements of the U.S. Securities Act, THAT ARE QPs as defined in Section 2(a)(51) of the U.S. Investment Company Act (persons who are both a U.S. QIB and a QP are referred to as “Entitled QPs”) and (ii) outside the United States in offshore transactions 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. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

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

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

The above information is given for the benefit of the Bidders. Our Company, the Promoter 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 Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Offer and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

(COMPANY LIMITED BY SHARES)

ARTICLES OF ASSOCIATION

OF

*SBFC FINANCE LIMITED

*** The conversion of company from private limited to public limited was approved vide special resolution passed at the Extra ordinary General meeting held on September 23, 2022, which is subject to the approval of the ROC, Mumbai**

The Articles of Association of ***SBFC Finance Limited** (the “**Company**”), which have been adopted by our Board of Directors pursuant to a resolution dated October 14, 2022 and approved by the Shareholders pursuant to a special resolution dated October 15, 2022, comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until listing and commencement of trading of the equity shares of the Company on a recognized stock exchange in India (“**Listing Date**”) pursuant to an initial public offering of its equity shares (“**IPO**”). Part A shall automatically terminate and cease to have any force and effect from, and upon the earlier of the following dates: (a) within 12 months from the date of receipt of final observations on the draft red herring prospectus by SEBI or such other date for the closing of the IPO as may be mutually agreed in writing among the Parties to the Amendment Agreement approved by the Shareholders of the Company on 15th October, 2022 relating to the amended and restated shareholders’ agreement dated February 22, 2022 and (b) date on which the IPO is withdrawn and any offer document filed with any regulator in respect of an IPO, including any draft offer document filed with the Securities and Exchange Board of India is withdrawn, without any further action by the Company or by the Shareholders. Except with respect to Articles 117, 145 and 182 in Part A, in case of inconsistency between Part A and Part B, the provisions of Part B shall prevail. Articles 145 and 182 shall prevail over provisions of the Part B. However, Part B shall automatically terminate and cease to have any force and effect from the Listing Date subsequent to an initial public offering of the equity shares of the Company without any further action by the Company or by the Shareholders and Part A shall continue to be in effect. Further, as long as Part B remains a part of these Articles Part B shall be read with the Amendment Agreement and the Second Amendment Agreement approved by the Shareholders of the Company on 15th October, 2022 and July 12, 2023 respectively, relating to the amended and restated shareholders’ agreement dated February 22, 2022.

I. APPLICABILITY OF TABLE F

Subject as hereinafter provided and in so far as these presents do not modify or exclude them, the regulations contained in Table ‘F’ of Schedule I of the Companies Act, 2013, as amended, shall apply to the Company only so far as they are not inconsistent with any of the provisions contained in these Articles or modifications thereof or are not expressly or by implication excluded from these Articles.

The regulations for the management of the Company and for the observance of the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by Special Resolution as prescribed or permitted by the Companies Act, 2013, as amended, be such as are contained in these Articles.

II. DEFINITIONS AND INTERPRETATION

1. In these Articles:

1.1 Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modifications thereof in force at the date on which the Articles become binding on the Company. In these Articles:

“**Act**” means Companies Act, 2013 and any amendments, re-enactments or other statutory modifications thereof for the time being in force and rules made thereunder, as amended.

“**Alternate Director**” shall have the meaning assigned to it in Article 151 of these Articles.

“**Annual General Meeting**” means the Annual General Meeting held in accordance with Section 96 of the Act.

“**Arpwood Consortium**” means Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP and Eight45 Services LLP.

“**Articles**” means the articles of association of the Company as amended from time to time in accordance with the Act.

“**Auditors**” or “**Auditor**” shall mean and include those persons appointed as such for the time being by the Company.

“**Beneficial Owner**” means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996, as amended.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company as constituted from time to time in accordance with the terms of these Articles.

“**Board Meeting**” means a meeting of the Directors duly called, constituted and held or as the case may be, the Directors assembled at a Board, or the requisite number of Directors entitled to pass a circular resolution in accordance with these Articles and the Act.

“**Company**” means SBFC FINANCE LIMITED, a company incorporated under the Companies Act, 1956.

“**Chairman**” or “**Chairperson**” means the chairperson of the Board of Directors for the time being of the Company or the person elected or appointed to preside over the Board and/ or General Meetings of the Company.

“**Clermont**” means SBFC Holdings Pte. Limited or its assignees within the group.

“**Debenture**” includes debenture stock, bonds or any other instrument evidencing a debt, whether constituting a charge on the assets of the Company, or not.

“**Depositories Act**” means the Depositories Act, 1996, as amended or any statutory modification or re-enactment thereof, the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended and other applicable law

“**Depository**” means a Depository as defined under clause (e) of sub-Section (1) of Section 2 of the Depositories Act and includes a company registered under the Act, which has been granted a Certificate of Registration under sub section 1(A) of section 12 of the Securities and Exchange Board of India Act, 1992, as amended.

“**Director**” means a director of the Board appointed from time to time in accordance with the terms of these Articles and the provisions of the Act.

“**Dividend**” means the dividend including the interim dividend, as defined under the Act.

“**Equity Share Capital**” means in relation to the Company, its equity Share capital within the meaning of Section 43 of the Act, as amended from time to time.

“**General Meeting**” means any duly convened meeting of the Shareholders of the Company and includes an extra-ordinary General Meeting.

“**Independent Director**” shall have the meaning assigned to the said term under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

“**INR**” or “**Rs.**” means the Indian Rupee, the currency and legal tender of the Republic of India.

“**Law**” includes all Indian statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, determinations, directives, writs, decrees, injunctions, judgments, rulings, awards, clarifications

and other delegated legislations and orders of any governmental authority (including but not limited to the Reserve Bank of India Act, 1934, as amended and any applicable rules, regulations and directives of the Reserve Bank of India), statutory authority, tribunal, board, court, stock exchange or other judicial or quasi-judicial adjudicating authority and, if applicable, foreign law, international treaties, protocols and regulations.

“**Managing Director**” means a director who, by virtue of these Articles or an agreement with the Company or a resolution passed in the General Meeting, or by the Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

“**Member**” means a member of the Company within the meaning of sub-Section 55 of Section 2 of the Act, as amended from time to time.

“**Memorandum**” means the memorandum of association of the Company.

“**Ordinary Resolution**” shall have the meaning assigned to it in Section 114 of the Act.

“**Original Director**” shall have the meaning assigned to it in Article 151 of these Articles.

“**Person**” means any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, partnership, unlimited or limited liability company, joint venture, governmental authority, Hindu undivided family, trust, union, organization or any other entity that may be treated as a person under applicable Law.

“**Preference Share Capital**” means in relation to the Company, its preference Share capital within the meaning of Section 43 of the Act, as amended from time to time.

“**Proxy**” means an instrument whereby any person is authorized to vote for a member at a General Meeting on a poll and shall include an attorney duly constituted under a power-of-attorney.

“**Registrar**” or “**RoC**” or “**Registrar of Companies**” means the Registrar of Companies, Maharashtra at Mumbai.

“**RBI**” means the Reserve Bank of India.

“**Seal**” means the common seal of the Company.

“**SEBI**” means the Securities and Exchange Board of India.

“**Secretary**” or “**Company Secretary**” means company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980, as amended, who is appointed by the Company to perform the functions of a company secretary under the Act.

“**Securities**” means and includes equity Shares, scrips, stocks, bonds, Debentures, warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for equity Shares, and any other marketable securities as may be defined and specified under Securities Contract Regulation Act, 1956, as amended.

“**Shares**” means a share in the Share Capital of the Company and includes stock.

“**Share Capital**” means the Equity Share Capital and Preference Share Capital of any face value together with all rights, differential rights, obligations, title, interest and claim in such Shares and includes all subsequent issue of such Shares of whatever face value or description, bonus Shares, conversion Shares and Shares issued pursuant to a stock split or the exercise of any warrant, option or other convertible security of the Company.

“**Shareholder**” or “**Shareholders**” shall mean a Member(s) of the Company.

“**Special Resolution**” shall have the meaning assigned to it in Section 114 of the Act.

- 1.2 The terms “*writing*” or “*written*” include printing, typewriting, lithography, photography and any other mode or modes (including electronic mode) of representing or reproducing words in a legible and non-transitory form.
- 1.3 Any reference to a particular statute or provisions of the statute shall be construed to include reference to any rules, regulations or other subordinate legislation made under the statute and shall, unless the context otherwise requires, include any statutory amendment, modification or re-enactment thereof.
- 1.4 Any reference to an agreement or other document shall be construed to mean a reference to the agreement or other document, as amended or novated from time to time.
- 1.5 Words importing the masculine gender shall include the feminine gender and vice versa.
- 1.6 Words importing the singular shall include the plural, and vice versa.
- 1.7 The headings and titles herein are used for convenience of reference only and shall not affect the construction of these Articles.
- 1.8 Reference to days, months and years are to Gregorian days, months and calendar years respectively.
- 1.9 Notwithstanding anything contained in these Articles, any reference to a “person” in these Articles shall, unless the context otherwise requires, be construed to include a reference to a body corporate or an association, any individual, company, partnership, joint venture, firm, trust or body of individuals (whether incorporated or not).
- 1.10 The words “include” and “including” are to be construed without limitation.
- 1.11 Unless the context thereof otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force.

III. PUBLIC COMPANY

- 2 The Company is a public company within the meaning of the Act.

IV. SHARE CAPITAL AND VARIATION OF RIGHTS

- 3 The authorized Share Capital of the Company shall be as set out in Clause V of the Memorandum of Association with the power to increase or reduce such capital from time to time in accordance with the Articles and the legislative provisions for the time being in force in this regard and with the power also to divide the Shares in the Share Capital for the time being into Equity Share Capital and Preference Share Capital, and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions, in accordance with the provisions of the Act and these Articles.
- 4 Subject to the provisions of Section 62 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Board, which may issue, allot or otherwise dispose of the Shares or any of them to such persons, in such proportion, on such terms and conditions, either at a premium or at par or at a discount (subject to compliance with Section 52 and 53 and other provisions of the Act), at such time as it may from time to time deem fit, and with the sanction of the Company in a General Meeting, to give to any person or persons the option or right to call for any Shares, either at par or premium during such time and for such consideration as the Board deems fit, and may issue and allot Shares on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business. Any Shares so allotted may be issued as fully paid-up Shares and if so issued, shall be deemed to be fully paid-up Shares. *Provided that*, the option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in a General Meeting. As regards all allotments, from time to time made, the Board shall duly comply with Sections 23 and 39 of the Act, as the case may be.
- 5 Subject to these Articles and the provisions of the Act, the Company may, from time to time, by Ordinary Resolution, increase the Share Capital by such sum, to be divided into Shares of such amount, as may be specified in the resolution.

- 6 Subject to the provisions of Section 61 of the Act, the Company may from time to time by Ordinary Resolution, undertake any of the following:
- 6.1 consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
 - 6.2 convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
 - 6.3 sub-divide its Shares, or any of them, into Shares of smaller amount, such that the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or
 - 6.4 cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person, and diminish the amount of its Share Capital by the amount of Shares so cancelled. A cancellation of Shares pursuant to this Article shall not be deemed to be a reduction of the Share Capital within the meaning of the Act.
- 7 Subject to the provisions of these Articles, the Act, other applicable Law and subject to such other approvals, permissions or sanctions as may be necessary, the Company may issue any Shares with or without differential rights upon such terms and conditions and with such rights and privileges (including with regard to voting rights and dividend) as may be permitted by the Act or the applicable Law or guidelines issued by the statutory authorities and/ or listing requirements and that the provisions of these Articles.
- 8 Subject to the provisions of Section 55 of the Act, any preference Shares may, with the sanction of an Special Resolution, be issued on the terms that they are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by Special Resolution determine.
- 9 The period of redemption of such preference Shares shall not exceed the maximum period for redemption provided under the Act.
- 10 Where at any time, it is proposed to increase its subscribed Share Capital by the allotment of further Shares then, such further Shares may be offered to:
- 10.1 Persons who, at the date of offer, are holders of equity Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares by sending a letter of offer subject to the following conditions, namely: (a) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than 15 (fifteen) days, or such lesser number of days as may be prescribed under the Act, and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; (b) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in (a) shall contain a statement of this right, *provided that* the Board may decline, without assigning any reason therefore, to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him; and (c) after expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Members and the Company;
- Notwithstanding anything contained in sub-Article (i) (b) above shall be deemed to extend the time within which the offer should be accepted; or 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 comprised in the renunciation. The notice referred to in sub-Article (i)(a) above shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least 3 (three) days before the opening of the offer.
- 10.2 employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company in a general meeting and subject to such conditions as may be prescribed under the Act and other applicable Laws; or

- 10.3 where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company..
- 11 Nothing in Article 10 above shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company or to subscribe for Shares in the Company; *provided that* the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution adopted by the Company in a General Meeting.
- 12 Notwithstanding anything contained in Article 11 above, where any debentures have been issued, or loan has been obtained from any Government by our 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 60 (sixty) days from the date of communication of such order, appeal to the National Company Law Tribunal which shall after hearing the Company and the Government pass such order as it deems fit.
- 13 Save as otherwise provided in the Articles, the Company shall be entitled to treat the registered holder of the Shares in records of the depository as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction, or as by Law required, be bound to recognize any equitable, contingent, future or other claim to or any interest in any fractional part of such Shares or any other right in respect of such Shares on the part of any other Person.
- 14 Any Debentures, debenture-stock or other Securities may be issued at a discount, premium or otherwise, if permissible under the Act, and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of Shares, attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the rights to conversion into or allotment of Shares shall not be issued except with the sanction of the Company in General Meeting by a Special Resolution and subject to the provisions of the Act.
- 15 The Company shall, subject to the applicable provisions of the Act, compliance with all the Laws, consent of the Board, and consent of its Shareholders' by way of Special Resolution, have the power to issue American Depository Receipts or Global Depository Receipts on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of American Depository Receipts or Global Depository Receipts, including without limitation, exercise of voting rights in accordance with the directions of the Board.
- 16 If at any time the Share Capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 48 of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class accordingly. To every such separate General Meeting of the holders of the Shares of that class, the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued Shares of the class in question.
- 17 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

- 18 Subject to the provisions of the Act, the Company may issue bonus Shares to its Members out of (i) its free reserves; (ii) the securities premium account; or (iii) the capital redemption reserve account, in any manner as the Board may deem fit.
- 19 Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and Members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable Laws.
- 20 Subject to the provisions of the Act, the Company may, from time to time, by Special Resolution reduce in any manner and with, and subject to, any incident authorised and consent required under applicable Law:
- 20.1 the Share Capital;
- 20.2 any capital redemption reserve account; or
- 20.3 any securities premium account.

V. CAPITALISATION OF PROFITS

- 21 The Company in General Meeting may, upon the recommendation of the Board, resolve –
- 21.1 that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account or otherwise available for distribution; and
- 21.2 . that such sum be accordingly set free for distribution in the manner specified in Article 22 below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- 22 The sum aforesaid shall not be paid in cash, but shall be applied, subject to the provision contained in Article 24 below, either in or towards:
- 22.1 paying of any amounts for the time being unpaid on any Shares held by such Members respectively; or
- 22.2 paying up in full, un-issued Shares of the company to be allotted and distributed, credited as fully paid, to and amongst such Members in the proportions aforesaid; or
- 22.3 partly in the way specified in Article 2222.1 and partly in that specified in Article 2222.2 above.
- 22.4 A securities premium account and a capital redemption reserve account may, for the purposes of this Article, only be applied in the paying up of un-issued Shares to be issued to Members of the Company as fully paid bonus Shares.
- 22.5 The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
- 23 Whenever such a resolution as specified in Article 22 above is passed, the Board shall:
- 23.1 make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares, if any; and
- 23.2 generally, do all acts and things required to give effect thereto.
- 24 The Board shall have power to:
- 24.1 make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares or Debentures becoming distributable in fractions; and
- 24.2 authorise any Person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective

proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares.

25 Any agreement made under such authority shall be effective and binding on such Members.

VI. BUY-BACK OF SHARES

26 Subject to the provisions of Sections 68 to 70 and other applicable provisions of the Act or any other law for the time being in force, the Company shall have the power to buy-back its own Shares or other Securities, as it may consider necessary.

VII. COMMISSION AND BROKERAGE

27 The Company may exercise the powers of paying commissions conferred by Section 40(6) of the Act (as amended from time to time), *provided that* the rate per cent or amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

28 The rate or amount of the commission shall not exceed the rate or amount prescribed under the applicable rules made under Section 40(6) of the Act.

29 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.

30 The Company may also, on any issue of Shares or Debentures, pay such brokerage as may be lawful.

VIII. LIEN

31 The Company shall have a first and paramount lien upon all the Shares/ Debentures (other than fully paid up Shares/ Debentures) registered in the name of each Member (whether solely or jointly with others) to the extent of monies called or payable in respect thereof, 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 such Shares/ Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures. Fully paid up Shares shall be free from all liens. Unless otherwise agreed, the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares/ Debentures. In case of partly-paid Shares, Company's lien shall be restricted to the monies called or payable at a fixed time in respect of such Shares. *Provided that* the Board may at any time declare any Shares/ Debentures wholly or in part to be exempt from the provisions of this Article. *Provided further that* the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

32 Subject to the provisions of the Act, 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 -

32.1 unless a sum in respect of which the lien exists is presently payable; or

32.2 until the expiration of 14 (fourteen) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

33 A Member shall not exercise any voting rights in respect of the Shares in regard to which the Company has exercised the right of lien.

34 To give effect to any such sale, the Board may authorise some Person to transfer the Shares sold to the purchaser thereof.

34.1 The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

34.2 The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

35 The proceeds of the 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. 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.

IX. CALLS ON SHARES

36 Subject to the provisions of the Act, the Board may, from time to time, make calls upon the Members in respect of any money unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Provided that no call shall exceed one-fourth of the nominal value of the Share or be payable at less than one month from the date fixed for the payment of the last preceding call.

37 Each Member shall, subject to receiving at least 14 (fourteen) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.

38 A call may be revoked or postponed at the discretion of the Board.

39 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

40 The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

41 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereof from the day appointed for payment thereof to the time of actual payment at 10% (ten per cent) per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.

42 Any sum which by the terms of the issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue, such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

43 The Board may, if it thinks fit, subject to the provisions of the Section 50 of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at twelve per cent per annum. *Provided that* money paid in advance of calls shall not confer a right to dividend or to participate in profits. The Board may at any time repay the amount so advanced.

The Member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

The provisions of these Articles shall *mutatis mutandis* apply to any calls on Debentures of the Company.

44 The option or right to make calls on shares shall not be given to any person, except with the approval of the Company in the General Meeting.

X. DEMATERIALIZATION OF SHARES

45 The Company shall be entitled to treat the Person whose name appears on the register of Members as the holder of any Share or whose name appears as the beneficial owner of Shares in the records of the Depository, as the absolute owner thereof.

Provided however that provisions of the Act or these Articles relating to distinctive numbering shall not apply to the Shares of the Company, which have been dematerialized.

- 46 Notwithstanding anything contained herein, the Company or the investor shall be entitled to dematerialize its Shares, Debentures and other Securities with a depository pursuant to the Depositories Act and offer (in case of a Company) its Shares, Debentures and other Securities for subscription in a dematerialized form. The Company shall be further entitled to maintain a register of Members with the details of Members holding Shares both, in material and dematerialized form, in any medium as permitted by Law including any form of electronic medium. 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.
- 47 Every Person subscribing to the Shares offered by the Company shall receive such Shares in dematerialized form. Such a Person who is the beneficial owner of the Shares can at any time opt-out of a Depository, if permitted by the Law, in respect of any Shares in the manner provided by the Depositories Act and the regulations made thereunder and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificate of Shares.
- 48 If a Person opts to hold his Shares with a depository, the Company shall intimate such Depository the details of allotment of the Shares, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Shares.
- 49 All Shares held by a Depository shall be dematerialized and shall be in a fungible form.
- 49.1 Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting any transfer of ownership of Shares on behalf of the beneficial owner.
- 49.2 Save as otherwise provided in (i) above, the depository as the registered owner of the Shares shall not have any voting rights or any other rights in respect of Shares held by it.
- 50 Every Person holding Shares of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be the owner of such Shares and shall also be deemed to be a Shareholder of the Company. The beneficial owner of the Shares shall be entitled to all the liabilities in respect of his Shares which are held by a Depository.
- 51 Notwithstanding anything in the Act or the Articles to the contrary, where Shares are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of disks, drives or any other mode as prescribed by Law from time to time.
- 52 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 shall apply.

XI. TRANSFER OF SHARES

- 53 The Securities or other interest of any Member shall be freely transferable, *provided that* any contract or arrangement between 2 (two) or more Persons in respect of transfer of Securities shall be enforceable as a contract. The instrument of transfer of any Share in the Company shall be duly executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of Members in respect thereof. A common form of transfer shall be used in case of transfer of Shares. The instrument of transfer shall be in writing and shall be executed by or on behalf of both the transferor and transferee and shall be in conformity with all the provisions of Section 56 of the Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of Shares and the registration thereof.
- 54 Where Shares are converted into stock:
- 54.1 the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; *Provided that* the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

- 54.2 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.
- 54.3 such of the Articles of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in these Articles shall include “stock” and “stock-holder” respectively.
- 55 Save as otherwise provided in the Act or any applicable Law, no transfer of a Share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or certificates of Shares, and if no such certificate is in existence, then the letter of allotment of the Shares. Application for the registration of the transfer of a Share may be made either by the transferor or by the transferee *provided that* where such application is made by the transferor, no registration shall, in the case of a partly paid Share be affected unless the Company gives notice of the application to the transferee in the manner prescribed under the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee, within 2 (two) weeks from the date of receipt of the notice, enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee. On giving not less than 7 (seven) days previous notice in accordance with the Act or any other time period as may be specified by Law, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine, *provided that* such registration shall not be suspended for more than 30 (thirty) days at any one time or for more than 45 (forty-five) days in the aggregate in any year.
- 56 Subject to the provisions of Section 58 of the Act, these Articles, the Securities (Contracts) Regulation Act, 1956, as amended, any listing agreement entered into with any recognized stock exchange and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a Member in or Debentures of the Company. The Company shall within 1 (one) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. *Provided that* the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares or other securities.
- 57 Only fully paid Shares or Debentures shall be transferred to a minor acting through his/ her legal or natural guardian. Under no circumstances, Shares or Debentures be transferred to any insolvent or a person of unsound mind.
- 58 The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.
- 59 The Board may, subject to the right of appeal conferred by Section 58 of the Act decline to register—
- 59.1 the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve; or
- 59.2 any transfer of Shares on which the company has a lien.
- 60 The Board may decline to recognize any instrument of transfer unless—
- 60.1 the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;

- 60.2 the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- 60.3 the instrument of transfer is in respect of only one class of Shares
- 61 No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other documents.
- 62 The Company may close the register of Members or the register of debenture-holders or the register of other security holders for any period or periods not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time, subject to giving of previous notice of at least 7 (seven) days or such lesser period as may be specified by SEBI.

XII. TRANSMISSION OF SHARES

- 63 On the death of a Member, the survivor or survivors where the Member was a joint holder of the Shares, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Person(s) recognised by the Company as having any title to his interest in the Shares. Nothing in this Article shall release the estate of the deceased joint holder from any liability in respect of any Share which had been jointly held by him with other Persons.
- 64 Any Person becoming entitled to a Share in consequence of the death or insolvency of a Member may, upon such evidence being produced as the Board may from time to time require, and subject as hereinafter provided, elect, either:
- 64.1 to be registered as holder of the Share; or
- 64.2 to make such transfer of the Share as the deceased or insolvent Member could have made.
- All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
- 65 The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the Share before his death or insolvency.
- 66 If the Person so becoming entitled shall elect to be registered as holder of the Shares, such person shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- 67 If the Person aforesaid shall elect to transfer the Share, he shall testify his election by executing an instrument of transfer in accordance with the provisions of these Articles relating to transfer of Shares.
- 68 All the limitations, restrictions and provisions contained in these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
- 69 A Person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to the General Meetings of the Company, *provided that* the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share, until the requirements of the notice have been complied with.

XIII. FORFEITURE OF SHARES

- 70 If a Member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 71 The notice issued under Article 70 shall:
- 71.1 name a further day (not being earlier than the expiry of 14 (fourteen) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- 71.2 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 will be liable to be forfeited.
- 72 If the requirements of any such notice as aforesaid is 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.
- 73 A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- 74 At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 75 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 to the Company all monies which, at the date of forfeiture, were presently payable by the Person to the Company in respect of the Shares.
- 76 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.
- 77 A duly verified declaration in writing that the declarant is a Director, the manager or the Secretary of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Person claiming to be entitled to the Share.
- 78 The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the Person to whom the Share is sold or otherwise disposed of.
- 79 The transferee shall thereupon be registered as the holder of the Share.
- 80 The transferee shall not be bound to ascertain or confirm the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity to invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 81 The provision of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, become payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as the same had been payable by virtue of a call duly made and notified.

XIV. SHARES AND SHARE CERTIFICATES

- 82 The Company shall cause to be kept a register of Members in accordance with Section 88 of the Act. The Company shall be entitled to maintain in any country outside India a "foreign register" of Members or Debenture holders resident in that country.
- 83 A Person subscribing to Shares of the Company shall have the option either to receive certificates for such Shares or hold the Shares with a Depository in electronic form. Where the Person opts to hold any Share with the Depository, the Company shall intimate such Depository of details of allotment of the

Shares to enable the Depository to enter in its records the name of such Person as the beneficial owner of such Shares.

84 Unless the Shares have been issued in dematerialized form, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or sub-division or consolidation or renewal of any of its Shares as the case may be or within a period of six months from the date of allotment in the case of any allotment of Debenture or within such other period as the conditions of issue shall be provided –

84.1 one certificate for all his Shares without payment of any charges; or

84.2 several certificates, each for one or more of his Shares, upon payment of such fees as the directors may from time to time determine for each certificate after the first.

85 Every Member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors so determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates, unless prohibited by any provision of law or any order of court, tribunal or other authority having jurisdiction, within two (2) months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of Shares shall be under the seal of the Company, if any, and shall specify the number and distinctive numbers of Shares to which it relates and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders..

86 If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members of the Company shall as regards voting at General Meetings, service of notice and all or any matters connected with the Company, except the transfer of Shares and any other matters herein otherwise provided, be deemed to be sole holder thereof but joint holders of the Shares shall be severally as well as jointly liable for the payment of all deposits, instalments and calls due in respect of such Shares and for all incidents thereof according to these Articles.

87 The Board may subject to the provisions of the Act, accept from any member on such terms and conditions as they think fit, a surrender of his Shares or stock or any part thereof.

88 If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of Shares and debenture certificates and for subdivision of Letters of Allotment and Split, Consolidation and Renewal and Transfer Receipts into denominations of the market units of trading.

Provided that notwithstanding what is stated above, the Directors shall comply with such rules or regulations and requirements of any stock exchange or the rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other act or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to issue of certificates for any other Securities, including Debentures, of the Company.

89 The Board may, in its discretion, allow for sub-division or consolidation of Share certificates.

90 Subject to the provisions of Section 89 of the Act, a Person whose name is entered in the register of Members of the Company as the holder of the Shares but who does not hold the beneficial interest in such Shares shall file with the Company, a declaration to that effect in the form prescribed under the Act and the Company shall make necessary filings with the Registrar as may be required, within a prescribed period as set out in the Act and the rules framed thereunder.

91 Subject to provisions of Section 90 of the Act, every individual, who acting alone or together, or through one or more persons or trust, including a trust and Persons resident outside India, holds beneficial interests, of not less than twenty-five per cent. or such other percentage as may be prescribed under the Act, in Shares of the Company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of Section 2 of the Act, over the Company shall make a declaration to the Company, specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof. The Company shall maintain a register of the interest declared by such individuals and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the company and such other details as may be prescribed under the Act.

XV. SHAREHOLDERS' MEETINGS

92 An Annual General Meeting shall be held each year within the period specified by the Law. Not more than 15 (fifteen) months shall elapse between the date of one Annual General Meeting of the Company and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96 of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called during business hours on a day that is not a national holiday (declared as such by the Central Government), and shall be held either at the registered office or at some other place within the city in which the registered office of the Company is situate, as the Board may determine. Every Member of the Company shall be entitled to attend every General Meeting either in person or by proxy.

93 All notices of, and other communications relating to, any General Meeting shall be forwarded to the Auditor of the Company, and the Auditor shall, unless otherwise exempted by the Company, attend either by himself or through his authorised representative, who shall also be qualified to be an Auditor, any General meeting and shall have right to be heard at such meeting on any part of the business which concerns him as the Auditor.

94 All General Meetings other than the Annual General Meeting shall be called extraordinary General Meetings.

95 The business of an Annual General Meeting shall be the consideration of financial statements and the reports of the Board of Directors and Auditors; the declaration of any dividend; the appointment of Directors in place of those retiring; the appointment of, and the fixing of the remuneration of, the Auditors; in the case of any other meeting, all business shall be deemed to be special.

96 No business shall be discussed at any General Meeting except election of a Chairperson while the chair is vacant.

97 The Board may, whenever it thinks fit, call an extraordinary General Meeting.

97.1 If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two Members of the Company may call an extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

97.2 The Board shall on the requisition of such number of Member or Members of the Company as is specified in Section 100 of the Act, forthwith proceed to call an extra-ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all other provisions of Section 100 of the Act shall for the time being apply.

97.3 A General Meeting of the Company may be convened by giving not less than clear 21 (twenty-one) days' notice either in writing or through electronic mode in such manner as prescribed under the Act, *provided that* a General Meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by majority in number of members entitled to

vote and who represent not less than 95% (ninety-five percent) of such part of the paid-up Share Capital of the Company as gives a right to vote at such General Meeting.

- 97.4 Notice of every General Meeting shall be given to the Members and to such other Person or Persons as required by and in accordance with Section 101 and 102 of the Act and it shall be served in the manner authorized by Section 20 of the Act.
- 97.5 A General Meeting may be called after giving shorter notice if consent, in writing or by electronic mode, is accorded thereto in accordance to the provisions of Section 101 of the Act. *Provided that* where any Member of the Company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those Members shall be taken into account for the purposes of this Article in respect of the former resolution or resolutions and not in respect of the latter.
- 97.6 Any accidental omission to give notice to, or the non-receipt of such notice by, any Member or other Person who is entitled to such notice for any meeting shall not invalidate the proceedings of the meeting.
- 97.7 Subject to the provisions contained under Section 115 of the Act, where, by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice of the intention to move such resolution shall be given to the Company by such number of Members holding not less than one per cent of total voting power or holding Shares on which such aggregate sum not exceeding five lakh rupees, has been paid-up and the Company shall immediately after receipt of the notice, give its members notice of the resolution at least 7 (seven) days before the meeting, exclusive of the day of dispatch of notice and day of the meeting, in the same manner as it gives notice of any General Meetings.

XVI. PROCEEDINGS AT SHAREHOLDERS' MEETINGS

- 98 No business shall be transacted at any General Meeting, unless a quorum of Members is present at the time when the meeting proceeds to transact business.
- 99 Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.
- 100 In the event a quorum as required herein is not present within 30 (thirty) minutes of the appointed time, then subject to the provisions of Section 103 of the Act, the General Meeting shall stand adjourned to the same place and time 7 (seven) days later or to such other date and such other time and place as the Board may determine, *provided that* the agenda for such adjourned General Meeting shall remain the same. The said General Meeting if called by requisitionists under Section 100 of the Act shall stand cancelled.
- 101 In case of an adjourned meeting or of a change of day, time or place of meeting, the Company shall give not less than 3 (three) days' notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated.
- 102 The required quorum at any adjourned General Meeting shall be the same as that required at the original General Meeting.
- 103 If at the adjourned meeting also a quorum is not present within 30 (thirty) minutes from the time appointed for holding such meeting, the Members present shall be the quorum and may transact the business for which the meeting was called.
- 104 Before or on the declaration of the results of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairperson of the meeting on his/ her own motion and shall be ordered to be taken by him/ her on a demand made in accordance with Section 109 of the Act.
- 105 The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
- 106 Notwithstanding anything contained elsewhere in these Articles, the Company:

106.1 shall, in respect of such items of business as the Central Government may, by notification, declare or which are under any other applicable Law required to be transacted only by means of postal ballot; and

106.2 may, in respect of any item of business, other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact by means of postal ballot,

in such manner as may be prescribed, instead of transacting such business at a General Meeting and any resolution approved by the requisite majority of the Members by means of such postal ballot, shall be deemed to have been duly passed at a General Meeting convened in that behalf and shall have effect accordingly.

107 Directors may attend and speak at General Meetings, whether or not they are Shareholders.

108 A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 113 of the Act and the Articles.

109 The Chairperson of the Board of Directors or in his absence the vice-Chairperson of the Board shall, preside as chairperson at every General Meeting, annual or extraordinary.

110 If there is no such Chairperson or if he is not present within 15 (fifteen) minutes after the time appointed for holding the General Meeting or is unwilling to act as the Chairperson of the General Meeting, the Directors present shall elect one of their members to be the Chairperson of the General Meeting.

111 If at any General Meeting no Director is willing to act as the Chairperson or if no Director is present within 15 (fifteen) minutes after the time appointed for holding the General Meeting, the Members present shall choose one of their Members to be the Chairperson of the General Meeting. If a poll is demanded on the election of the Chairperson, it shall be taken forthwith in accordance with the provisions of the Act and the Chairperson elected on show of hands, shall exercise all the powers of the Chairperson under the said provisions. If some other person is elected Chairperson as a result of the poll, he shall be the Chairperson for the rest of the meeting.

XVII. ADJOURNMENT OF MEETINGS

112 The Chairperson may, with the consent of Members at any meeting at which a quorum is present, and shall, if so directed at the meeting, adjourn the meeting, from time to time and from place to place.

113 No business shall be transacted at any adjourned General Meeting other than the business left unfinished at the meeting from which the adjournment took place.

114 When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

115 Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

XVIII. VOTING RIGHTS

116 Subject to any rights or restrictions for the time being attached to any class or classes of Shares:

116.1 on a show of hands, every Member present in Person shall have 1 (one) vote; and

116.2 on a poll, the voting rights of Members shall be in proportion to their Share in the paid-up Share Capital.

117 The Chairperson shall not have a second or casting vote in the event of an equality of votes at General Meetings of the Company.

118 At any General Meeting, a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the voting on any resolution on show of hands) demanded by any Member or Members present in Person or by proxy, and having not less than

one-tenth of the total voting power or holding Shares on which an aggregate sum of not less than Rs. 5,00,000 lakhs (Rupees Five Lakh) or such higher amount as may be prescribed has been paid up.

- 119 Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
- 120 A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.
- 121 In case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names are stated in the register of Members of the Company.
- 122 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- 123 No Member shall be entitled to exercise any voting rights either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his/ her name on which any calls or other sums presently payable by him in respect of Shares in the Company have not been paid.
- 124 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 General Meeting and whether given personally or by proxy or otherwise shall be deemed valid for all purpose. Any such objection made in due time shall be referred to the Chairperson of the General Meeting whose decision shall be final and conclusive.
- 125 A declaration by the Chairperson of the meeting of the passing of a resolution or otherwise by show of hands and an entry to that effect in the books containing the minutes of the meeting of the Company shall be conclusive evidence of the fact of passing of such resolution or otherwise.
- 126 Any poll duly demanded on the question of adjournment shall be taken forthwith. A poll demanded on any other question (not being a question relating to the election of a Chairperson or adjournment of the meeting) shall be taken at such time not exceeding 48 (forty-eight) hours from the time when the demand was made, as the Chairperson may direct.
- 127 The Chairperson of a General Meeting, may with the consent of the meeting, adjourn the same 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.
- 128 The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question of which a poll has been demanded.
- 129 Where a poll is to be taken, the Chairperson of the meeting shall appoint two scrutinisers to scrutinise the votes given on the poll and to report thereon to him/ her in accordance with Section 109 of the Act.
- 130 The Chairperson shall have power, at any time before the result of the poll is declared to remove a scrutiniser from office and to fill vacancies in the office of scrutiniser arising from such removal or from any other cause.
- 131 Of the two scrutinisers, one shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed.
- 132 The Chairperson of the meeting shall have power to regulate the manner in which a poll shall be taken.
- 133 The result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was taken.
- 134 The Chairperson of any meeting shall be the sole judge of the validity of every vote tendered at such meeting.

- 135 On a poll taken at meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
- 136 Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.
- 137 At every Annual General Meeting of the Company, there shall be laid on the table the Directors' report, audited statements of accounts, Auditor's report (if not already, incorporated in the audited statements of accounts), the proxy register with proxies and the register of Directors' holdings.

XIX. PROXY

- 138 Subject to the provisions of the Act and these Articles, any Member of the Company entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a proxy to attend and vote instead of himself and the proxy so appointed shall have no right to speak at the meeting.
- 139 The proxy shall not be entitled to vote except on a poll.
- 140 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office not less than 48 (forty-eight) hours before the time for holding the meeting or adjourned meeting at which the Person named in the instrument proposes to vote; or in the case of a poll, not less than 24 (twenty-four) hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- 141 An instrument appointing a proxy shall be in the form as prescribed under Section 105 of the Act and the rules framed thereunder.
- 142 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given; *provided that* no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or the adjourned meeting at which the proxy is used.

XX. BOARD OF DIRECTORS

- 143 The business of the Company shall be managed by the Directors who may pay expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not restricted by the Act or by these Articles. The Board may pay all expenses incurred in getting up and registering the Company.
- 144 The number of the Directors and the names of the first Directors shall be determined in writing by the subscribers of the Memorandum of Association or a majority of them.
- 145 Subject to the provisions of the Act, the number of Directors shall not be less than 3 (three) and more than 15 (fifteen), *provided that* the Company may appoint more than 15 (fifteen) directors after passing a Special Resolution. At least one Director shall reside in India for a total period of not less than 182 (one hundred and eighty-two) days in each financial year. Subject to the provisions of the Act three Independent Directors or such number of Independent Directors shall be appointed by the Board as may be required under the provisions of the applicable laws.
- 146 The Directors need not hold any qualification Shares in the Company.
- 147 Subject to the provisions of the Act, each Director shall be paid sitting fees for each meeting of the Board or a Committee thereof attended by him, subject to the ceiling prescribed under the Act.
- 148 The remuneration of the Directors shall, insofar as it consists of a monthly payment, be deemed to accrue from day-to-day. The Directors shall also be paid travelling and other expenses for attending and returning from meeting of the Board of Directors or any committee thereof or General Meetings of the

- Company (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company. The Directors may also be remunerated for any extra services done by them outside their ordinary duties as Directors, subject to the provisions of Section 197 of the Act.
- 149 Subject to the applicable provisions of the Act, if any Director, being willing shall be called upon to perform extra services for the purposes of the Company, the Company shall remunerate such Director by such fixed sum or percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his remuneration provided above.
- 150 Subject to the provisions of Section 197 and the other applicable provisions of the Act, the remuneration of Directors may be fixed at a particular sum or a percentage of the net profits or partly by one way and partly by the other.
- 151 In the event that a Director is absent for a continuous period of not less than 3 (three) months from India (an “**Original Director**”), subject to these Articles and the Act, the Board may appoint another Director (an “**Alternate Director**”), not being a person holding any alternate directorship for any other Director or holding directorship in the Company, for and in place of the Original Director. The Alternate Director shall be entitled to receive notice of all meetings and to attend and vote at such meetings in place of the Original Director and generally to perform all functions of the Original Director in the Original Director’s absence. Any Person so appointed as Alternate Director shall not hold office for a period longer than that permissible to the Original Director and shall vacate the office if and when the Original Director returns to India. No Person shall be appointed or continue as an Alternate Director to an Independent Director.
- 152 The office of a Director shall automatically become vacant, if he is disqualified under any of the provisions of the Act. Further, subject to the provisions of the Act, a Director may resign from his office at any time by giving a notice in writing to the Company and the Board shall on receipt of such notice take note of the same and the Company shall intimate the Registrar and also place the fact of such resignation in the report of Directors laid in the immediately following General Meeting. Such Director may also forward a copy of his resignation along with detailed reasons for the resignation to the Registrar within 30 (thirty) days of resignation. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later.
- 153 At any Annual General Meeting at which a Director retires, the Company may fill up the vacancy by appointing the retiring Director who is eligible for re-election or some other Person if a notice for the said purpose has been left at the office of the Company in accordance with the provisions of the Act.
- 154 No Person shall be appointed as a Director unless he furnishes to the Company his Director Identification Number under Section 154 of the Act or any other number as may be prescribed under Section 153 of the Act and a declaration that he is not disqualified to become a Director under the Act.
- 155 No Person appointed as a Director shall act as a Director unless he gives his consent to hold the office as a Director and such consent has been filed with the Registrar within 30 (thirty) days of his appointment in the manner prescribed in the Act.
- 156 Subject to the provisions of the Act, the Directors shall have the power, at any time and from time to time to appoint any Persons as Additional Director in addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for re-appointment as Director.
- 157 The Company, may by Ordinary Resolution, of which special notice has been given in accordance with the Section 169 of the Act, remove any Director including the managing director, if any, before the expiration of the period of his office. Notwithstanding anything contained in these Articles or in any agreement between the Company and such Director, such removal shall be without prejudice to any contract of service between him and the Company.
- 158 If the office of any Director appointed by the Company in General Meeting, is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled up by the Board at a

meeting of the Board but any Person so appointed shall retain his office so long only as the vacating Director would have retained the same if such vacancy had not occurred.

- 159 If at any meeting at which an election of Directors ought to take place, the places of the vacating directors are not filled up, the meeting shall stand adjourned till the same day in next week at the same time and place, and if at the adjourned meeting the place of the vacating Directors is not filled up the vacating directors or such of them as have not had their places filled, shall be deemed to have been re-elected at the adjourned meeting.
- 160 The Company may from time to time in General Meeting increase or reduce the number of Directors and may make any appointments necessary for affecting such increase.
- 161 In the event of the Company borrowing any money from any financial corporation or institution or government or any government body or a collaborator, bank, Person or Persons or from any other source, while any money remains due to them or any of them the lender concerned may have and may exercise the right and power to appoint, from time to time, any Person or Persons to be a Director or Directors of the Company and the Directors so appointed, shall not be liable to retire by rotation, subject however, to the limits prescribed by the Act. Any Person so appointed may at any time be removed from the office by the appointing authority who may from the time of such removal or in case of death or resignation of Person, appoint any other or others in his place. Any such appointment or removal shall be in writing, signed by the appointee and served on the Company. Such Director need not hold any qualification Shares.
- 162 The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/ or former Directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly or reasonably.
- 163 The Company may exercise the powers as prescribed under Section 88 of the Act, with regards to the keeping of a foreign register; and the Board may (subject to the provisions of the section) make and vary such Articles as it may think fit respecting the keeping of any such register.

Subject to the provisions of the Act, so long as any moneys remain owing by the Company to financial institutions regulated by the RBI, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any non-banking financial company regulated by the RBI or any such company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ company (the “**Corporation**”) so provides, the Corporation may, in pursuance of the provisions of any law for the time being in force or of any agreement, have a right to appoint from time to time any person or persons as a Director or Directors, whether whole-time or otherwise (“**Corporation Nominee Director**”) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his place. The Corporation Nominee Director appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Corporation Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company may pay the Corporation Nominee Director (or the nominee appointer) sitting fees and expenses to which the other Directors of the Company are entitled.

XXI. MANAGING DIRECTOR OR WHOLE TIME DIRECTOR, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

- 164 The Board may, from time to time, subject to Section 196 and other applicable provisions of the Act, appoint one or more of their body to the office of the managing director or whole time director for such period and on such remuneration and other terms, as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment.

- 165 Subject to the provisions of any contract between him and the Company, the managing director/ whole-time director, shall be subject to the same provisions as to resignation and removal as the other Directors and his appointment shall automatically terminate if he ceases to be a Director.
- 166 Subject to the provisions of the Act, a managing director or whole time director may be paid such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in other) as the Board may determine.
- 167 The Board, subject to Section 179 and any other applicable provisions of the Act, may entrust to and confer upon a managing director or whole-time director any of the powers exercisable by them upon such terms and conditions and with such transfers, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.
- 168 Subject to the provisions of the Act —
- (a) A chief executive officer, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board.
 - (b) A director may be appointed as chief executive officer, company secretary or chief financial officer. Further, an individual may be appointed or reappointed as the chairperson of the Company as well as the managing Director or chief executive officer of the Company at the same time.
 - (c) A provision of the Act or the Articles requiring or authorizing a thing to be done by or to a Director and chief executive officer, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as a Director and as, or in place of, chief executive officer, company secretary or chief financial officer.

XXII. PROCEEDINGS OF THE BOARD

- 169 The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- 170 A Director may, and the manager or the Secretary of the Company upon the requisition of a Director shall, at any time convene a meeting of the Board.
- 171 Subject to the provisions the Act, the Board shall meet at least 4 (four) times in a year in such a manner that not more than 120 (one hundred and twenty) days shall intervene between 2 (two) consecutive meetings of the Board.
- 172 The quorum for the meeting of the Board shall be one third of its total strength or 2 (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 purpose of quorum. *Provided that* where at any time the number of interested Directors is equal to or exceeds two-thirds of the total strength of the Board, the number of remaining Directors, that is to say the number of Directors who are not interested and present at the meeting being not less than 2 (two), shall be the quorum during such time.
- 173 The continuing Directors may act notwithstanding any vacancy in the Board; but if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose.
- 174 If quorum is found to be not present within 30 (thirty) minutes from the time when the meeting should have begun or if during the meeting, valid quorum no longer exists, the meeting shall be reconvened at the same time and at the same place 7 (seven) days later. At the reconvened meeting, the Directors present and not being less than 2 (two) Persons shall constitute the quorum and may transact the business for which the meeting was called and any resolution duly passed at such meeting shall be valid and binding on the Company.

- 175 Subject to the provisions of the Act allowing for shorter notice periods, a meeting of the Board shall be convened by giving not less than 7 (seven) days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means.
- 176 Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- 177 The Board may elect a Chairperson for its meetings and determine the period for which he is to hold office. The Chairperson of the Board shall be an Independent Director, at all times, which Independent Director shall also be the Chairperson of the General Meeting. The Board may likewise appoint a vice-chairman of the Board of Directors to preside over the meeting at which the chairman shall not be present. If at any meeting the Chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Directors present may choose one of their Member to be Chairperson of the meeting.
- 178 The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such Member or Members of its body as it thinks fit.
- 179 Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- 180 A committee may elect a Chairperson of its meetings and may also determine the period for which he is to hold office. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within 5 (five) minutes after the time appointed for holding the meeting, the Members present may choose one of their Members to be Chairperson of the meeting.
- 181 A committee may meet and adjourn as it thinks fit.
- 182 Questions arising at any meeting of a committee shall be determined by a majority of votes of the Directors present and in case of equality of votes the Chairman of the meeting shall not have a second or casting vote.
- 183 Subject to these Articles and Sections 175, 179 and other applicable provisions of the Act, a circular resolution in writing, executed by or on behalf of a majority of the Directors or members of the Committee, shall constitute a valid decision of the Board or committee thereof, as the case may be, *provided that* a draft of such resolution together with the information required to make a fully-informed good faith decision with respect to such resolution and appropriate documents required to evidence passage of such resolution, if any, was sent to all of the Directors or members of the committee (as the case may be) at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed under the Act, and has been approved by a majority of the Directors or members who are entitled to vote on the resolution.
- 184 All acts done in any meeting of the Board or of a committee thereof or by any Person acting as a Director shall, notwithstanding that it may be afterwards discovered that his appointment was invalid by reason of any defect for disqualification or had terminated by virtue of any provisions contained in the Act, or in these Articles, be as valid as if every such Director or such Person had been duly appointed and was qualified to be a Director.
- 185 Subject to the provisions of the Act, no Director shall be disqualified by his office from contracting with the Company, nor shall any such contract entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established; *provided that* every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board and shall not participate in such meeting as required under Section 184 and other applicable provisions of the Act, and his presence shall not count for the purposes of forming a quorum at the time of such discussion or vote.

XXIII. POWERS OF THE DIRECTORS

- 186 The Directors shall have powers for the engagement and dismissal of managers, engineers, clerks and assistants and shall have power of general directions, management and superintendence of the business of the Company with full power or do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company and to make and sign all such contracts, and other government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these Articles are expressly directed to be exercised by the Members in the General Meeting.
- 187 Subject to Section 179 of the Act, the Directors shall have the right to delegate any of their powers covered under Section 179(3)(d) to Section 179(3)(f) to any committee of the Board, managers, or any other principal officer of the Company as they may deem fit and may at their own discretion revoke such powers.
- 188 The Board of Directors shall, or shall authorize Persons in their behalf, to make necessary filings with governmental authorities in accordance with the Act and other applicable Law, as may be required from time to time.
- 189 Subject to the provisions of the Act and these Articles, the Board shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorized to exercise and do; *provided that* the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or any other statute or by the Memorandum of Association or by these Articles or otherwise, to be exercised or done by the Company in a General Meeting; provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of Association of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
- 190 Subject to the provisions of the Act and any other applicable Law for the time being in force, the Directors shall have the power, from time to time and at their discretion, to borrow, raise or secure the payment of any sum of money for and on behalf of the Company in such manner and upon such terms and conditions in all respects as they think fit and through the issue of Debentures or bonds of the Company or by mortgage or charge upon all or any of the properties of the Company both present and future including its uncalled capital then available.
- 191 The Directors shall have the power to open bank accounts, to sign cheques, promissory notes on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, *hundies* and bills or may authorise any other Person or Persons to exercise such powers.

XXIV. BORROWING POWERS

- 192 Subject to the provisions of the Act, the Board may from time to time, at their discretion raise or borrow or secure the payment of any sum or sums of money for and on behalf of the Company. Any such money may be raised or the payment or repayment thereof may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit by promissory notes or by opening loan or current accounts or by receiving deposits and advances at interest with or without security or otherwise and in particular by the issue of bonds, perpetual or redeemable Debentures of the Company charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, machinery, plant, goods or other property and Securities of the Company or by other means as the Board deems expedient.
- 193 The Board of Directors shall not, except with the consent of the Company by way of a Special Resolution, borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of paid-up Share Capital, free reserves and securities premium of the Company.

XXV. DIVIDEND AND RESERVES

- 194 The Company in a General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- 195 Subject to the provisions of Section 123 of the Act, the Board may, from time to time, pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.
- 196 The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at a like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
- 197 Subject to the rights of Persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.
- 198 No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of these Articles as paid on the Share.
- 199 All dividends shall be apportioned and paid proportionately to the amounts, paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.
- 200 The Board may deduct from any dividend payable to any Member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares.
- 201 Any dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or by cheque, demand draft or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members of the Company, or to such Person and to such address as the holder or joint holders may in writing direct.
- 202 Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent.
- 203 Any one of two or more joint holders of a Share may give effectual receipts for any dividends, bonuses or other payments in respect of such Share.
- 204 Notice of any dividend, whether interim or otherwise, that may have been declared shall be given to the Persons entitled to Share therein in the manner mentioned in the Act.
- 205 No dividend shall bear interest against the Company.
- 206 A Shareholder can waive/ forgo the right to receive the dividend (either final and/ or interim) to which he is entitled, on some or all the equity Shares held by him in the Company. However, the Shareholder cannot waive/ forgo the right to receive the dividend (either final and/ or interim) for a part of percentage of dividend on Share(s).
- 207 Where a dividend has been declared by the Company but has not been paid or claimed within 30 (thirty) days from the date of the declaration to any Shareholder entitled to the payment of the dividend, the Company shall, within 7 (seven) days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the 'Unpaid Dividend Account'.
- 208 The Company shall, within a period of ninety days of making any transfer of an amount under Article 219 to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the company,

if any, and also on any other website approved by the Central Government for this purpose, in such form, manner and other particulars as may be prescribed.

- 209 If any default is made in transferring the total amount referred to in Article 219 or any part thereof to the Unpaid Dividend Account of the company, it shall pay, from the date of such default, interest on so much of the amount as has not been transferred to the said account, at the rate of twelve per cent. per annum and the interest accruing on such amount shall ensure to the benefit of the members of the company in proportion to the amount remaining unpaid to them.
- 210 Any money transferred to the 'Unpaid Dividend Account' of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company along with the interest accrued, if any, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.
- 211 All Shares in respect of which the Dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed. *Provided that*, any claimant of Shares so transferred shall be entitled to claim the transfer of Shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.
- 212 The Company shall comply with the provisions of the Act in respect of any dividend remaining unpaid or unclaimed with the Company.
- 213 No unclaimed or unpaid dividend shall be forfeited by the Board.

XXVI. INSPECTION OF ACCOUNTS

- 214 214.1 The Board shall cause proper books of account to be maintained under Section 128 and other applicable provisions of the Act.
- 214.2 The Board shall, from time to time, in accordance with the Act, determine whether and to what extent and at what times and places and under what conditions or regulations all books of the Company or any of them, shall be open to the inspection of Members not being Directors.
- 214.3 No Member (not being a Director) or other Person shall have any right of inspecting any account book or document of the Company except as conferred by Law or authorised by the Board or by the Company in General Meetings.
- 214.4 Each Director shall be entitled to examine the books, accounts and records of the Company, and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company.

XXVII. SECRECY

- 215 Every manager, auditor, trustee, member of a Committee, officer, servant, agent, accountant or other Persons employed in the business of the Company shall, if so required by the Board, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all *bona fide* transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by any General Meeting or by the Law of the country and except so far as may be necessary in order to comply with any of the provisions in these Articles and the provisions of the Act.

XXVIII. MEMBERS BOUND BY DOCUMENT GIVEN TO PREVIOUS HOLDERS

- 216 Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares, shall be bound by every document in respect of such share which, previously to his name and address being entered in the Register of Members, shall have been duly served on or sent to the person from whom he derived his title to such share.

XXIX. APPLICATION OF ASSETS

217 Subject to the provisions of the Act as to preferential payment, the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application shall be distributed among the Members according to their rights and interests in the Company.

XXX. WINDING UP

218 Subject to the provisions of Chapter XX of the Act and rules made thereunder:

218.1 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 in kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

218.2 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.

218.3 The liquidator may, with a 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.

219 The Company may be wound up in accordance with the Act and the Insolvency and Bankruptcy Code, 2016, as amended.

XXXI. THE SEAL

220.1 The Board shall provide for the safe custody of the seal of the Company.

220.2 The seal shall not be affixed to any instrument except by the authority of resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of at least 2 (two) Directors and the Company Secretary or any other official of the Company as the Board may decide and that 2 (two) Directors and the Company Secretary or such official shall sign every instrument to which the Seal of the Company is so affixed in their presence. The Share certificates will, however, be signed and sealed in accordance with Rule 5 of the Companies (Share Capital and Debentures) Rules, 2014, as amended.

XXXII. AUDIT

221 Subject to the provisions of the Act, the Company shall appoint an Auditor at an Annual General Meeting to hold office from the conclusion of that Annual General Meeting until the conclusion of the sixth Annual General Meeting from such Annual General Meeting, and every Auditor so appointed shall be informed of his appointment within 15 days.

222 The Directors may fill up any casual vacancy in the office of the Auditors within 30 (thirty) days subject to the provisions of Section 139 and 140 of the Act and the rules framed thereunder.

223 The remuneration of the Auditors shall be fixed by the Company in the Annual General Meeting or in such manner as the Company may in the General Meeting determine.

224 The appointment, removal, remuneration, rights, obligations and duties of the Auditor shall be regulated by the provisions of this Act.

XXXIII. GENERAL AUTHORITY

225 Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, these Articles hereby authorize and empower the Company to have such rights, privilege or authority and to carry out such transaction as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

XXXIV. INDEMNITY

226 Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the National Company Law Tribunal. Subject to the provisions of the Act, the Company shall procure and maintain suitable and customary directors and officers' liability insurance cover from a reputed insurance company for the Directors, for an amount of at least INR 30,000,000 per incident per Director. The amount of the insurance cover stated herein above can be increased by the Board depending upon the growth of the business of the Company and other circumstances.

PART – B

The Articles of Association of ***SBFC Finance Limited** (the “**Company**”), which have been adopted by our Board of Directors pursuant to a resolution dated October 14, 2022 and approved by the Shareholders pursuant to a special resolution dated October 15, 2022, comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other until listing and commencement of trading of the equity shares of the Company on a recognized stock exchange in India (“**Listing Date**”) pursuant to an initial public offering of its equity shares (“**IPO**”). Part A shall automatically terminate and cease to have any force and effect from, and upon the earlier of the following dates: a) within 12 months from the date of receipt of final observations on the draft red herring prospectus by SEBI or such other date for the closing of the IPO as may be mutually agreed in writing among the Parties to the Amendment Agreement approved by the Shareholders of the Company on 15th October, 2022 relating to the amended and restated shareholders’ agreement dated February 22, 2022 and (b) date on which the IPO is withdrawn and any offer document filed with any regulator in respect of an IPO, including any draft offer document filed with the Securities and Exchange Board of India is withdrawn, without any further action by the Company or by the Shareholders. Except with respect to Articles 117, 145 and 182 in Part A, in case of inconsistency between Part A and Part B, the provisions of Part B shall prevail. Articles 145 and 182 shall prevail over provisions of the Part B. However, Part B shall automatically terminate and cease to have any force and effect from the Listing Date subsequent to an initial public offering of the equity shares of the Company without any further action by the Company or by the Shareholders and Part A shall continue to be in effect. Further, as long as Part B remains a part of these Articles Part B shall be read with the Amendment Agreement and the Second Amendment Agreement approved by the Shareholders of the Company on 15th October, 2022 and July 12, 2023, respectively, relating to the amended and restated shareholders’ agreement dated February 22, 2022.

ARTICLES OF ASSOCIATION*

OF

SBFC FINANCE LIMITED (“Company”)

(Company limited by shares)

(Incorporated under the Companies Act, 1956)

New set of Articles of Association adopted by a Special Resolution passed at the Extra ordinary General Meeting of the Shareholders held on 23rd September, 2022 in substitution of the existing Articles of Association of the Company effective from the date of receipt of approval from Registrar of Companies for conversion of the Company from Private Company to Public Company.

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SBFC Finance Limited (Formerly known as SBFC Finance Private Limited)

PRELIMINARY

- 1 Subject as hereinafter provided, the regulations in Table “**F**” in Schedule I to the Companies Act, 2013 shall apply to SBFC Finance Limited (Formerly known as SBFC Finance Private Limited) (the “**Company**”) and constitute its regulations (“**Regulations**”), except in so far as they are hereinafter expressly excluded, modified or varied.

PUBLIC COMPANY

- 2 The Company is a public company within the meaning of Section 2(71) of the Companies Act, 2013;
- 3 The authorized share capital of the Company is as laid out in Clause V of the memorandum of association of the Company, payable in the manner as may be determined by the Board, from time to time, with

power to increase, reduce, subdivide or repay the same or divide the same into several classes, and to attach thereto any rights, conditions, privileges or conditions or to consolidate or subdivide or re-organize the shares, subject to the provisions of this Act, and to vary such rights as may be determined in accordance with the Regulations.

EFFECTIVE DATE

- 4 The provisions of these Regulations shall come into force and effect on the date of receipt of approval from the Registrar of Companies for conversion of Company from Private Company to Public Company (the “**Effective Date**”).

DEFINITIONS AND INTERPRETATION

- 5 Definitions: In these Regulations-

“**Accounting Firm**” means: (a) an Indian affiliate or network audit firm of any one of the following audit and accounting firms appointed in accordance with the terms of these Articles: (i) Deloitte Touche Tohmatsu, (ii) EY, (iii) KPMG, (iv) PricewaterhouseCoopers, and (v) Grant Thornton; or (b) any other audit and accounting firm as may be appointed by the Board, from time to time;

“**Act**” means the (Indian) Companies Act, 2013 as amended, modified, supplemented or re-enacted from time to time;

“**Affiliate**” means in relation to a Person:

being an individual;

each Relative of such individual; and

any Person that is directly or indirectly Controlled by such individual; and

with respect to a specified Person other than an individual, any Person that directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with such specified Person; and

without limiting the generality of (ii) above, an Investment Fund advised and/or managed solely (as understood in accordance with applicable Law) by such Person;

“**Arbitration Act**” means the (Indian) Arbitration and Conciliation Act, 1996, as amended from time to time;

“**Agreed Form**” means, in relation to any document, the form of that document which has been initialled for the purpose of identification by or on behalf of the Shareholders;

“**Arpwood**” means Arpwood Partners Investment Advisors LLP and/or one or more of its Affiliates;

“**Arpwood Capital**” means Arpwood Capital Private Limited;

“**Arpwood Consortium**” has the meaning given to it in Article 73;

“**Arpwood Directors**” has the meaning given to it in Article 82(b);

“**Articles**” or “**Regulations**” shall mean these Articles of Association for the time being or as altered from time to time in accordance with the provisions of the Act and these Articles and includes the Memorandum where the context so requires;

“**Assets**” means all the assets (whether tangible or intangible), properties (whether moveable or immovable) and rights owned or held by the Company in relation to its Business including the Company’s right, title and interest in such assets, properties and rights;

“**Board**” or “**Board of Directors**” means the board of Directors of the Company;

“**Board Meeting**” means any meeting of the Board;

“Book Value per Share” means with respect to the Remaining Securities Holders, INR 12.50 (Indian Rupees Twelve and Fifty paise) per Equity Share (shall be appropriately adjusted to reflect any share dividend, share split, combination of shares, reclassification, recapitalization or other similar event affecting the number of outstanding equity shares);

“BRC” has the meaning given to it in Article 82(d);

“Business” means:

business of the Company relating to activities of a systemically important non-deposit accepting non-banking financial company; and

the retail lending business;

“Business Day” means a day (other than a Saturday or Sunday) on which banks are generally open in New Delhi, Mumbai, Singapore and Mauritius for normal banking business;

“Capital” means the share capital for the time being raised or authorized to be raised, for the purposes of the Company;

“CEO” means the chief executive officer of the Company;

“Chairman” has the meaning given to it in Article 87;

“Change in Control” has the meaning given to it in Article 45(g);

“Company” means SBFC Finance Limited (Formerly known as SBFC Finance Private Limited);

“Competitor” means any scheduled bank or non-banking financial company, licensed as such by the RBI, or any Person having Control over or being Controlled by or being under common Control with such scheduled bank or non-banking financial company;

“Conforming of Rights” has the meaning given to it in Article 115(f);

“Control”(including the terms Controlled by or under common Control with), as used with respect to any Person, means the direct or indirect beneficial ownership of or the right to vote in respect of, directly or indirectly, more than 50% of the voting shares or securities of such Person and/or the power to control the majority of the composition of the board of directors of such Person and/or the power to create or direct the management or policies of such Person by contract or otherwise or any or all of the above. Provided, however, for the purposes of the definition of **“Competitor”**, the reference to 50% in this definition shall be replaced with 26%;

“Counter Offer Notice” has the meaning given to it in Article 44(c)(ii);

“Clermont” shall mean SBFC Holdings Pte Ltd;

“Clermont Acceptance Notice” has the meaning given to it in Article 116(c)(i);

“Clermont Counter Offer Notice” has the meaning given to it in Article 116(c)(ii);

“Clermont Directors” has the meaning given to it in Article 82(a);

“Deed of Adherence” means a deed in the form set out in Schedule 4 of the Shareholders’ Agreement;

“Debenture Director” has the meaning given to it in Article 139;

“Default Cure Period” has the meaning given to it in Article 120(b);

“Defaulting Securities Holder” has the meaning given to it in Article 120(b);

“Default Notice” has the meaning given to it in Article 120(b);

“Director” means a director of the Company or a Subsidiary of the Company, as the context may require;

“**Dispute**” has the meaning given to it in Article 129;

“**Dispute Meeting**” has the meaning given to it in Article 129;

“**Dispute Notice**” has the meaning given to it in Article 129;

“**Drag Along Notice 1**” has the meaning given to it in Article 46(a)(i);

“**Drag Along Notice 2**” has the meaning given to it in Article 46(b)(i);

“**Drag Along Purchaser 1**” has the meaning given to it in Article 46(a)(i);

“**Drag Along Purchaser 2**” has the meaning given to it in Article 46(b)(i);

“**Drag Along Right 1**” has the meaning given to it in Article 46(a)(i);

“**Drag Along Right 2**” has the meaning given to it in Article 46(b)(i);

“**Drag Along Securities 1**” has the meaning given to it in Article 46(a)(i);

“**Drag Along Securities 2**” has the meaning given to it in Article 46(b)(i);

“**Dragged Securities**” has the meaning given to it in Article 116(e);

“**DRHP**” means a draft red herring prospectus;

“**Encumbrance**” means any encumbrance including without limitation any claim, debenture, mortgage, pledge, charge (fixed or floating), hypothecation, lien, deposit by way of security, bill of sale, option or right of pre-emption, right to acquire, right of first refusal, right of first offer or similar right, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), beneficial ownership (including usufruct and similar entitlements), public right, common right, wayleave, easement, any provisional or executorial attachment and any other interest held by any third party, or any agreement to create any of the foregoing and the term Encumber shall be construed accordingly;

“**Equity Shares**” means the equity shares of INR 10 (Indian Rupees Ten) each in the Capital;

“**Event of Default**” has the meaning given to it in Article 120(a);

“**Exit**” has the meaning given to it in Article 116(f);

“**Exit Drag Right**” has the meaning given to it in Article 116(e);

“**Exit Drag Along Notice**” has the meaning given to it in Article 116(e);

“**Exit Notice**” has the meaning given to it in Article 116(b);

“**Exit Offer Period**” has the meaning given to it in Article 116(c);

“**Exit Purchaser**” has the meaning given to it in Article 116(e);

“**Fair Market Value**”, with respect to any Security, means the fair market value of such Security to be determined as follows: Clermont shall appoint an investment banker and Malabar and Arpwood shall jointly appoint another, both of whom shall be investment bankers of international repute and shall each determine the fair market value of the Securities in accordance with applicable Laws and as per internationally accepted valuation methodology. If the difference between the fair market value so determined by the investment bankers so appointed is less than 15%, the Fair Market Value shall be the average of the fair market values as determined by the investment bankers. If the difference between the fair market value determined by the investment bankers is more than 15%, the investment banker appointed by Clermont, together with the investment banker jointly appointed by Malabar and Arpwood, shall appoint a third investment banker of international repute to determine the fair market value, in accordance with applicable Laws and the Fair Market Value shall be the average of (i) the fair market value as determined by the investment banker appointed jointly by: (A) the investment banker appointed

by Clermont; and (B) the investment banker appointed jointly by Arpwood and Malabar; and (ii) the fair market value as determined by: (A) the investment banker appointed by Clermont; or (B) the investment banker appointed jointly by Arpwood and Malabar, whichever is closer to the fair market value in (i);

“**Financial Year**” means the financial year of the Company, commencing on 1 April of a calendar year and ending on 31 March of the subsequent calendar year, unless altered by the Company in accordance with the provisions of these Articles;

“**First Adjourned Meeting**” has the meaning given to it in Article 100(c);

“**Force Majeure Event**” means the occurrence of any event or condition that is beyond the reasonable control of the Company or any concerned Securities Holder as the case may be (or which the Company or the concerned Securities Holder, as the case may be, could not have reasonably anticipated or reasonably mitigated by means of contingency planning or any other prudent business means), including without limitation:

acts of God, accidents, fires, explosions, war, acts of terror or sabotage;

any statutory, regulatory or governmental acts, changes or other events; or

industrial disputes, strikes or any lockout prescribed by the professional representation body of workers across the industry or generalised labour action;

that, in each case, has any adverse impact on the (A) ability of the Company to consummate an IPO, or (B) condition (financial or otherwise), properties, assets, liabilities, business, operations, or results of operations, of the Company;

“**Funding Request**” has the meaning given to it in Article 25;

“**General Meeting**” means any meeting of the Shareholders;

“**Insolvency Event**” in relation to a Person, means any of the following:

if such Person is adjudged insolvent by a court of competent jurisdiction and/or is subject to any insolvency resolution proceeding or involuntary winding up proceedings instituted by a third party and such involuntary winding up proceedings are: (A) not dismissed for a period of 90 (ninety) days from the date of the filing of the petition of involuntary winding up, or (B) admitted by a court of competent jurisdiction, whichever is earlier;

commencement of voluntary winding up or voluntary liquidation or any similar proceedings;

such Person entering into or resolving to enter into an arrangement, composition or compromise with or assignment for the benefit of its creditors or any class of them in any relevant jurisdiction pursuant to applicable Laws (including without limitation the Act) as would result in a material adverse effect to the business of such Person; or

in case such Person is dissolved or suffers an analogous event to any of the above under applicable Laws;

“**Investment Fund**” means any company, corporation, body corporate, limited liability partnership, partnership or proprietorship, trust or any other entity incorporated and operating as an investing entity;

“**IPO**” means an initial public offering of the Equity Shares of the Company;

“**IPO Due Date**” has the meaning given to it in Article 115(a);

“**IPO Exit Deadline**” has the meaning given to it in Article 116(a);

“**Law**” means all applicable statutes, enactments, laws, ordinances, bye-laws, rules, regulations, guidelines, notifications, notices, and/or judgments, decrees, injunctions, writs or orders of any court, statutory or regulatory authority, tribunal, board or stock exchange in any jurisdiction as may be in force and effect during the subsistence of these Articles as may be applicable to each of the parties respectively;

“**Listing Date**” has the meaning given to it in Article 115(g)(i);

“**Listing Request**” has the meaning given to it in Article 115(a);

“**Listing Securities**” has the meaning given to it in Article 115(c);

“**Malabar**” shall mean Malabar India Fund Limited and one or more of its Affiliates;

“**Malabar Consortium**” has the meaning given to it in Article 74;

“**Malabar Observer**” has the meaning given to it in Article 82(d);

“**Material Interest**” means direct or indirect beneficial ownership of (a) voting securities or other voting interests representing more than 25% of the outstanding voting power of a Person or (b) equity securities representing more than 25% of the outstanding equity securities or equity interests in a Person;

“**Memorandum**” means the memorandum of association of the Company as amended from time to time in accordance with the applicable Laws and the provisions of these Articles;

“**Minimum Price**” means

with respect to the Remaining Securities Holders, a price equal to three times the Book Value per Share; and

with respect to the Malabar Consortium, a price equal to INR 40 (Indian Rupees Forty) per Equity Share;

“**NCDs**” means the 4,000 (four thousand) secured rated unlisted redeemable nonconvertible debentures aggregating Rs. 4,000,000,000/- (Rupees Four Billion) issued or to be issued by the Company for the limited purposes of raising funds towards part of the consideration payable for proposed acquisition of the Acquired Business;

“**New Issue Notice**” has the meaning given to it in Article 27(a);

“**New Securities**” has the meaning given to it in Article 27(a);

“**New Securities Entitlement**” has the meaning given to it in Article 27(b);

“**Nominating Securities Holder**” has the meaning given to it in Article 27(g);

“**Nominating Shareholder**” has the meaning given to it in Article 26(f);

“**Nominee**” has the meaning given to it in Article 27(g);

“**Nominee Subscriber**” has the meaning given to it in Article 26(f);

“**Non Consortium Securities Holders**” has the meaning given to it in Article 116(e);

“**Non-Contributing Shareholder**” has the meaning given to it in Article 26(b);

“**Non-Defaulting Securities Holder**” has the meaning given to it in Article 120(b);

“**Notice of Arbitration**” has the meaning given to it in Article 130;

“**Offer Period**” has the meaning given to it in Article 44(c);

“**Offered Price**” has the meaning given to it in Article 45(a);

“**Office**” means the registered office for the time being of the Company;

“**Ordinary Course of Business**” means an action that is consistent with past custom and practice, and is taken in the usual, regular and ordinary course of the Person’s normal day-to-day operations consistent with past practices and customs but only to the extent consistent with the applicable Laws, and, with respect to the Company, includes an action that is consistent with the past customs of, and practices pertaining to, the Business;

“Original Director” has the meaning given to it in Article 86;

“Original Observer” has the meaning given to it in Article 86;

“Outside Offer 1” has the meaning given to it in Article 46(a)(i);

“Outside Offer 2” has the meaning given to it in Article 46(b)(i);

“Person” shall mean an individual, company, corporation, body corporate, limited liability partnership, partnership, proprietorship, association, trust, or any other entity, as the case may be;

“Proposed Subscriber” has the meaning given to it in Article 27(a);

“Purchaser” has the meaning given to it in Article 44(a);

“Purchase Notice” has the meaning given to it in Article 44(c)(i);

“Purchase Price” has the meaning given to it in Article 44(b);

“RBI” means the Reserve Bank of India;

“RBI Guidelines” means the rules, regulations, circulars, executive orders, decrees, policies, notifications or other similar directives issued by the RBI governing non-deposit taking non-systemically important non-banking financial companies and non-deposit taking systemically important non-banking financial companies;

“Related Party” shall mean:

with respect to a particular individual:

each Relative of such individual; and

any Person in which such individual or any Relative of such individual holds (individually or in the aggregate) a Material Interest; and

with respect to a specified Person other than an individual:

any Person that directly or indirectly Controls, is directly or indirectly Controlled by, or is directly or indirectly under common Control with such specified Person; and

any Person in which such specified Person or an Affiliate of such specified Person holds, individually or in aggregate, a Material Interest;

“Relative” has the same meaning given to it in the Act;

“Remaining Securities Holders” has the meaning given to it in Article 46(a)(i);

“Reserved Matters” has the meaning given to it in Article 104;

“Rights Entitlement” has the meaning given to it in Article 26(a);

“Rights Offer” has the meaning given to it in Article 26(a);

“Rights Offer Period” has the meaning given to it in Article 26(a);

“Rules” has the meaning given to it in Article 132;

“Sale Notice” has the meaning given to it in Article 45(a);

“Sale Securities” has the meaning given to it in Article 45(a);

“SBI” has the meaning given to it in Article 83;

“SBI Director” has the meaning given to it in Article 83;

“**Second Adjourned Meeting**” has the meaning given to it in Article 100(c);

“**Securities**” means the Equity Shares and such other securities/instruments as may be issued by the Company including without limitation preference shares, debentures, bonds, loans, warrants (including the Warrants), options, depositary receipts, debt securities, loan stock, notes, securities or certificates which are convertible into or exchangeable for, or which carry a right to subscribe to or purchase Equity Shares;

“**Securities Holder**”, at any given time, means Arpwood, Clermont and Malabar as long as they are each holding Securities of the Company at such time;

“**Selling Member**” has the meaning given to it in Article 44(b);

“**Senior Management Personnel**” means the CEO, chief financial officer, chief business officer, chief compliance officer, chief risk officer, chief technology officer, chief operating officer and chief human resource officer of the Company or any other officer of the Company who has responsibilities customarily carried out by any of the aforementioned officers;

“**Shareholder**”, at any given time, means a Person holding Equity Shares of the Company at such time;

“**Shareholders’ Agreement**” means the shareholders’ agreement dated February 22, 2022, executed by and amongst, SBFC Finance Private Limited, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited, Eight45 Services LLP, SBFC Holdings PTE. LTD., Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund;

“**Shortfall**” has the meaning given to it in Article 26(b);

“**Specified Holder**” has the meaning given to such term in Article 75;

“**Specified Holder Securities**” has the meaning given to it in Article 116(b);

“**Specified Holder Security Price**” has the meaning given to it in Article 116(b);

“**Subsidiary**” means, in relation to the Company at any time, a Person at such time: (a) which is Controlled, directly or indirectly, by the Company; or (b) more than 50% of the issued equity share capital of which is beneficially owned, directly or indirectly, by the Company;

“**Tag-Along Notice**” has the meaning given to it in Article 45(b);

“**Tag-Along Period**” has the meaning given to it in Article 45(b);

“**Tag-Along Right**” has the meaning given to it in Article 45(b);

“**Tag Securities**” has the meaning given to it in Article 45(c);

“**Third Party Purchaser**” has the meaning given to it in Article 45(a);

“**Transfer**” including with correlative meaning, the terms Transferred, Transferring and Transferability means any of the following (whether directly or indirectly): (a) transfer or other disposition of Securities or voting interests or any interest therein; (b) sale, assignment, gift, donation of Securities or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of the Securities or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; and/or (c) grant of any equity interest, Encumbrance or extending or attaching to the Securities or any interest therein. For the avoidance of doubt, it is clarified that a pledge of Securities in accordance with Article 49 shall not be considered a Transfer;

“**Transfer Notice**” has the meaning given to it in Article 44(b);

“**Transfer Securities**” has the meaning given to it in Article 44(b);

“**Transferring Securities Holder**” has the meaning given to it in Article 43(b); and

“Warrants” means 80,654,506 (Eighty Million Six Hundred Fifty Four Thousand, Five Hundred and Six) warrants proposed to be issued by the Company to Arpwood Partners (convertible into 80,654,506 (Eighty Million Six Hundred Fifty Four Thousand, Five Hundred and Six) Equity Shares).

6 Interpretation:

Unless the context otherwise requires, words or expressions contained in these Regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these Regulations become binding on the Company.

The headings are inserted for convenience only and shall not affect the construction hereof.

For the purposes of calculating Arpwood’s Equity Shares under Article 82 and 104 as on the September 28, 2017, the Securities acquired by the CEO and the chief business officer of the Company from Arpwood shall be excluded.

For the purposes of calculating a Securities Holder’s Equity Shares and rights under these Articles, the Securities held by such Securities Holder along with its Affiliates shall be aggregated and taken into consideration, provided that the said Securities Holder shall together with its Affiliate act as a single shareholder block and the entities shall not be entitled to exercise any rights individually and severally.

BUSINESS OF THE COMPANY

7 The Company shall:

undertake and engage in the Business and/or such other business as may be decided by the Board, from time to time in accordance with the terms of these Articles; and

be operated and managed as an independent entity, which shall be run as a profit-making enterprise, in the Ordinary Course of Business and in accordance with sound commercial principles, having its own personnel and functional structure as necessary.

8 The Company shall at all times undertake the Business in accordance with the applicable Laws and the Securities Holders (other than the holders of the NCDs) shall cause the Company to obtain and maintain all governmental approvals for undertaking the Business.

9 The Company and the Securities Holders (other than the holders of the NCDs) shall cooperate with each other and shall use their best efforts to promote the success of the Company, in accordance with the provisions of these Articles.

10 Each Securities Holder shall perform and observe all of the provisions of these Articles and ensure that the Company complies with its obligations under these Articles.

11 a) The Company shall be operated and managed at an arms’ length basis from the Securities Holders and their respective Affiliates. The Securities Holders agree that in their business transactions with the Company, whether directly or indirectly, they shall deal with the Company at an arms’ length basis.

If any Securities Holder or its nominee Directors are interested in any business transaction with any Related Party, proposed to be approved at any Board Meeting and/or General Meeting, such Securities Holders and its nominee Directors shall recuse themselves from voting or participating in any decision in relation to such matter and only the non-interested Securities Holders and Directors shall be entitled to decide on such matter.

SHARE CAPITAL AND VARIATION RIGHTS

12 **Increase of Capital by the Company**

The Company may in a General Meeting, from time to time, subject to the provisions of these Articles (including but not limited to Article 104), increase its Capital by creation of new Securities which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Securities shall be issued upon such terms and conditions

with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Securities may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings in conformity with Section 47 of the Act. Whenever the Capital has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 64 of the Act.

Subject to the applicable provisions of the Act and/or any other applicable Laws and these Articles (including but not limited to Article 104), the Company acting through its Board shall have power to issue Equity Shares with differential rights as to dividend, voting and/or otherwise in such manner and on such terms and conditions as may be prescribed by the resolution authorizing such issue.

13 **Reduction of Capital**

Subject to the provisions of Section 66 of the Act, as may be applicable from time to time, and the provisions of these Articles (including but not limited to Article 104), the Company may, reduce in any manner and with, and subject to, any incident authorized and consent required by applicable Laws:

its Capital;

any capital redemption reserve account; or

any share premium account;

14 **Consolidation, division, sub-division and cancellation of Securities**

Subject to the provisions of Section 61 of the Act, and the provisions of these Articles (including but not limited to Article 104), the Company may:

consolidate, divide all or any of its Capital into Securities of larger amount than its existing Securities;

convert all or any of its fully paid-up Securities into stock, and reconvert that stock into fully paid-up Securities of any denomination;

sub-divide its existing Securities or any of them into Securities of smaller amount than is fixed by the Memorandum;

cancel any Securities which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

15 The Securities in the Capital shall be under the control of the Directors, who may, subject to the provisions of these Articles (including but not limited to Article 104), issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

16 Every Person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the Memorandum or after allotment or within one month after the application for the registration of Transfer or transmission or within such other period as the conditions of issue shall be provided-

Unless multiple certificates are otherwise agreed to be issued in writing between the Company and the Securities Holder, one certificate for all his Securities of a particular kind without payment of any charges.

Every certificate shall be under the seal and shall specify the Securities to which it relates and the amount paid-up thereon.

In respect of any Securities held jointly by several Persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for any Securities to one of several joint holders shall be sufficient delivery to all such holders.

17 The certificates of the Company, which the Securities Holders presently have or in future will have in their physical possession, will bear the legend as may be agreed in writing between the Company and the Securities Holders, either as an endorsement or on the face of each such Security certificate.

- 18 If any certificate be worn out, defaced, mutilated or torn out or if there be no further space on the back for endorsement of Transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost, destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given.
- 19 The provisions of Articles 16 to 18 shall apply mutatis mutandis to the debentures or Warrants issued by the Company.
- 20 Except as recognized by law, no Person shall be recognized by the Company as holding any Securities upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any fractional part of any Securities, or (except only as by these Regulations or by Law otherwise provided) any other rights in respect of any Securities except an absolute right to the entirety thereof in the registered holder.
- 21 a) If at any time the Capital is divided into different class of Securities, the rights attached to any class (unless otherwise provided by the terms of issue of Securities of that class) may, subject to the provisions of Section 48 of the Act and these Articles, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued Securities of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the Securities of that class.

To every such separate meeting, the provisions of these Regulations relating to General Meetings shall mutatis mutandis apply, but so that necessary quorum shall be at least two persons holding at least one-third of the issued Securities of the class in question.

- 22 The rights conferred upon the holders of the Securities of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Securities of that class, be deemed to be varied by the creation or issue of further Securities ranking *pari passu* therewith.
- 23 Subject to the provisions of Section 55 of the Act and the provisions of these Articles (including but not limited to Article 104), the Company may issue preference shares.

CAPITALISATION

- 24 No Shareholder shall be obliged to contribute further funds (debt or equity capital) to the Company or participate in any form of sponsor support, other than as contemplated under any agreement(s) in writing between the Company and the Shareholders.
- 25 On and from the Effective Date, in the event the Board decides to raise funds by way of capital contributions from the Shareholders, the Board shall notify each of the Shareholders in writing (**Funding Request**) to enable the Shareholders to raise requisite capital. The Funding Request shall set out (a) the amount of funds as required by the Company, (b) an indicative time period within which the funds shall be required by the Company, and (c) the intended purpose for which such funds are proposed to be utilised by the Company.
- 26 **Rights Issue**

No later than upon the expiry of 75 (seventy-five) Business Days from the date of the Funding Request, the Company shall make a rights issue of the Equity Shares proposed to be issued, of such amount as set out in the Funding Request (Rights Offer) to each of the Shareholders, on the same terms and conditions, in accordance with applicable Laws, in proportion to their respective shareholding (on a fully diluted basis) in the Company (Rights Entitlement). The pricing of the Equity Shares in any such Rights Offer shall be the Fair Market Value of the Equity Shares at the time of such Rights Offer and shall be the same for all Shareholders. The Shareholders shall (directly or through their nominee) subscribe, under intimation to the other Shareholders and the Company, to their Rights Entitlement in accordance with the Rights Offer, within such minimum period from the date of the notice of the Rights Offer as may be permissible under applicable Laws (Rights Offer Period). The Shareholders shall cause the Board to take all appropriate actions for making of the Rights Offer and compliance of other procedures for implementation of the Rights Offer.

If within the Rights Offer Period, any Shareholder (**Non-Contributing Shareholder**), (i) notifies the Company that it does not wish to exercise its Rights Offer, or any part thereof; or (ii) fails to contribute the entire amounts/funds towards its Rights Entitlement, or any part thereof; then the remaining amounts/funds (each, a **Shortfall**) may be contributed proportionately by, at the sole and absolute discretion of, the remaining Shareholders.

The Board shall ensure that, (i) all appropriate notices and intimations are sent to the remaining Shareholders allowing them to contribute proportionately towards the Shortfall, or any part thereof; and (ii) upon contribution towards the Shortfall, or any part thereof, by the remaining Shareholders, the Board shall intimate to all Shareholders the revised shareholding of the Shareholders in the Company.

The Non Contributing Shareholder shall co-operate and provide all assistance required by the contributing Shareholder in making the relevant applications and undertaking all actions incidental to, or in connection with obtaining all approvals under applicable Laws, the applicable government approvals and Company's contractual obligations, for the change in shareholding or control of the Company or dilution of the Non Contributing Shareholders' shareholding in the Company in accordance with this Article 26.

If the remaining Shareholders decide not to make additional infusion of funds towards Shortfall and there is still existence of a Shortfall, then, with the prior written approval of both Clermont and Arpwood Consortium, the Board shall decide as to the manner in which such remaining Shortfall shall be funded. For greater certainty, this Article 26(e) shall in no way have any impact on the rights and obligations of the Parties under Article 27.

Each Shareholder (**Nominating Shareholder**) shall be entitled to nominate one or more Affiliates (each a **Nominee Subscriber**) to subscribe to all or part of the Equity Shares forming part of such Shareholder's Rights Entitlement, pursuant to this Article 26. In case of whole or part subscription of a Shareholder's Rights Entitlement by any Nominee Subscriber the Nominating Shareholder shall ensure that prior to any Nominee Subscriber subscribing to such Equity Shares, such Nominee Subscriber shall have executed the Deed of Adherence agreeing to all the terms and conditions of these Articles and agreeing to be a party hereto.

The Nominating Shareholder shall ensure that if the Nominee Subscriber, at any time after becoming a Shareholder, is reasonably likely to cease to be an Affiliate of the Nominating Shareholder, such Nominee Subscriber shall forthwith Transfer the shares held by such Nominee Subscriber back to the Nominating Shareholder or to another Affiliate of the Nominating Shareholder, prior to such Nominee Subscriber ceasing to be an Affiliate.

The Company shall pay all costs and taxes (where applicable) in connection with any funding under this Article 26.

27 **Right of Pre-Emption**

If the Board proposes to issue any new Securities otherwise than as contemplated under Articles 25 and 26, it shall give each of the Securities Holder a notice in writing (**New Issue Notice**) of such proposed issuance of new Securities. The New Issue Notice shall set out (i) the number of the new Securities proposed to be issued (**New Securities**), (ii) the terms of issuing such New Securities along with the rights, if any, (iii) the identity of the proposed third-party subscriber of such New Securities (**Proposed Subscriber**), (iv) the per Security price at which such New Securities are proposed to be issued, and (v) the total quantum of investment to be raised by the proposed issuance of New Securities.

Upon receipt of the New Issue Notice, each Securities Holder shall have the right (but not an obligation) to subscribe, at such rate per New Security and on such terms and conditions as offered by the Company to the Proposed Subscriber, in proportion to the percentage of the Securities held by such Securities Holder as on the date of the New Issue Notice (on a fully diluted basis) (**New Securities Entitlement**). Each Securities Holder may choose to subscribe to all or part of its New Securities Entitlement.

Each Security Holder shall have 90 (ninety) Business Days from delivery of the New Issue Notice to agree to subscribe to all or any part of its New Securities Entitlement, by giving written notice to the Company setting forth the quantity of Securities out of such Securities Holders' New Securities

Entitlement proposed to be subscribed to by the Securities Holder, which decision and determination by the Securities Holder shall be irrevocable, final and binding on the Parties.

If a Securities Holder so elects to subscribe to its respective entitlement to the New Securities, whether in full or in part, such New Securities shall be issued and allotted to the relevant Securities Holder in accordance with its election.

If the Securities Holder fails to exercise or expressly waive its rights as foregoing within the period specified above, the Company shall have 90 (ninety) days after the expiry of the time period referred to in Article 27(c) to issue and allot the unsubscribed portion of the New Securities to the Proposed Subscriber specified in the New Issue Notice at the same price and terms and conditions set out in the New Issue Notice.

If the Company fails to issue and allot the New Securities within the time period set out in Article 27(e), the Company shall not thereafter issue and allot such New Securities without first offering to the Securities Holders in the manner and as per the procedure provided in this Article 27.

Each Securities Holder (**Nominating Securities Holder**) shall be entitled to nominate one or more Affiliate (**Nominee**) to subscribe to all or part of such Nominating Securities Holder's New Securities Entitlement, pursuant to this Article 27. In case of whole or part subscription of the Nominating Securities Holder's New Securities Entitlement by any Nominee the Nominating Securities Holder shall ensure that prior to any Nominee subscribing to such New Securities Entitlement, such Nominee shall have executed the Deed of Adherence agreeing to all the terms and conditions of the Shareholders' Agreement and agreeing to be a party hereto.

The Nominating Securities Holder shall ensure that if the Nominee, at any time after becoming a Securities Holder, is reasonably likely to cease to be an Affiliate of the Nominating Securities Holder, such Nominee shall forthwith Transfer the Securities held by such Nominee back to the Nominating Securities Holder or to another Affiliate of the Nominating Securities Holder prior to such Nominee ceasing to be an Affiliate.

CALLS ON SECURITIES

28 The Board may, from time to time, make calls upon the Securities Holders in respect of any monies unpaid on their Securities (whether on account of the nominal value of the Securities or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the Securities or be payable at less than one month from the date fixed for the payment of the last preceding call.

29 Each Securities Holders shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Securities.

30 A call may be revoked or postponed at the discretion of the Board.

31 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

32 The joint holders of any Securities shall be jointly and severally liable to pay all calls in respect thereof.

33 If a sum called in respect of any Securities is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine. The Board shall be at liberty to waive payment of any such interest wholly or in part.

34 Any sum which by the terms of issue of any Securities becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Securities or by way of premium, shall, for the purposes of these Regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. In case of non-payment of such sum, all the relevant provisions of these Regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

35 The Board:
may, if it thinks fit, receive from any Securities Holder willing to advance the same, all or any part of the monies uncalled and unpaid upon any Securities held by him; and
upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the Securities Holder paying the sum in advance.

LIEN

36 The Company shall have a first and paramount lien:
on every Security (not being a fully paid Security), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that Security; and
on all Securities (not being fully paid Securities) standing registered in the name of a single Person, for all monies presently payable by him or his estate to the Company
Provided that the Board of Directors may at any time declare any Securities to be wholly or in part exempt from the provisions of this Article.

37 The Company's lien, if any, on any Securities shall extend to all dividends payable and bonuses declared from time to time in respect of such Securities.

38 The Company may sell, in such manner as the Board thinks fit, any Securities on which the Company has a lien:

Provided that no sale shall be made—

unless a sum in respect of which the lien exists is presently payable; or

until the expiration of fourteen 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 Securities or the Person entitled thereto by reason of his death or insolvency.

39 To give effect to any such sale, the Board may authorise some person to Transfer the Securities sold to the purchaser thereof. The purchaser shall be registered as the holder of the Securities comprised in any such sale. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Securities be affected by any irregularity or invalidity in the proceedings in reference to the sale.

40 The proceeds of the 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. The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Securities before the sale, be paid to the person entitled to the Securities at the date of the sale.

TRANSFER OF SECURITIES

41 No Securities Holder shall Transfer any of its Securities or voting interests therein owned by it to any Person or create any Encumbrance over the Securities owned by it, except as expressly required or permitted under these Articles (including Article 42 and Article 48).

42 Any Transfer or attempted Transfer of Securities or any interest in such Securities (including by way of Encumbrance), not expressly permitted by these Articles, will be null and void ab initio, and the Securities Holders and the Company will do all acts, deeds or things to prevent such Transfer from being given effect.

43 **Permitted Transfers**

The Securities Holders shall at all times be entitled to Transfer the Securities held by them to any of their Affiliates in accordance with Article 43(b). It is hereby clarified that any Transfer of Securities by a Securities Holder to any of its Affiliates shall not constitute a change of Control with respect to such Transferring Security Holder for the purposes of these Articles.

In case of Transfer of Securities by a Securities Holder to its Affiliate(s) pursuant to Article 44(a), the transferring Securities Holder (**Transferring Securities Holder**) shall:

ensure that in each case, such transferee executes a Deed of Adherence;

issue a notice in writing to the other Securities Holders of its intention to do so, together with the name of the purchasing Affiliate(s); and

ensure that if the purchasing Affiliate(s), at any time after becoming a Securities Holder, is reasonably likely to cease to be an Affiliate of the relevant Transferring Securities Holder, such Affiliate shall forthwith Transfer the Securities held by such Affiliate back to the relevant Transferring Securities Holder or to another Affiliate of the relevant Transferring Securities Holder prior to such Person ceasing to be an Affiliate.

44 **Clermont's Right Regarding Transfers of Securities held by Arpwood Consortium and Malabar Consortium to Third Parties**

Subject to this Article 44, each member of the Malabar Consortium and each member of the Arpwood Consortium may, at any time prior to the IPO, Transfer all or part of the Securities held by it to any bona fide reputable third party with good market standing other than a Competitor (**Purchaser**).

In the event any member of the Malabar Consortium and/or any member of the Arpwood Consortium (each, a **Selling Member**) proposes to Transfer all or part of the Securities held by it/them, the Selling Member shall, in full compliance with applicable Laws, conduct preliminary discussions with third parties, together with a reasonable description of the Securities and the Business, in order to gauge market interest in the proposed Transfer. Prior to soliciting formal bids for its proposed Transfer, the Selling Member shall send a written notice (**Transfer Notice**) to Clermont (with a copy to the Company). The Transfer Notice shall state (i) the total number of Securities proposed to be Transferred (**Transfer Securities**), (ii) the price per Security at which the Transfer Securities are proposed to be Transferred (**Purchase Price**), and (iii) key terms and conditions of proposed Transfer of the Transfer Securities.

Within 30 (thirty) Business Days of receipt of the Transfer Notice (**Offer Period**), Clermont shall have the right (but not the obligation), to:

notify its intention to purchase all (but not a part of) the Transfer Securities from the Selling Member at the Purchase Price and the terms and conditions set out in the Transfer Notice (**Purchase Notice**); or

make an irrevocable counter-offer to the Selling Member (**Counter Offer Notice**) that must remain open for 10 (ten) calendar days. The Counter Offer Notice shall state (A) the price per Security, and (B) the terms and conditions, at which Clermont proposes to purchase the Transfer Securities from the Selling Member.

In the event Clermont issues the Purchase Notice within the Offer Period or the Selling Member accepts the Counter Offer Notice within the period set out in Article 44(c)(ii), the Selling Member and Clermont shall complete the Transfer of the Transfer Securities within a period of 90 (ninety) Business Days from the date of the Purchase Notice or the Counter Offer Notice, as the case may be, or such longer time period as may be required for obtaining approvals, if any, required under applicable Laws for such Transfer, provided that such period shall under no circumstance exceed 180 (one hundred and eighty) calendar days from the date of the Purchase Notice or Counter Offer Notice, as the case may be.

In the event (i) Clermont fails to accept or chooses not to accept the offer set out in the Transfer Notice, (ii) Clermont fails to complete the acquisition of Transfer Securities in accordance with Article 44(d) or (iii) the Selling Member chooses not to accept the Counter Offer Notice (which right shall apply only in case the price per Security set forth in the Counter Offer Notice is less than the Purchase Price set out in the Transfer Notice, and not otherwise), then the Selling Member shall have the right to sell the Transfer

Securities to a Purchaser at a price per Security and on terms and conditions that are no less favourable than the price per Security and terms and conditions set out in the Counter Offer Notice (to the extent that Clermont fails to provide the Counter Offer Notice, such price shall be deemed to be the Purchase Price set out in the Transfer Notice). Any Transfer of Securities by the Selling Member to a Purchaser under this Article 44(e) shall have to be completed within a period of 90 (ninety) Business Days from the (a) date of the Counter Offer Notice (if any), or (b) the latter of the expiry of (i) the Offer Period, or (ii) the period for completion of acquisition of Transfer Securities under Article 44(d), as the case may be, or such longer time period as may be required for obtaining approvals, if any, required under applicable Laws for such Transfer, provided that such period shall under no circumstance exceed 180 (one hundred and eighty) calendar days from the date of the Counter Offer Notice (if any), or (b) the latter of the expiry of (i) the Offer Period, or (ii) the period for completion of acquisition of Transfer Securities under Article 44(d), as the case may be. It is clarified that for the purposes of this Article 44(e), in case the Transfer is not completed within the time period provided in this Article 44(e), the provisions of this Article 44 shall apply afresh.

It is clarified that the provisions of this Article 44 would also apply to an indirect Transfer (whether for cash consideration or otherwise) of Securities held by members of the Malabar Consortium or members of the Arpwood Consortium, as may be applicable.

45 **Arpwood's and Malabar's Tag-Along Right**

In the event Clermont proposes to Transfer all or part of its Securities (**Sale Securities**) to a bona fide third party (**Third Party Purchaser**), Clermont shall send a written notice of such Transfer to the Specified Holder (with a copy to the Company) (**Sale Notice**). The Sale Notice shall include (i) the identity of the Third Party Purchaser, (ii) the price per Security offered by the Third Party Purchaser to Clermont for the Sale Securities (**Offered Price**); (iii) the manner and time of payment of the Offered Price; and (iv) all other terms and conditions of proposed Transfer of Sale Securities from Clermont to the Third Party Purchaser.

Upon receiving the Sale Notice, the Specified Holder shall (in case of the Arpwood Consortium, acting for itself and on behalf of the other members of Arpwood Consortium), have the right but not the obligation (**Tag-Along Right**), by giving Clermont a written notice (**Tag-Along Notice**) within a period of 30 (thirty) Business Days of receipt of the Sale Notice (**Tag-Along Period**), to participate in such proposed Transfer on the same consideration per Security and upon the same terms and conditions as specified in the Sale Notice, in accordance with this Article 45(b).

The Tag-Along Right shall entitle the Specified Holder (in case of the Arpwood Consortium, acting for itself and on behalf of the other members of Arpwood Consortium) to require Clermont to ensure that the Third Party Purchaser purchases from Malabar or the members of the Arpwood Consortium, as the case may be:

where the proposed Transfer does not result in a Change in Control, Securities in proportion to the percentage of the Securities held by Clermont, Malabar and the Arpwood Consortium, and

where the proposed Transfer results in a Change in Control, all Securities held by Malabar and the Arpwood Consortium.

For the purposes of these Articles, **Tag Securities** shall mean the Securities (determined in accordance with this Article 45(c)) with respect to which the Specified Holder shall be entitled to exercise its Tag-Along Right.

Upon receipt of the Tag-Along Notice, Clermont shall notify the Third Party Purchaser of the Specified Holder's exercise of the Tag-Along Right. If the Third Party Purchaser refuses to purchase the Sale Securities as well as the Tag Securities, then the Sale Securities shall be accordingly adjusted such that:

Where the proposed Transfer results in a Change in Control, the Third Party Purchaser shall purchase all of Securities held by Malabar and the Arpwood Consortium; and

where the proposed Transfer does not result in a Change in Control, the Third Party Purchaser shall purchase the Tag Securities in proportion to the percentage of the Securities held by Clermont, Malabar and the Arpwood Consortium prior to the Transfer and totalling the Sale Securities offered by Clermont.

Members of the Arpwood Consortium and Malabar will not be required to provide any representations, covenants or undertaking, grant any indemnifications, or incur any obligations to the Third Party Purchaser or any person other than providing a representation on the clear title of the Tag Securities and due authority and capacity to hold and Transfer the Tag Securities and nil withholding certificate under applicable Laws in connection with the Offered Price (unless each member of the Arpwood Consortium or Malabar agrees to requisite withholding of amount out of the total amount payable by the Third Party Purchaser). Clermont shall ensure that all of the terms of the proposed Transfer offered by the Third Party Purchaser are also offered to Malabar and the Arpwood Consortium.

The Transfer of the Sale Securities along with the Tag Securities must be completed within a period of 90 (ninety) Business Days from the Tag-Along Notice, or such longer time period as may be required for obtaining approvals, if any, required under applicable Laws for such Transfer, provided that such period under no circumstance exceeds 180 (one hundred and eighty) calendar days from the date of the Tag-Along Notice. It is clarified that for the purposes of this Article that if Drag Along Right is exercised pursuant to Article 47, then the time period provided in this Article 45(e) shall apply from the date of the Drag Along Notice.

In the event that the Specified Holder does not exercise the Tag-Along Right within the Tag-Along Period, such Tag-Along Right shall lapse and Clermont shall be free to Transfer all (but not less than all) of the Sale Securities to the Third Party Purchaser for the same price and subject to the same terms and conditions mentioned in the Sale Notice provided that such Transfer of Sale Securities without the Tag Securities will have to be completed within 90 (ninety) Business Days of the expiry of the Tag-Along Period, or such longer time period as may be required for obtaining approvals, if any, required under applicable Laws for such Transfer, provided that such period under no circumstance exceeds 180 (one hundred and eighty) calendar days from the date of expiry the Tag-Along Period.

For the purposes of this Article 45, a **Change in Control** with regards to Transfer of any Securities of the Company, means that after giving effect to the proposed Transfer, Clermont will cease to:

own at least 51% of the outstanding Equity Shares of the Company; or

own at least 51% of the Securities of the Company (on a fully diluted basis); or

control the majority of the composition of the Board.

It is clarified that the provisions of this Article 45 would also apply to an indirect Transfer (whether for cash consideration or otherwise) of Securities held by Clermont, provided that, notwithstanding Article 45(a)-(f), in case of an indirect Transfer by Clermont for non-cash consideration, the Specified Holder shall be entitled, at its discretion, to opt for either of the following considerations for the Tag Securities if the Tag Securities are proposed to be sold to the Third Party Purchaser along with Sale Securities:

the non-cash consideration as is available to Clermont; or

the higher of the cash equivalent of the non-cash consideration proposed to be provided to Malabar or the Arpwood Consortium for, or the Fair Market Value of, the Tag Securities. In order to arrive at the cash equivalent of the non-cash consideration, each of Clermont and the Specified Holder shall appoint an investment banker of international repute and the average of the cash equivalent as determined by both the investment bankers shall be the cash equivalent payable to Malabar or the Arpwood Consortium, *provided that*, if the difference between the cash equivalent determined by the Specified Holder appointed and Clermont appointed investment bankers exceeds 15% , the Clermont appointed and Specified Holder appointed investment bankers shall together appoint a third investment banker of international repute to determine the cash equivalent of the noncash consideration and the cash equivalent payable to Malabar or the Arpwood Consortium shall be the average of (A) cash equivalent determined by the investment banker jointly appointed by the Clermont appointed and Specified Holder appointed investment bankers and (B) cash equivalent as determined by the Clermont appointed investment banker or the cash equivalent as determined by the Specified Holder appointed investment banker whichever is closer to the cash equivalent in (A).

For the avoidance of doubt, it is clarified that nothing contained in this Article 45 shall apply to any Transfer of Securities held by Clermont to another member of the Clermont Group, due to an internal restructuring of the Clermont Group.

Clermont's Drag Along Right

Clermont's Drag Along Right on Arpwood

Where Clermont proposes to Transfer its entire Securities in the Company to a Third Party Purchaser, if upon receipt of a Sale Notice, the Arpwood Consortium (in case of the Arpwood Consortium, acting for itself and on behalf of the other members of Arpwood Consortium) does not exercise its Tag-Along Right in accordance with Article 46(b), then subject to Article 46(a)(ii), Clermont shall have the right (**Drag Along Right 1**) to issue a notice within 10 (ten) Business Days from the expiry of the Tag-Along Period (**Drag Along Notice 1**), to all the Securities Holders (forming part of the Arpwood Consortium (*defined below*)) (**Remaining Securities Holders**) stating its intention to Transfer its entire Securities to a bona fide third party (non-Affiliate) purchaser (**Drag Along Purchaser 1**) and requiring the Remaining Securities Holders to sell all (but not less than all) Securities then held by the Remaining Securities Holders (**Drag Along Securities 1**). A written offer from the Drag Along Purchaser 1 detailing the terms on the basis of which the Drag Along Purchaser 1 shall purchase the Sale Securities and Drag Along Securities 1 (**Outside Offer 1**) must be obtained by Clermont and provided to the Remaining Securities Holders along with the Drag Along Notice 1.

If the Drag Along Right 1 is proposed to be exercised at any time before the expiry of 5 (five) years from December 28, 2018, then:

Clermont shall ensure that the price per Security offered by the Drag Along Purchaser 1 for the Sale Securities and the Drag Along Securities 1 shall not be less than the Minimum Price (as applicable to the Remaining Securities Holders).

If the price per Security offered by the Drag Along Purchaser 1 is less than the Minimum Price, then the Drag Along Right 1 shall not be available, provided that Clermont shall be entitled to complete the proposed Transfer of the Sale Securities in accordance with Article 46(f).

Subject to Article 46(a)(ii), the Remaining Securities Holders shall be bound to sell along with Clermont, at the same price and on the same terms and conditions as in the Outside Offer 1, the Drag Along Securities 1 to the Drag Along Purchaser 1. Arpwood Consortium will provide customary representations and warranties with regards to the Transfer of the Drag Along Securities 1 to the Drag Along Purchaser 1 and nil withholding certificate under applicable Laws in connection with the Offered Price (unless Arpwood agreed to requisite withholding of amount out of the total amount payable by the Third Party Purchaser). Arpwood shall use its best efforts to cause all the other Remaining Securities Holders (forming part of the Arpwood Consortium (*defined below*)) to Transfer their Securities, at the price and on terms and conditions mentioned in the Drag Along Notice 1, and the provisions of this Article 46(a) shall apply *mutatis mutandis* to all other Remaining Securities Holders (forming part of the Arpwood Consortium).

Clermont's Drag Along Right on Malabar

Where Clermont proposes to Transfer its entire Securities in the Company to a Third Party Purchaser, if upon receipt of a Sale Notice, Malabar does not exercise its Tag-Along Right in accordance with Article 45(b), then subject to Article 46(b)(ii) and without prejudice to its rights under Article 46(a)(ii), Clermont shall have the right (**Drag Along Right 2**) to issue a notice within 10 (ten) Business Days from the expiry of the Tag-Along Period (**Drag Along Notice 2**), to Malabar stating its intention to Transfer its entire Securities to a bona fide third party (non-Affiliate) purchaser (**Drag Along Purchaser 2**) and requiring Malabar and its Affiliates holding Equity Securities (including the Malabar Consortium) to sell all (but not less than all) Securities then held by it (**Drag Along Securities 2**). A written offer from the Drag Along Purchaser 2 detailing the terms on the basis of which the Drag Along Purchaser 2 shall purchase the Sale Securities and Drag Along Securities 2 (**Outside Offer 2**) must be obtained by Clermont and provided to Malabar along with the Drag Along Notice.

The Drag Along Right 2 shall only be exercised upon the expiry of 2 (two) years of the completion of investment by Malabar in the Company under the Clermont Malabar Subscription Agreement, and subject to the foregoing sentence, if the Drag Along Right 2 is proposed to be exercised at any time before December 31, 2025, then:

Clermont shall ensure that the price per Security offered by the Drag Along Purchaser 2 for the Sale Securities and the Drag Along Securities 2 shall not be less than the Minimum Price.

If the price per Security offered by the Drag Along Purchaser 2 is less than the Minimum Price, then the Drag Along Right 2 shall not be available, provided that Clermont shall be entitled to complete the proposed Transfer of the Sale Securities in accordance with Article 45(f).

Subject to Article 46(b)(ii), Malabar and its Affiliates (including the Malabar Consortium) shall be bound to sell their respective Equity Securities along with Clermont, at the same price and on the same terms and conditions as in the Outside Offer 2, the Drag Along Securities 2 to the Drag Along Purchaser 2. Malabar and its Affiliates (including the Malabar Consortium) will provide customary representations and warranties with regards to the Transfer of the Drag Along Securities 2 to the Drag Along Purchaser 2 and nil withholding certificate under applicable Laws in connection with the Offered Price (unless Malabar and its Affiliates have agreed to requisite withholding of amount out of the total amount payable by the Third Party Purchaser).

- 47 Notwithstanding anything contained in these Articles, each of Clermont, Arpwood and Malabar shall have the right (but not an obligation) to pledge the Securities held by them in the Company for the purposes of (a) raising any financing or loans exclusively for funding their investments in the Company (including secondary purchase of Securities), or (b) the conduct and development of the Business, provided that (i) a written intimation of such pledge shall be given to the Company and the other Securities Holders, and (ii) the pledge of Securities should be on such terms and conditions that the pledgee shall covenant that, upon exercise of the pledge, the pledgee or any other party shall become a party to the Shareholders' Agreement by executing the Deed of Adherence and accordingly, be subject to and be bound by the terms and conditions of these Articles.
- 48 In the event any approval from the RBI is required for a Transfer of any Securities under these Articles or the Shareholders' Agreement, (a) the Company (and the Securities Holder shall ensure that the Company) shall immediately make or have made an application thereof; and (b) the proposed transferor shall (and the proposed transferor shall cause the proposed transferee by incorporating relevant terms in the related Transaction Documents), on best efforts basis, assist them in making such application.
- 49 The instrument of Transfer of any Securities shall be executed by or on behalf of both the transferor and the transferee.
- 50 The transferor shall be deemed to remain a holder of the Securities until the name of the transferee is entered in the register of members in respect thereof.
- 51 The Board may, subject to the right of appeal conferred by Section 58 of the Act, decline to register the Transfer of any Securities which is not fully paid up or in case of any Transfer of Securities on which the Company has a lien.
- 52 The Board may decline to recognize any instrument of Transfer unless the instrument of Transfer is in the form as prescribed in the rules made under sub-section (1) of Section 56 of the Act and the instrument of Transfer is accompanied by the certificate of Securities 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.

TRANSMISSION OF SECURITIES

- 53 On the death of the Securities Holder, the survivor or survivors where the Securities Holder was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only Persons recognized by the Company as having any title to his interest in the Securities.
- 54 Any Person being entitled to any Securities in consequence of the death or insolvency of a Securities Holder, may upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either to be registered as holder of the Securities; or to make such Transfer of the Securities as the deceased or insolvent Securities Holder could have made.
- 55 The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Securities Holder had Transferred the Securities before his death or insolvency.

56 If the Person so becoming entitled shall elect to be registered as holder of the Securities himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and shall testify his election by executing a Transfer of the Securities.

57 All the limitations, restrictions and provisions of these regulations relating to the right to Transfer and the registration of Transfers of Securities shall be applicable to any such notice or Transfer as aforesaid as if the death or insolvency of the Securities Holder had not occurred and the notice or Transfer were a Transfer signed by that Securities Holder.

58 A Person becoming entitled to any Securities by reason of the death or insolvency of the Securities Holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Securities, except that he shall not, before being registered as a member in respect of the Securities, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

59 A Person becoming entitled to any Securities by reason of the death or insolvency of the holder shall be bound by these Articles in all respects and to observe and perform all the provisions and obligations of these Articles applicable to or binding on the Securities Holders insofar as they fall to be observed or performed on or after the date of transmission of Securities in favour of such Person by reason of the death or insolvency of the holder of Securities.

FORFEITURE OF SECURITIES

60 If a Securities Holder fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

61 The notice aforesaid shall—

name a further day (not being earlier than the expiry of 14 (fourteen) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

state that, in the event of non-payment on or before the day so named, the Securities in respect of which the call was made shall be liable to be forfeited.

62 If the requirements of any such notice as aforesaid are not complied with, any Securities 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.

63 a) Any forfeited Securities may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

64 a) A Person whose Securities have been forfeited shall cease to be a Securities Holder in respect of the forfeited Securities, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Securities.

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 Securities.

65 a) A duly verified declaration in writing that the declarant is a Director, the manager or the secretary of the Company, and that any Securities in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Securities.

The Company may receive the consideration, if any, given for the Securities on any sale or disposal thereof and may execute a Transfer of the Securities in favour of the Person to whom the Securities are sold or disposed of.

The transferee shall thereupon be registered as the holder of the Securities.

The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Securities be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

66 A Person becoming entitled to any Securities by reason of forfeiture and consequent sale or disposal of the Securities in accordance with Article 63 shall be bound by these Articles in all respects and to observe and perform all the provisions and obligations of these Articles applicable to or binding on the Securities Holders insofar as they fail to be observed or performed on or after the date of Transfer of the relevant Securities in favour of such Person by reason of forfeiture and consequent sale or disposal of the Securities in accordance with Article 63.

67 The provisions of these Regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of any Securities, becomes payable at a fixed time, whether on account of the nominal value of the Securities or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

GENERAL MEETINGS

68 All General Meetings other than the annual General Meeting shall be called extraordinary General Meeting. The Board may, whenever it thinks fit, call an extraordinary General Meeting. The Company shall hold not less than one General Meeting in any given calendar year.

69 All General Meetings shall be held in accordance with the Act and the Articles, and if not provided therein, as otherwise determined pursuant to applicable Law, and shall be held at the Office or at the place designated in the notice issued by the Company to the Shareholders.

70 Prior written notice in such manner as may be prescribed under the Act shall be given to the Shareholders for all General Meetings; provided, however, that any given General Meeting may be held upon shorter notice in accordance with the Act. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at such General Meeting of the Shareholders.

71 Quorum for General Meeting

The quorum for a General Meeting shall be in accordance with the Act, provided that at every General Meeting where a Reserved Matter is proposed to be discussed or considered, the authorized representative of Arpwood shall be required to be present to constitute a valid quorum unless Arpwood provides its prior written consent for such Reserved Matter.

Subject to the quorum being physically present at the place of the meeting, Shareholders not so present shall, subject to applicable Law, be entitled to join the General Meeting via videoconference and cast their votes at such meetings in accordance with applicable Law.

In the absence of a quorum, the General Meeting shall be adjourned by the Shareholders present and shall be reconvened 7 (seven) days thereafter on the same day, time and place and if such day is not a Business Day, then to the subsequent Business Day. At any such adjourned General Meeting, the presence in person of any two members or such minimum number prescribed under applicable Law shall constitute a quorum. It is clarified that the Reserved Matters shall not be taken up for discussion or voted upon in an adjourned General Meeting unless Arpwood is present through a representative in such meeting and further, the agenda for an adjourned meeting shall not contain any new matter other than those that were part of the agenda for the original General Meeting. Prior written notice of 7 (seven) days shall be given to all the Shareholders in order to reconvene such adjourned meetings; provided, however that any given General Meeting may be held upon shorter notice if Shareholders holding 50% of the paid-up capital of the Company waive such notice period.

Voting on all matters to be considered at a General Meeting shall be by way of a poll unless otherwise agreed upon in writing by Clermont, on one hand, and Arpwood or Malabar, on the other hand.

A Shareholder may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.

Every Equity Share of the Company shall carry 1 (one) vote.

The representative of Clermont present at any General Meeting shall act as the chairman of such meeting. The chairman of a General Meeting shall not be entitled to any casting vote.

Except for the Reserved Matters, all resolutions in relation to the Company which are required by applicable Laws to be referred to or passed by Shareholders must be passed by the majority required under applicable Laws for such matters in respect of which a resolution is required.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

No Shareholder shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

72 **Proxy**

The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

EXERCISE OF RIGHTS AND FULFILLMENT OF OBLIGATIONS BY ARPWOOD'S AFFILIATES AND PURCHASERS

73 In computing the shareholding for determination or exercise of the rights and privileges available under these Articles, the Securities held by Arpwood, Arpwood Capital or Eight45 Services LLP and one or more Purchasers purchasing shares from Arpwood or Arpwood Capital or Eight45 Services LLP, as the case may be, and their respective Affiliates (together, the **Arpwood Consortium**) shall be considered cumulatively as being held by the Specified Holder identified in accordance with Article 75, and all rights of each member of the Arpwood Consortium shall be solely exercised by the Specified Holder (other than the rights under Articles 115 to 117, which each Securities Holder may exercise individually). No single member of the Arpwood Consortium shall be independently entitled to exercise any of the rights provided under these Articles by virtue of holding any Securities in the Company (other than the rights under Article 115 to 117). For avoidance of doubt, it is clarified that Malabar (and its Affiliates holding any Securities) do not and shall not be construed to form part of the Arpwood Consortium and none of the rights, obligations, duties and/or, covenants applicable to the Arpwood Consortium shall be applicable to Malabar (and its Affiliates). Malabar's rights under these Articles shall be limited to those expressly stated as such in these Articles.

74 In computing the shareholding for determination or exercise of the rights and privileges available under these Articles, the Securities held by Malabar, Malabar Select Fund and Malabar Midcap Fund, and their respective Affiliates (together, the **Malabar Consortium**) shall be considered cumulatively as being held by the Specified Holder identified in accordance with Article 75, and all rights of each member of the Malabar Consortium shall be solely exercised by the Specified Holder (other than the rights under Article 75 which each Securities Holder may exercise individually). No single member of the Malabar Consortium shall be independently entitled to exercise any of the rights provided under these Articles by virtue of holding any Securities in the Company (other than the rights under Article 75). For avoidance of doubt, it is clarified that Arpwood (and its Affiliates holding any Securities) do not and shall not be

construed to form part of the Malabar Consortium and none of the rights, obligations, duties and/or, covenants applicable to the Malabar Consortium shall be applicable to Arpwood (and its Affiliates). Arpwood's rights under these Articles shall be limited to those expressly stated as such in these Articles.

75 The **Specified Holder** amongst the members of the Arpwood Consortium shall be:

Arpwood Partners, till such time as Arpwood Partners is the single largest Securities Holder amongst the members of the Arpwood Consortium; or

upon Arpwood Partners ceasing to be the single largest Securities Holder from amongst the members of the Arpwood Consortium, such member of the Arpwood Consortium as may be mutually appointed by the members of the Arpwood Consortium from amongst themselves. Upon any change in the Specified Holder pursuant to this Article 75(b), the members of the Arpwood Consortium shall provide written notification of such change to all other Securities Holders.

76 All references to Arpwood in these Articles shall be references to the Specified Holder identified in accordance with Article 75.

ISSUE OF SHARES UNDER ESOP

77 The Company may, annually basis the performance of the Company, create a new stock pool of options in addition to the existing ESOP Policies and employee stock options already issued thereunder pursuant to which Equity Shares will be allotted to employees and officers of the Company, subject to the approval of the Board and provisions of applicable Laws.

BOARD OF DIRECTORS

78 Subject to the rights of the Securities Holders contained in these Articles and the Shareholders' Agreement, the management of the Company shall rest with the Board and the Board shall be responsible for the overall direction and supervision of the management of the Company as mandated under the Act, the Regulations, including the approval of the annual operating plans and corporate strategic direction. The officers of the Company shall have the authority and responsibilities as delegated by the Board, consistent with the Regulations and agreement(s) in writing, if any, entered between the Securities Holders and the Company.

79 The Board may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not restricted by the Act or any statutory modifications thereof for the time being in force or by these Articles required to be exercised by the Company in the General Meeting, subject nevertheless, to any Regulations of these Articles, to the provisions of the Act, and to such regulations or provisions as may be prescribed by the Company in General Meeting. Nothing shall invalidate any prior act of the Board, which would have been valid if that Regulation has not been made.

80 The following shall be the First Directors of the Company:

1. MR. M. RAMPRASAD; and
2. MR. JACOB MATHEW.

81 (i) Subject to the provisions of section 149 of the Act and Article 82 (*Board Composition*), 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.

(ii) Unless otherwise determined by the Board, such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act and the Regulations.

82 **Board Composition**

Unless otherwise agreed to by Clermont, the Board shall comprise a maximum of 8 (eight) Directors as follows:

Clermont shall have the right to nominate up to 3 (three) individuals as its nominee Directors on the Board (**Clermont Directors**);

Arpwood shall have the right to nominate 1 (one) individual as its nominee Director on the Board (**Arpwood Directors**) as long as the Arpwood Consortium holds more than 2,90,00,000 Equity Shares;

up to 3 (three) independent Directors, of which, Clermont and Arpwood shall have the right to recommend 1 (one) individual each, and the third individual shall be recommended jointly by Arpwood and Clermont, to the Board, to consider for appointment, subject to and in accordance with applicable Law. Provided that, the Company and the each of the Securities Holders shall take all such steps within their power to ensure that the individuals so recommended to the Board are appointed; and

The managing Director of the Company.

The Parties agree and acknowledge that, Malabar may, by written notice to the Board from time to time, appoint one observer to the Board (the **Malabar Observer**), and Malabar shall, and shall cause the Malabar Observer to keep confidential all information relating to the Company including but not limited to the financial condition, business, operations or prospects of the Company or any of its Subsidiaries, received by Malabar or furnished to the Malabar Observer. The Malabar Observer shall have the right to attend all meetings of the Board, Audit Committee and Business Review Committee (**BRC**) constituted by the Board pursuant to Articles 78 to 105. The Malabar Observer must be given (at the same time and in the same form as the Directors) notice of all meetings of the Board and any such committee and all agendas, minutes and other papers relating to those meetings. However, it is clarified that the Malabar Observer shall not in any circumstance vote on any matter or be counted towards quorum for any such meeting.

Provided, further, in the event of the resignation, retirement or vacation of office of any nominee Director due to any reason, the Shareholder who nominated such Director shall be entitled to appoint another individual as a nominee Director in place of such resigning, retiring or vacating nominee Director and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated for appointment as Director as set out in this Article 82.

83 In the event of default under the Rupee Term Loan Facility Agreement executed on 14th June, 2019, New Delhi between the State Bank of India (**SBI**) and the Company, the SBI has right to appoint a Nominee Director on the Board of the Company ("**SBI Director**").

84 In the event of default under the Rupee Term Loan Facility Agreement executed on 14th June, 2019, New Delhi between the State Bank of India (SBI) and the Company, the SBI has right to reconstitute the Board of the Company.

85 The Directors need not hold any qualification Equity Shares in the Company.

86 **Alternate Directors and Observers**

The Board shall, if requested by Clermont or Arpwood, as the case may be, appoint an alternate director to a Director nominated by them (**Original Director**) to act as such Original Director's alternate during his or her absence for at least a period of three months from the date on which the Board Meetings are usually held. The appointment of the alternate director shall be in accordance with the provisions of the Act and shall be the first matter to be decided at any Board Meeting. Correspondingly, if requested by Malabar, the Board shall take note of the appointment of an alternate observer to the observer appointed by it (**Original Observer**) to act as such Original Observer's alternate during his or her absence in which the Board Meetings are usually held.

87 **Chairman**

The chairman of the Board shall be such Director as may from time to time be nominated by Clermont from amongst the Clermont Directors (**Chairman**). The Chairman shall not be an executive director of the Company. The Chairman shall have a casting vote, in case of an equality of votes.

88 **CEO**

The Board shall appoint an appropriately qualified and experienced individual as the CEO. The terms and conditions of CEO's employment including the remuneration and the role and responsibilities of the CEO, including any future changes to the terms and conditions of the employment of the CEO, shall be determined by the Board and in accordance with the employment contract entered into between the Company and the CEO, approved by the Board.

The CEO shall:

promote and develop the Business in accordance with the strategies from time to time agreed with or directed by the Board and shall assume and discharge such other tasks and responsibilities as the Board may from time-to-time assign to him;

in general, be responsible for the day-to-day management and administration of the Business and in that regard, transact, manage, carry on and do all and every business matter and thing requisite and necessary or in any matter connected with or having reference to the Business;

inform the Board and/or the Securities Holders, promptly and in due time to the best of his knowledge and judgement, of any and all situations and incidents which may have any material impact on the Company's financial position, market position, market image or legal liabilities, prior to making decisions on such matters.

89 **Senior Management Personnel**

Appointment: The Senior Management Personnel of the Company shall be appointed and the terms and conditions of their employment determined by the Board or any Board Committee (Nomination and Remuneration Committee), in any case only with the unanimous approval of Clermont and Arpwood, exercised through the Clermont Directors and Arpwood Directors respectively.

Removal without cause: The Senior Management Personnel shall be dismissed by the Board only with the unanimous approval of Clermont and Arpwood, exercised through the Clermont Directors and Arpwood Directors respectively.

Removal for cause: Notwithstanding the provisions of Article 89(b), if any Senior Management Personnel is convicted of any offence involving fraud, gross or wilful misconduct, moral turpitude or a sexual harassment complaint against such Senior Management Personnel has been upheld by the Company upon concluding proceedings in accordance with applicable Laws, then the Board shall immediately convene a meeting and take prompt action (including suspension or removal of the concerned Senior Management Personnel) to the extent such action is allowed under applicable Law or the employment contract executed by the Company with the concerned Senior Management Personnel.

To the extent that any term or provision of any employment contract (or any other agreement) between the Company and any Senior Management Personnel conflicts with the terms of these Articles (including Article 89(b) and 89(c)), then the terms of these Articles shall prevail.

90 Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

91 **Liability of Directors**

None of the Directors, officers, managers, employees, agents or representatives shall be held liable by the Company for or on account of any act, or any failure to act, by any such person while serving as a Director, officer, manager, employee, agent or representative of the Company unless such act or failure to act is in gross negligence, or in bad faith, or in wilful disregard of the duties imposed upon such person under, these Articles. To the extent it is available and permissible under these Articles, the Company shall maintain appropriate insurance coverage.

92 The Company shall obtain director's liability insurance for each of the Directors at amounts and terms as may be decided by the Board.

93 The Company shall indemnify each Director to the maximum extent permissible under Law against any liability incurred by such Director in the actual or purported execution or discharge of his duties or the exercise or purported exercise of such Director's powers or otherwise in connection with his duties, powers or office.

RETIREMENT OF DIRECTORS BY ROTATION

94 At every Annual General Meeting of the Company, one third of such of the Directors as are liable to retire by rotation in accordance with section 152 of the Act and these Articles (excluding Independent Directors), 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.

95 The Directors liable to retire by rotation shall be those who have been longest in office since last appointment, but as between persons who become Directors on the same day, those who are to retire shall in default of subject to any agreement among themselves be determined by lot.

96 The Company at the Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing the retiring Directors or some other person thereto. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday, the same time and place.

It is clarified that in the event of retirement of any Director as aforesaid, the Shareholder who nominated such Director shall be entitled to appoint another individual as a nominee Director in place of such retiring or vacating nominee Director and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated for appointment as Director as aforesaid.

97 If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:

- (i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
- (ii) retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so reappointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution whether Special or Ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act; or
- (v) Section 162 of the Act is applicable to the case.

98 Meetings of the Board

The Board shall hold a minimum number of 4 (four) meetings of its Directors every year in such a manner that not more than 120 (one hundred and twenty days) shall intervene between two consecutive meetings of the Board at such location as the Board shall from time to time determine in accordance with and subject to these Articles. The Board meetings may be either in person or through video conferencing or other audio-visual means, if permitted by applicable Laws, as may be prescribed, which are capable of recording and storing the proceedings of such meetings along with date and time.

99 Proceedings of Board Meeting

Unless otherwise decided by the Board:

The Board shall meet at least once every calendar quarter or as may be prescribed under the Act.

At least 7 (seven) Days' notice of each Board Meeting shall be given to the Directors provided, however, a Board Meeting may be held upon shorter notice if 75% of the Directors waive such notice period in writing and at least one Independent Director, if any, shall be present at the meeting:

Provided further that in case of absence of Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director, if any.

In the case of a Director residing outside India, notice of a Board Meeting shall be sent to him by electronic mail and registered air mail or by facsimile transmission. In the case of a Director residing in India, notice of a Board Meeting shall be sent to him by electronic mail, courier or facsimile transmission.

An agenda and copies of any appropriate supporting papers shall be sent to each Director not later than 3 (three) Days prior to the date of each Board Meeting.

All Board Meetings will be conducted in English.

Minutes of each Board Meeting written in English shall be circulated to each Director no later than 15 (fifteen) Days after the relevant meeting.

All the acts done in any meeting of the Board or of a committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

100 **Quorum**

The presence in person of at least one-third of the Board or 2 (two) Directors, whichever is higher, shall be required to constitute a quorum at each Board Meeting; provided, however, that no quorum shall exist unless 1 (one) Clermont Director and 1 (one) Arpwood Director is present in accordance with applicable Law.

The Directors shall be entitled to participate in the Board Meetings via videoconference in accordance with applicable Law. Directors who are not physically present at a Board Meeting or who have not joined a Board Meeting via videoconference, shall be entitled to join via teleconference or any other manner, provided however, such Directors shall not be considered for the purposes of computation of the quorum and such Directors shall not be entitled to cast a vote at such Board Meeting.

In the absence of a quorum, the Board Meeting shall be adjourned and be reconvened 7 (seven) days thereafter on the same day, time and place and if such day is not a Business Day, then the immediately following Business Day (**First Adjourned Meeting**). At any First Adjourned Meeting, the presence of at least two Directors shall be required to constitute a quorum. It is clarified that the presence of an Arpwood Director shall not be necessary to constitute a quorum in any First Adjourned Meeting; however, the Parties agree that the Reserved Matters shall not be taken up for discussion or voted upon in a First Adjourned Meeting unless an Arpwood Director and Clermont Director is present in such meeting and further, the agenda for the First Adjourned Meeting shall not contain any new matter other than those that were part of the agenda for the original Board Meeting. In the absence of a quorum at a First Adjourned Meeting, such meeting shall be adjourned and be reconvened seven days thereafter on the same day, time and place and if such day is not a Business Day, then the immediately following Business Day (**Second Adjourned Meeting**). At any Second Adjourned Meeting, the presence of at least two Directors on the Board shall be required to constitute a quorum. It is clarified that the presence of an Arpwood Director shall not be necessary to constitute a quorum in any Second Adjourned Meeting; however, the Parties agree that (i) the Reserved Matters shall not be taken up for discussion or voted upon in a Second Adjourned Meeting unless an Arpwood Director and a Clermont Director is present in such meeting, and (ii) the agenda for a Second Adjourned Meeting shall not contain any new matter other than those that were part of the agenda for the original Board Meeting.

101 **Board Voting**

- a) Each Director shall have 1 (one) vote.
- b) Save as otherwise expressly provided in the Act, and subject to Article 105 (*Reserved Matters*), questions arising at any meeting of the Board shall be decided by a majority of votes.

102 **Resolutions by Circulation**

Save as required by applicable Law, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board Meeting called and held in accordance with the provisions of the Act and the Articles, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors and has been approved in writing by the requisite Directors in accordance with these Articles. The Securities Holders shall ensure that none of the Reserved Matters shall be taken up, decided or acted upon through a resolution by circulation unless the Reserved Matter has been approved in writing by any one of the Arpwood Directors.

103 **Board Committees**

Audit Committee: The Board shall establish and maintain an audit committee. The audit committee shall deal with all material questions concerning auditing and accounting policy of the Company and its financial controls and systems as such other matters as prescribed under the Act.

Business Review Committee (BRC): The Board shall establish and maintain a BRC. The BRC shall supervise, review and assess the business operations of the Company and provide its review report to the Board at each Board Meeting or at such periodic intervals as the Board may deem fit. The BRC shall meet at such intervals (for e.g., monthly, or once in a calendar quarter) as may be decided by the Board from time to time.

The Board shall set-up and appoint committees of the Board as prescribed under applicable Laws and such additional committees for the management and operations of the Company as it may deem fit. The charter of such committees and their composition shall be approved by the Board.

Both Clermont and Arpwood shall have representation on the committees of the Board in proportion to their respective representation on the Board, provided that each committee of the Board shall have at least 1 (one) Arpwood Director and 1 (one) Clermont Director. Clermont and Arpwood may, at their discretion and subject to Applicable Law, waive their rights to such representation.

All provisions of Articles 78, 82, 83 to 85, 86, 90 and 98 to 104 (except clause 99(a)(i), 99(a)(ii), 99(a)(iii) and Clause 100(a)) shall mutatis mutandis apply to all the committees set-up by the Board which are statutorily required to be formed under The Companies Act, 2013/applicable SEBI Regulations.

Where an Arpwood Director is a member of the board of directors of a Subsidiary or a committee of the Board or of the board of a Subsidiary, provisions (b) to (e) of this Article 103 above shall apply to any meeting of such board or committee.

104 **Reserved Matters**

Notwithstanding anything contained herein, as long as Arpwood holds, subject to Article 5(c), at least 38,666,667 (Thirty Eight Million Six Hundred Sixty Six Thousand Six Hundred and Sixty Seven) Equity Shares (which in no event shall be less than 5% of the total paid-up share capital of the Company on a fully diluted basis at the relevant time), none of the matters listed at Article 135 (**Reserved Matters**) shall be taken-up, decided, acted upon or implemented by the Company; nor placed for a vote thereon at a Board Meeting; nor any decision shall be taken by the Shareholders or any committee of the Board; unless the matter has been first approved with the affirmative vote of at least one Arpwood Director and one Clermont Director. However, in case no Arpwood Director or Clermont Director is present at the Board Meeting or a General Meeting or a meeting of the committee of the Board (as the case may be) where one or more Reserved Matters are to be discussed, any one (1) of the Arpwood Director and Clermont Director shall be entitled to provide prior written consent on behalf of Arpwood or Clermont (as the case may be), to the Board and the Company for such Reserved Matter(s), on or prior to the date of such Board Meeting or a General Meeting or a meeting of the committee of the Board (as the case may be) and such prior written consent shall be valid and effective.

105 **Fees and expenses of Directors**

In addition to the sitting fees, all reasonable travel, accommodation and other incidental expenses of the independent Directors incurred inside and outside India for attending any Board Meeting (including expenses incurred in traveling to and from India) shall be borne by the Company subject to a maximum cap for each such Director of INR 400,000 (Rupees Four Hundred Thousand only) per Financial Year.

MANAGEMENT OF SUBSIDIARIES

106 All provisions of Articles 78, 82, 83 to 85, 86, 90 and 98 to 104 shall apply mutatis mutandis to all Subsidiaries of the Company, if any.

DIVIDENDS AND RESERVE

107 Subject to the provisions under these Articles, including Article 104 (*Reserved Matters*), the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

108 Subject to the provisions of section 123 of the Act and these Articles, including Article 104 (*Reserved Matters*), the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

109 (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

110 (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

111 The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

112 a) Any dividend, interest or other monies payable in cash in respect of Securities may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

113 Notice of any dividend that may have been declared shall be given to the Persons entitled to a share therein in the manner mentioned in the Act.

114 No dividend shall bear interest against the Company.

EXIT RIGHTS

115 Initial Public Offering (IPO) by Arpwood

Arpwood may, at any time after September 28, 2021 (**IPO Due Date**), require that the Company, on best efforts basis, (a) becomes a public company under applicable Laws, and (b) gets listed on any reputable Indian securities exchange requested by Arpwood, as the case may be (**Listing Request**).

Upon receipt of a Listing Request, the Company will use its best efforts to list the Securities, on one or more stock exchange(s) by doing an IPO at such price as may be agreed by the Board, subject to applicable Laws as may be in force and applicable at the relevant time. The Company shall obtain all relevant approvals, statutory or otherwise, that are necessary for the IPO. The Board will in its discretion decide on:

the price and other terms and conditions of the IPO;

the stock exchanges on which the Securities are to be listed;

the issue size; and iv. any other matters related to the IPO.

Pursuant to such Listing Request, the members of the Arpwood Consortium shall have an obligation to offer at least 50% of the consolidated shareholding of the Arpwood Consortium in the Company at the relevant time (**Listing Securities**). If the number of Listing Securities is inadequate for the purpose of getting the Securities listed under the prevailing Laws or for reasons decided by the independent merchant banker:

Clermont may, at its discretion, participate in the offer for sale, which forms part of the IPO, to the extent permissible by Law; or

the Company shall issue additional Securities to the extent of the net shortfall.

Clermont shall offer such number of Securities held by it for a lock-in as may be required to meet the minimum lock-in requirements under applicable Laws.

Subject to applicable Law, the Company will bear all costs relating to the IPO, including, but not limited to, (i) any statutory filing and registration fees, and (ii) any advisory or management fees associated with the IPO. Notwithstanding the foregoing, each Shareholder will bear the cost of commissions, including commissions payable to investment banks, brokers and underwriters, for services associated with the sale of such Shareholder's Securities through the IPO.

Other than statutory rights of any shareholder of a company, all other rights of each of the Securities Holders pursuant to these Articles shall vest in the concerned Securities Holder till the later of (a) filing of a DRHP (or equivalent document, by whatever name called) with the competent authority in connection with the IPO which, prior to such filing, necessitates the alteration of the class of any of the Securities and/or the rights attaching to any of the Securities under these Articles or the Shareholders' Agreement, or (b) till such time prior to the listing of the Securities pursuant to an IPO as may be permissible under applicable Laws (**Conforming of Rights**).

Subject to applicable Laws and notwithstanding anything contained elsewhere in these Articles, in the event that:

within 9 (nine) months of the filing of such DRHP (or equivalent document, by whatever name called) the IPO is not completed in the manner contemplated in this Article 115 and in accordance with applicable Law (**Listing Date**), or

IPO is cancelled, discontinued or postponed,

the Company shall and Clermont shall procure that the Company undertakes, within 30 (thirty) days of the Listing Date (if an IPO has not closed by that date) or, if earlier, the date on which the IPO is cancelled, discontinued or postponed, all necessary actions as may be required to ensure that all Securities Holders are placed in the same position and possess the same rights and obligations available to them pursuant to these Articles, they had the benefit of, immediately prior to the Conforming of Rights.

Upon the completion of an IPO pursuant to a Listing Request, if Arpwood continues to own at least 5% of the total paid-up share capital of the Company on a fully diluted basis, subject to applicable Law, Arpwood shall have the right to appoint 1 (one) nominee on the Board. It is clarified that the rights under Article 104 shall not be available to Arpwood post the completion of an IPO pursuant to a Listing Request or an Accelerated IPO, as the case may be.

116 **Alternate Exit**

If an IPO pursuant to a Listing Request has not been completed by September 28, 2023 (excluding from this period any period during which a Force Majeure Event was continuing, provided that (i) such Force Majeure Event had been notified to all Parties in accordance with Article 117(b) and (ii) such Force Majeure Event occurred during the Company's efforts to execute an IPO pursuant to a Listing Request or an Accelerated IPO) (**IPO Exit Deadline**), then, at any time after the IPO Exit Deadline, the Specified Holder shall have the right (but not an obligation) to Transfer all of the Securities held by it to any third party.

In the event the Specified Holder proposes to Transfer its Securities pursuant to Article 117(a), the Specified Holder shall, in full compliance with applicable Laws, conduct preliminary discussions with third parties, together with a reasonable description of the Business and the Securities held by each Securities Holder, in order to gauge market interest in the proposed Transfer. Prior to soliciting formal bids for its proposed Transfer, the Specified Holder shall send a written notice (**Exit Notice**) to Clermont (with a copy to the Company). The Exit Notice shall state (i) the aggregate number of Securities held by Specified Holders collectively (**Specified Holder Securities**), (ii) the price per Specified Holder Security at which the Specified Holder Securities are proposed to be Transferred (**Specified Holder Security Price**), and (iii) key terms and conditions of the proposed Transfer of the Specified Holder Securities.

Within 30 (thirty) Business Days of receipt of the Exit Notice (**Exit Offer Period**), Clermont shall have the right (but not the obligation) to:

notify its intention to purchase all (but not less than all) the Specified Holder Securities from the Specified Holders at the Specified Holder Security Price and the terms and conditions as set out in the Exit Notice (**Clermont Acceptance Notice**); or

make an irrevocable counter-offer to the Specified Holder (**Clermont Counter Offer Notice**) that must remain open for not less than 10 (ten) calendar days. The Clermont Counter Offer Notice shall state (A) the price per Specified Holder Security and (B) the terms and conditions subject to which Clermont proposes to purchase all of the Specified Holder Securities from the Specified Holders.

In the event Clermont issues the Clermont Acceptance Notice within the applicable Offer Period or the Specified Holder accepts the Clermont Counter Offer Notice within the period set out in Article 116(c)(ii), the Specified Holder and Clermont shall complete the Transfer of the Specified Holder Securities within a period of 90 (ninety) Business Days from the date of the Clermont Acceptance Notice or the Clermont Counter Offer Notice, as the case may be, or such longer time period as may be required for obtaining approvals, if any, required by applicable Laws for such Transfer, provided that such period shall under no circumstances exceed 180 (one hundred and eighty) calendar days from the date of the Clermont Acceptance Notice or Clermont Counter Offer Notice, as the case may be.

In the event (i) Clermont fails to accept or chooses not to accept the offer set out in the Exit Notice, (ii) Clermont fails to complete the acquisition of Specified Holder Securities as required by Article 116(d) above or (iii) the Specified Holder chooses not to accept the Clermont Counter Offer Notice (which right shall apply only in case the price per Specified Holder Security set forth in the counter Offer Notice is less than the Specified Holder Security Price set out in the Exit Notice, and not otherwise), Arpwood (acting for itself and on behalf of the other members of Arpwood Consortium) shall have the right (**Exit Drag Right**) to issue a notice within 30 (thirty) Business Days from the (a) date of the Clermont Counter Offer Notice (if any) or (b) the latter of the expiry of (i) the Exit Offer Period or (ii) the period for completion of acquisition of Specified Holder Securities under Article 116(d) above, as the case may be (**Exit Drag Along Notice**) to all the remaining Securities Holders, including Clermont (**Non Consortium Securities Holders**), of its intention to require the Non Consortium Securities Holders to Transfer all (but not less than all) of the Securities then held by the Non Consortium Securities Holders (**Dragged Securities**) to a potential bona fide third party (**Exit Purchaser**). If a Clermont Counter Offer Notice has been issued, the Specified Holder shall ensure that the price per Security offered by the Exit Purchaser

for the Specified Holder Securities and the Dragged Securities shall be on terms (including price) better than the terms set out in the Clermont Counter Offer Notice (or the Specified Holder Security Price in the event Clermont fails to issue the Clermont Counter Offer Notice within the Exit Offer Period).

For the avoidance of doubt, it is clarified that rights under Article 116(e) shall be available only to the Arpwood Consortium and not the Malabar Consortium. Malabar Consortium can complete the Transfer of Securities as contemplated under the Article 116(b) without any Exit Drag Right on Clermont.

The Company and each of the Securities Holders shall use its best efforts to support the Transfer of Securities contemplated by 116(e) (**Exit**), including without limitation:

the Company shall, and each Securities Holder shall cause the Company to, provide all assistance required by the Specified Holder to facilitate the Exit including providing reasonable access to allow potential acquirers to conduct their customary due diligence on the Company by inter alia allowing such acquirers to review the books and records of the Company and interview the Company's management, employees and advisors;

each of the Securities Holders shall provide customary representations and warranties with regards to their respective capacity to enter into and complete the proposed Transfer of Securities and the title representations with regards to the Securities being Transferred by such Securities Holder; and

Clermont and Arpwood shall provide such representations and warranties that are customarily provided for such sale transactions.

The Specified Holder shall complete the Transfer of the Specified Holder Securities and the Dragged Securities within a period of 9 (nine) months from the Exit Drag Along Notice. Upon the occurrence of a Force Majeure Event after the issuance of the Exit Notice but prior to consummation of the Transfer of the Specified Holder Securities and the Dragged Securities as contemplated by Article 116(e), the Specified Holder shall have the right (but not the obligation) to suspend the on-going sales process and re-commence the sales process outlined by this Article 116 by re-issuing an Exit Notice at a later date.

117 **Exit Right Extension**

Notwithstanding anything contained in Article 115 to 118, Arpwood shall have the right to extend the IPO Due Date from the September 28, 2021 to September 28, 2022. In the event Arpwood's right under this Article 105(a) is exercised, the time period set out in Article 114 shall, including the IPO Exit Deadline, automatically stand extended appropriately to take into consideration the extension of the IPO Due Date.

For example, in case the IPO Due Date stands extended to September 28, 2022; then, the IPO Exit Deadline shall stand extended to September 28, 2024.

Upon occurrence of a Force Majeure Event in relation to the Company or any of the Securities Holder, the Company or the concerned Securities Holder (as the case may be) shall, within 120 (one hundred twenty) calendar days from the first day of the occurrence of such Force Majeure Event, notify the occurrence of such Force Majeure Event and the period during which such Force Majeure Event was in effect and continuing to all the other Securities Holders and the Company.

EVENT OF DEFAULT

118 The provisions of these Articles shall not apply:

in respect of the rights and obligations of the Company and the Securities Holders (except rights of Arpwood under Article 115(h)), upon completion of an IPO;

in respect of the rights and obligations of a Securities Holder, upon that Person ceasing to hold any Securities.

119 The provisions of Article 120 shall not affect the rights or obligations of any Securities Holder which have accrued prior to Person ceasing to hold any Securities.

120 **Event of Default**

An event of default (**Event of Default**) for purposes of these Articles shall occur upon the occurrence of one or more of the following events:

material breach by the Securities Holders of the provisions of Articles 25, 27, 41, 42, 43, 44, 45, 46, 47, 71, 72, 73, 74, 75, 82, 87, 89, 100, 112, 116, 117 and/or 118; or

a change of Control of a Shareholder, which has not been notified in writing to the other Shareholder at least 10 (ten) Business Days prior to such change of Control.

If an Event of Default set out in Article 108(a) occurs, then, without prejudice to the obligations of the Securities Holder in default (**Defaulting Securities Holder**) under these Articles and to any other rights or remedies available to any of the Parties with respect to the Defaulting Securities Holder, the other Securities Holder (**Non-Defaulting Securities Holder**) shall be entitled to notify the Defaulting Securities Holder by notice in writing (copied to the Company) (**Default Notice**) no later than 60 (sixty) calendar days from the date of discovery of the breach and requesting the Defaulting Securities Holder to remedy such breach (if such breach is capable of remedy) within 30 (thirty) days from the Defaulting Securities Holder's receipt of such Default Notice (**Default Cure Period**). From the date of receipt of the Default Notice (if the breach indicated therein is not capable of remedy) or on expiry of the Default Cure Period (if the notified breach is capable of remedy but is not remedied by the Defaulting Securities Holder),

all accrued rights of the Defaulting Securities Holder under these Articles, including but not limited to the right to appoint nominee Directors on the Board, rights in relation to Reserved Matters, transfer restrictions, shall stand suspended with immediate effect; and

the Non-Defaulting Securities Holder shall, at its sole discretion, have the right to call upon the Defaulting Securities Holder, to sell and Transfer to the Non-Defaulting Securities Holder (or its nominee) all the Securities then held by the Defaulting Securities Holder at a discount of 25% over the Fair Market Value.

AUDITORS

121 The Company shall appoint any one of the Accounting Firms, as the statutory auditors of the Company. The duties and responsibility of the statutory auditor of the Company would be governed by the provisions of applicable Law and the provisions of the Act.

122 The statutory auditor of the Company shall employ auditing standards and procedures which are consistent with best practices and shall exercise reasonable care and diligence to ascertain that the affairs of the Company are contained in the books of account of the Company.

123 The statutory auditor shall conduct an annual statutory audit of the books of account, records and affairs of the Company for each Financial Year immediately following the close of the Financial Year and prepare audited financial statements of the Company for each Financial Year as soon as practicable.

124 The internal auditors of the Company shall be decided by the Board in accordance with the provisions of these Articles.

INFORMATION RIGHTS AND MANAGEMENT ACCOUNTS

125 **Preparation of Management Accounts**

The Company shall prepare its monthly management accounts, such accounts:

to include a consolidated profit and loss account, balance sheet and cash flow statement for the Company;

to refer to any material matter occurring in or relating to the period in question;

to itemise all material transactions referred to in the statement of projected capital expenditure and entered into by the Company during that period;

to have been approved by any two Directors of the Company as evidenced by their signature of the accounts; and

to include a commentary by the managing Director or, if there is no managing Director, any two Directors of the Company on the state of the business of the Company.

126 **Information**

The Company shall provide to the Shareholders copies of the following:

the audited consolidated annual accounts and report of the Company for each Financial Year as soon as they are available and in any event within 180 (one hundred and eighty) Business Days of the end of the relevant Financial Year; and

the unaudited monthly management accounts of the Company as soon as they are available and in any event within 30 (thirty) Business Days of the end of the relevant month.

Upon a Securities Holder requesting the Company, the Company shall provide:

such Securities Holder with all such information as may be required by the concerned Securities Holder to exercise its rights under the Shareholders' Agreement and these Articles, including allowing the Securities Holder to take copies or abstracts of the books and records of the Company, and interviewing the Company's management officers, employees, and accounting and legal advisers of the Company; and

such co-operation to the Specified Holder as may be reasonably required by the Specified Holder in order to prepare an information memorandum or offer document (by whatever name called) in relation to any Transfer proposed to be undertaken by the Specified Holder. The Specified Holder shall be entitled to share any information obtained by it under this Article 126(b) with any proposed third party transferee of Securities, provided that the Specified Holder shall ensure that such third party transferee is informed of and made subject to the confidentiality obligations set out in Clause 10 of the Shareholders' Agreement. This Article 126(b) shall not limit any rights which the Securities Holder or the Directors nominated by the Securities Holder, if any, may have under applicable Laws.

The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.

Save and except as provided under these Articles, no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

127 **Books and Records**

The Company shall at all times maintain proper books of account and records, which shall contain accurate and complete records of all transactions, receipts, expenses, Assets and liabilities of the Company. Such books and records shall be open for inspection by members of the Board.

128 **INDEMNITY**

Every officer of the Company shall be indemnified out of the Assets against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or the Tribunal.

DISPUTE RESOLUTION

129 **Conciliation**

In the event of any dispute, controversy or difference between the Company and/or the Securities Holders arising out of or relating to these Articles (including a dispute relating to the validity or existence of these Articles) (a **Dispute**), the representatives of the Company and/or the Securities Holders shall, within 10 (ten) Business Days of service of a written notice from either the Company and/or the Securities Holders

Party to the others (the **Dispute Notice**) hold a meeting (the **Dispute Meeting**) in an effort to resolve the Dispute in good faith. In the absence of agreement to the contrary the Dispute Meeting shall be held at the registered office for the time being of the Company.

130 **Arbitration Procedure**

If a Dispute is not resolved within 20 (twenty) Business Days after the service of a Dispute Notice, whether or not a Dispute Meeting has been held, any party to the Dispute shall be entitled to refer the Dispute to arbitration (**Notice of Arbitration**) to be finally resolved in the manner set out in this Article 130 and the rights and obligations of the Company and the Securities Holder shall remain in full force and effect pending the award in such arbitration proceeding.

131 **Appointment of Arbitrators**

If a Dispute is referred to arbitration by any party such Dispute shall be resolved by a panel of three arbitrators, one to be appointed by each disputing party, within 20 (twenty) Business Days from the Notice of Arbitration and the third arbitrator to be jointly appointed by the two arbitrators appointed by the disputing parties within 20 (twenty) Business Days of appointment of second arbitrator.

132 **Venue, Language and Rules of Arbitration**

The seat and venue of the arbitration shall be Singapore and the language of the arbitration shall be English. The arbitration shall be conducted in accordance with the rules of the Singapore International Arbitration Centre (**Rules**), which Rules are deemed to be incorporated by reference in these Articles for the purposes of Articles 129 to 135.

133 **Award; Apportionment of Costs**

The arbitration award of the arbitrators shall be final and binding on the disputing parties and shall be enforceable in accordance with its terms. The arbitrators shall state reasons for their findings in writing. The disputing parties waive any right of application or appeal to any court, insofar as such waiver is permitted by Law. The disputing parties agree to be bound thereby and to act accordingly. The costs of arbitration and the manner of bearing such costs shall be determined by the arbitrators.

134 **Law Governing the Arbitration**

The arbitration shall be governed by the laws of Singapore.

135 **Applicability of Arbitration Act**

Either of the disputing parties may seek interim measures under section 9 of the Arbitration Act including injunctive relief in relation to the provisions of these Articles from any court of competent jurisdiction. For the purposes of this Article 135, the Company and each of the Securities Holders irrevocably submits to the non-exclusive jurisdiction of courts of New Delhi.

RESERVED MATTERS

136 For the purposes of these Articles, the term Reserved Matters shall include:

Corporate Affairs

Constitutional Documents: Any amendment to the Regulations except any such amendment necessary for the Company to raise debt or equity financing from a third party, provided that such amendment shall not modify or otherwise have any adverse impact on any of the rights and obligations of Arpwood as expressly set forth in these Articles other than on account of dilution of Arpwood's equity shares pursuant to such funding and subsequent impact on Arpwood's rights under Article 105.

Liquidation: Any winding-up, liquidation or dissolution of the Company or any Subsidiary.

Material Changes

Acquisitions and Mergers: (A) Any merger, consolidation, amalgamation, de-merger or reorganization of the Company or any Subsidiary; (B) entry by the Company or any Subsidiary into partnership, joint

venture or similar arrangement with any Person; or (C) acquisition or sale by the Company or any Subsidiary of securities or other assets where the consideration in connection with such transaction exceeds more than 25% of the book value of the Company at the time of the consummation of such transaction, except for any acquisition or sale of Securities pursuant to an Event of Default in strict accordance with terms of Articles 120(a) and 120(b).

Commitments

Non arm's length transactions: The making of any payment by the Company otherwise than on an arm's length basis (including charitable and political donations).

Related Party Transactions: Any transaction between the Company or any Subsidiary and any: (A) Senior Management Personnel of the Company or any Subsidiary, (B) existing Shareholder of the Company, (C) Affiliate of an existing Shareholder, (D) any Relative of any Senior Management Personnel of the Company or any Subsidiary, or (E) entity owned or Controlled by any Senior Management Personnel of the Company or any Subsidiary, or existing Shareholder or any of their Affiliate.

Capital

Changes to capital structure: Any reclassification of any of the outstanding Securities.

Auditors

Appointment of auditor: Appointment of accounting firm to the Company.

137 The Company shall:

take all reasonable steps to obtain, and shall comply:

in all respects with the RBI Guidelines; and

in all material respects with the terms of all other government and other licences, registrations, approvals and consents necessary for the conduct of its Business; and

observe in all material respects the provisions of agreements to which it is a party or which is otherwise applicable to it.

NCDs

138 Notwithstanding anything contained in these Articles, the NCDs shall be freely transferrable.

Nothing contained in Articles 8 to 11, 27, 41 to 48, 115 to 120, 125 or 128 to 134 shall apply to the NCDs. Further references to Securities and Securities Holders in Articles 41 to 48, 82(c), 115 to 120, 125 and 128 to 134 shall not include NCDs and holders of NCDs, respectively.

LENDER NOMINEE DIRECTOR

139 Notwithstanding anything to the contrary contained in these Articles, so long as any of the NCDs remain outstanding, the trustee appointed in respect of such NCDs shall, to the extent set out in the trust deed executed in respect of such NCDs, have a right to nominate and appoint any person as a director on the Board of the Company (**Debenture Director**) in the event of:

two consecutive defaults in payment of interest to the debenture holders by the Company;

default by the Company in creation of security for such NCDs; or

default by the Company in redemption of such NCDs.

The debenture trustee will also have the right to remove and reappoint any other person in place of the existing Debenture Director. The Board of Directors of the Company shall have no power to remove from office the Debenture Director. The Debenture Director shall have all the rights and privileges as any other Director of the Company other than a Managing or Whole-time Director. The Debenture Director so appointed will not be required to hold qualification shares and they will not be liable to retire

by rotation. The Company will also pay or reimburse any expenses that may be incurred by the debenture holders (or their trustees) or such Debenture Directors in connection with their appointment. The Debenture Director shall be entitled to receive all notices and other communications (including agenda) relating to meetings of the Board and its committees.

Upon the cure of any default committed by the Company as set out in this Article 139(a) – 139(c), in cases where a Debenture Director has been appointed, then the trustee appointed in respect of the NCDs shall cause the Debenture Director, to forthwith resign from the Board, and do all such acts, deeds and things as may be required for the purpose.

DEMATERIALISATION

- 140 Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialize its Securities and to offer Securities in a dematerialised form in accordance with the Depositories Act, 1996 and the rules made thereunder. The Shareholders will ensure that all transfers are made strictly in accordance with the provisions of these Articles.

CAPITALISATION OF PROFITS

- 141 (i) The Company in general meeting may, subject to the provisions under these Articles, including Article 104 (*Reserved Matters*), and upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

- 142 (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits

resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

143 Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

WINDING UP

144 Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the 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.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following documents and contracts which are, or may be deemed material, have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus was filed with the RoC, and also the documents for inspection referred to hereunder (i) were made available for inspection at the Registered and Corporate Office, from 10.00 a.m. to 5.00 p.m. on Working Days; and (ii) were also be available for inspection on the website of our Company at <https://www.safc.com/for-investors>, from the date of the Red Herring Prospectus until the Bid/Offer Closing Date (except for such agreements executed after the Bid/Offer Closing Date).

Material contracts to the Offer

1. The amended and restated Offer Agreement dated March 21, 2023 (“**Amended and Restated Offer Agreement**”) entered into among our Company, the Promoter Selling Shareholders and the BRLMs, to amend and restate the original offer agreement dated November 5, 2022, entered into amongst our Company, the Promoter Selling Shareholders and the BRLMs.
2. The amendment to the Amended and Restated Offer Agreement dated July 15, 2023 along with the letter to terminate the Offer Agreement dated July 11, 2023.
3. The amended and restated Registrar Agreement dated March 20, 2023 (“**Amended and Restated Registrar Agreement**”) entered into between our Company, the Promoter 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, to amend and restate the original registrar agreement dated October 21, 2022, entered into amongst our Company, the Promoter Selling Shareholders and the Registrar to the Offer.
4. The amendment to the Amended and Restated Registrar Agreement dated July 15, 2023 along with the letter to terminate the Registrar Agreement dated July 11, 2023.
5. Monitoring Agency Agreement dated July 12, 2023 entered into between our Company and the Monitoring Agency.
6. Cash Escrow and Sponsor Bank Agreement dated July 24, 2023 entered into among our Company, the Promoter Selling Shareholders, the Book Running Lead Managers, the Syndicate Member, the Banker(s) to the Offer, and the Registrar to the Offer.
7. Share Escrow Agreement dated July 20, 2023 entered into among our Company, the Promoter Selling Shareholders, and the Share Escrow Agent.
8. Syndicate Agreement dated July 24, 2023 entered into among our Company, the Promoter Selling Shareholders, the Book Running Lead Managers and Syndicate Member.
9. Underwriting Agreement dated August 8, 2023 entered into among our Company, the Promoter Selling Shareholders, the Book Running Lead Managers and Syndicate Member.

Material documents

1. Certified copies of the Memorandum of Association and the Articles of Association, as amended until the date of this Prospectus.
2. Certificate of incorporation dated January 25, 2008 issued to our Company, under the name ‘MAPE Finserve Private Limited’ by the RoC.
3. Fresh certificate of incorporation dated August 31, 2017 issued by the RoC, consequent upon change of name from ‘MAPE Finserve Private Limited’ to ‘Small Business Fincredit India Private Limited’.
4. Fresh certificate of incorporation dated January 13, 2020 issued by the RoC, consequent upon change of name from ‘Small Business Fincredit India Private Limited’ to ‘SBFC Finance Private Limited’.

5. Certificate of incorporation dated September 30, 2022 issued by the RoC, consequent upon change from 'SBFC Finance Private Limited' to 'SBFC Finance Limited', upon conversion from a private company to a public company.
6. Certificate of registration dated September 24, 2008 granted by the RBI bearing registration number N-13.01913, to our Company under the former name 'MAPE Finserve Private Limited', pursuant to which our Company is allowed to carry on the business of a non-banking financial institution without accepting public deposits, subject to the conditions mentioned therein.
7. Certificate of registration dated September 21, 2017 granted by the RBI bearing registration number N-13.01913 to our Company under the former name 'Small Business Fincredit India Private 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.
8. Certificate of registration dated January 23, 2020 granted by the RBI bearing registration number N-13.01913 to our Company under the former name 'SBFC Finance Private 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.
9. Fresh certificate of registration dated October 19, 2022 granted by the RBI bearing registration number N-13.01913, pursuant to a change of name of our Company from 'SBFC Finance Private Limited' to 'SBFC 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.
10. Copies of the annual reports of the Company as of and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021.
11. Resolution dated October 14, 2022 passed by the Board authorising the Offer and other related matters and the resolution dated March 20, 2023 passed by the Board taking on record the Offer for Sale.
12. Resolution dated July 12, 2023 passed by the Board noting the revised offer size and offer structure.
13. Resolution dated October 15, 2022 passed by the Shareholders authorising the Fresh Issue and other related matters.
14. Consent letters and resolutions passed by the respective boards of directors/ authorizations, as applicable, of the Promoter Selling Shareholders for participation in the Offer for Sale, as detailed in "*The Offer*" on page 63.
15. Resolution dated March 20, 2023 passed by the Board, approving the Draft Red Herring Prospectus.
16. Resolution of the IPO Committee dated March 21, 2023, approving the Draft Red Herring Prospectus.
17. Resolution of the Board of Directors dated July 26, 2023 approving the Red Herring Prospectus for filing with RoC, SEBI and Stock Exchanges.
18. Resolution of the Board of Directors dated August 8, 2023 approving this Prospectus for filing with RoC, SEBI and Stock Exchanges.
19. Resolution dated October 14, 2022, passed by the Board, approving the compensation payable to Aseem Dhru, our Managing Director and Chief Executive Officer.
20. Report titled "*Analysis of NBFC sector and select asset classes in India*" dated June, 2023 issued by CRISIL MI&A, which has been commissioned exclusively for the purposes of the Offer for an agreed fee and is available on the website of our Company at <https://www.sbfc.com/for-investors>.
21. Consent letter dated July 14, 2023 issued by CRISIL MI&A with respect to the report titled "*Analysis of NBFC sector and select asset classes in India*" dated June, 2023.
22. The examination report dated July 12, 2023 of the Statutory Auditors on the Restated Financial Information.
23. Certificate dated August 8, 2023 issued by the Statutory Auditors certifying the KPIs of the Company.

24. The report dated July 15, 2023 of the Statutory Auditors, on the statement of possible special tax benefits.
25. Consent dated July 15, 2023 from the Statutory Auditors, M/s Suresh Surana & Associates LLP, Chartered Accountants, to include their name as the current statutory auditors of our Company and be named as an “expert” in their capacity as an auditor and in respect of (i) the examination report dated July 12, 2023 on the Restated Financial Information, and (ii) the report dated July 15, 2023 on the statement of possible special tax benefits, included in this Prospectus.
26. Consent from S K Patodia & Associates, Chartered Accountants, dated August 8, 2023, to include its name as an “expert” under Section 2(38) of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 in its capacity as an independent chartered accountant, in respect of the certificates dated July 26, 2023 and August 8, 2023.
27. Consents of the Book Running Lead Managers, the Registrar to the Offer, the legal counsel to the Company as to Indian law, the Syndicate Member, Monitoring Agency, Bankers to the Offer, the Directors and the Company Secretary and Compliance Officer to act in their respective capacities.
28. Business Transfer Agreement dated August 1, 2017 by and amongst Company (then named MAPE Finserve Private Limited), Karvy Financial Services Limited and Karvy Stock Broking Limited.
29. Amended and Restated Shareholders’ agreement dated February 22, 2022, by and amongst our Company, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited, Eight45 Services LLP, SBFC Holdings Pte. Ltd., Malabar India Fund Limited, Malabar Select Fund and Malabar Midcap Fund read with the amendment agreement dated October 18, 2022 and the second amendment agreement dated July 12, 2023 entered into between the aforementioned parties.
30. Share subscription agreement dated May 18, 2023 by and amongst Amansa Investments Ltd and the Company.
31. Share purchase agreement dated May 18, 2023 by and amongst SBFC Holdings Pte. Ltd., the Promoter Selling Shareholders, certain Buyers and the Company.
32. Tripartite agreement dated August 30, 2022, among our Company, NSDL and the Registrar to the Offer.
33. Tripartite agreement dated August 6, 2022, among our Company, CDSL and the Registrar to the Offer.
34. Due diligence certificate to SEBI from the Book Running Lead Managers dated March 21, 2023.
35. In-principle listing approvals each dated May 10, 2023 from BSE and NSE, respectively.
36. Final observations letter bearing number SEBI/HO/CFD/RAC-DIL1/P/OW/2023/25666/1 dated June 23, 2023 issued by SEBI.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Neeraj Swaroop
Independent Director and Chairperson
Place: West Coast, USA
Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Aseem Dhru

Managing Director and CEO

Place: Mumbai

Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Amol Jain
Non-Executive Director
Place: Mumbai
Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Arjun Sakhuja

Non-Executive Nominee Director

Place: Dubai

Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

John Mescall

Non-Executive Nominee Director

Place: Limerick, Ireland

Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Jonathan Tadeusz Tatur
Non-Executive Nominee Director
Place: Chamonix, France
Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Rajesh Mannalal Agrawal

Independent Director

Place: Mumbai

Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Surekha Marandi

Independent Director

Place: Mumbai

Date: August 8, 2023

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with, and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA and the SEBI Act, each as amended, or the rules, regulations or guidelines notified thereunder, as the case may be. I further certify that all the statements made in this Prospectus are true and correct.

SIGNED BY

Narayan Barasia
Chief Financial Officer
Place: Mumbai
Date: August 8, 2023

DECLARATION

Arpwood Capital Private Limited, hereby confirms that all statements and undertakings specifically made or confirmed by it in this Prospectus about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Arpwood Capital Private Limited assumes no responsibility for any other statements, disclosure or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Prospectus.

FOR AND ON BEHALF OF ARPWOOD CAPITAL PRIVATE LIMITED

Name: Raj Kataria

Designation: Director

Place: Mumbai

Date: August 8, 2023

DECLARATION

Arpwood Partners Investment Advisors LLP, hereby confirms that all statements and undertakings specifically made or confirmed by it in this Prospectus about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Arpwood Partners Investment Advisors LLP assumes no responsibility for any other statements, disclosure or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Prospectus.

FOR AND ON BEHALF OF ARPWOOD PARTNERS INVESTMENT ADVISORS LLP

Name: Amol Jain

Designation: Designated Partner

Place: Mumbai

Date: August 8, 2023

DECLARATION

Eight45 Services LLP, hereby confirms that all statements and undertakings specifically made or confirmed by it in this Prospectus about or in relation to itself as a Selling Shareholder and its portion of the Offered Shares, are true and correct. Eight45 Services LLP assumes no responsibility for any other statements, disclosure or undertakings including, any of the statements made or confirmed by or relating to the Company or any other Selling Shareholder or any other person(s) in this Prospectus.

FOR AND ON BEHALF OF EIGHT45 SERVICES LLP

Name: Amol Jain

Designation: Designated Partner

Place: Mumbai

Date: August 8, 2023

ANNEXURE A – US RESALE LETTER

[On the letterhead of an investor who is a U.S. Person or a person in the United States; to be executed after resale of the Equity Shares outside the United States which was not consummated on the BSE or the NSE; to be delivered to the Company prior to the settlement of any sale or other transfer of Shares]

SBFC FINANCE LIMITED
Unit 103, C&B Square
Sangam Carnival Cinemas
Chakala, Andheri East
Mumbai 400059
Maharashtra, India

Ladies and Gentlemen:

This letter (“**Resale Letter**”) relates to the sale or other transfer by us of equity shares (the “**Shares**”) of the Company, which is required to be in an “**offshore transaction**” pursuant to Regulation S (“**Regulation S**”) under the Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Terms used in this Resale Letter are used as defined in Regulation S, except as otherwise stated herein.

We hereby represent and warrant to you as follows:

- (a) We previously purchased the Shares for our own account (or for one or more beneficial owners for which we have acted as fiduciary or agent, with complete investment discretion and with authority to bind each such person), as both a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act) and a “qualified purchaser” (as defined in Section 2(a)(51) and related rules of the Investment Company Act of 1940, as amended, and the rules thereunder (the “U.S. Investment Company Act”). We understand that the Shares have not been and will not be registered under the US Securities Act and that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act).
- (b) The offer and sale of the Shares by us was not made to a person in the United States or to a U.S. Person (as defined in Regulation S).
- (c) Either:
 - (i) at the time the buy order for the sale of the Shares by us was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States; or
 - (ii) the transfer of the Shares by us was executed in, on or through the facilities of the [•] Stock Exchange or the [•] Stock Exchange, and neither we nor any person acting on our behalf has reason to believe that the transaction was pre-arranged with a buyer in the United States.
- (d) Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Equity Shares.
- (e) The transfer of the Equity Shares by us was not and is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act.
- (f) None of the Company, any of its agents nor any of their respective affiliates participated in the sale of the Equity Shares by us.
- (g) We agree that the Company, its agents and their respective affiliates may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Where there are joint transferors, each must sign this US Resale Letter. A US Resale Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation’s constitution (and evidence of such authority may be required).

Yours sincerely,

(Name of Transferor)

By:

Title:

Date: